

MINUTES OF MEETING OF BOARD OF DIRECTORS
January 21, 2014

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 55

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 55 (the "District") met in regular session, open to the public, at 2300 Pilgrims Point, Webster, Texas on Tuesday, January 21, 2014 whereupon the roll was called of the members of the Board, to-wit:

Robert L. Squires, President
Sam Longoria, Vice President
Billy L. Pate, Secretary
Richard Klenk, Treasurer
Jose Cantu, Assistant Secretary

All members of the Board were present. Also attending all or parts of the meeting were Ms. Melinda Salazar and Ms. Melissa Meyer of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Dusty Lane of Si Environmental ("Si"), operators for the District; Mr. Tom Hoff of the Forest Bend Fire Department; Ms. Vickey Sullivan of Equi-Tax, Inc., tax assessor and collector for the District; Mr. David Ferrier of ETI Accounting Services ("ETI"), bookkeeper for the District; Ms. Jerry Squires, resident of the District; Ms. Mary Talley of Talley Landscape Architects Inc., landscape architects for the District; and Mr. Neil Thomas and Ms. Katherine Wolpert of Fulbright & Jaworski LLP ("F&J"), attorneys for the District.

The meeting was called to order in accordance with notice posted pursuant to law, copies of the Certificates of Posting of which are attached hereto as *Exhibit A*, and the following business was transacted:

1. **Minutes.** The Board considered the minutes of the special meeting of December 16, 2013, and of the regular meeting of December 17, 2013, copies of which were previously distributed to the Board. Upon motion by Director Cantu, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the special meeting of December 16, 2013, as presented. Upon motion by Director Longoria, seconded by Director Pate, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of December 17, 2013, as presented.

2. **Forest Bend Fire Department Report.** Mr. Hoff reported on the Forest Bend Fire Department budget for fiscal year ending December 31, 2014, and on the expenses, income, and operations of the Department. Discussion ensued. Upon motion by Director Klenk, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to accept the December Report.

3. **Consider and Approve Contract with Harris County Sherriff's Office.** Director Squires stated that the District's existing contract with the Harris County Sherriff's

Office will expire at the end of next month. Upon motion by Director Klenk, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to renew the existing contract and to approve contract for the term March 2014-February 2015.

4. **Clear Lake Emergency Medical Corps Report ("CLEMC").** Director Squires stated that the Board of Directors of the Clear Lake Emergency Medical Corps will meet this month, and that he will update the Board on the meeting at the next meeting.

5. **Tax Assessor and Collector's Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report for December 2013, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of December 2013, the District has collected 17.2% of its 2013 taxes, and 88.4% of its 2012 taxes. Upon motion by Director Pate, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor and Collector's Report, and to authorize payment of check nos. 3754 through 3762 from the Tax Account in the amounts, to the persons, and for the purposes described in the Tax Assessor and Collector's Report.

6. **Consider Tax Exemptions.** Ms. Sullivan reported that last year the Board granted \$10,000 homestead property tax exemptions for owners who are 65 years of age or older or who are disabled. Mr. Thomas presented to and reviewed with the Board the Order Adopting Exemption from Taxation for Individuals Who Are Disabled or are 65 Years of Age or Older, a copy of which is attached hereto as *Exhibit C*. Upon motion by Director Klenk, seconded by Director Pate, after full discussion and the question being put to the Board, the Board voted unanimously to grant \$10,000 homestead property tax exemptions for those who are 65 years of age or older or who are disabled.

7. **Adopt Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11, 33.08 Tax Code.** Mr. Thomas presented to and reviewed with the Board the Resolution Authorizing Additional Penalty on Delinquent Taxes Under Sections 33.07, 33.11 and 33.08, Tax Code (the "Resolution"), a copy of which is attached hereto as *Exhibit D*. Mr. Thomas reported that collection of delinquent personal property taxes would begin on April 1st if approved by the Board. He reported that the revenue collected by levying this penalty is used to pay the delinquent tax attorney for the services provided to the District. Upon motion by Director Pate, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Additional Penalty on Delinquent Taxes.

8. **Bookkeeper's Report and Investment Report.** Mr. Ferrier presented to and reviewed with the Board the Bookkeeper's Report for December 31, 2013, the Budget for fiscal year ending December 31, 2013, the 2013 fiscal year Energy Usage Report, and the Investment Report, copies of which are attached hereto as *Exhibit E*. Discussion ensued with regard to the Year to Date Actual Net Income and the Budgeted Net Income. Mr. Ferrier stated that the District budgeted -165,200.00 for the Net Income, and that the Year to Date Actual Net Income for fiscal year ending December 31, 2013 is 174,072.00. Upon motion by Director Klenk, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report, the

Investment Report, and to authorize payment of check nos. 18520 through 18578 from the Operations Account, to the persons, in the amounts, and for the purposes described in the Bookkeeper's Report.

9. **Discuss Order Calling 2014 Directors Election.** Mr. Thomas presented to and reviewed with the Board the Order Calling Directors Election, a copy of which is attached hereto as *Exhibit F*. Mr. Thomas reported that the Board needs to identify a District resident to serve as the Election Judge for the May 10, 2014 Director's election. Discussion ensued. The Board agreed to hold early voting and the 2014 Directors Election at 2300 Pilgrims Point, Webster, Texas. The Board agreed to defer action on establishing the Election Judges until the next meeting.

10. **Adopt Appointment of Agent for 2014 Directors Election.** Mr. Thomas reported that the Board needs to identify an agent to maintain office hours, maintain the documents, records, and other papers relating to the election, and to receive any personally delivered documents relating to the election. Upon motion by Director Pate, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Ms. Wolpert as the District agent to perform duties in connection with the 2014 Directors Election, and authorized Director Squires to execute the Appointment of Agent for the 2014 Directors Election, a copy of which is attached hereto as *Exhibit G*.

11. **Adopt Resolution Authorizing Publication of Notice of Intent Not to Use An Electronic Voting System for the 2014 Directors Election.** Mr. Thomas reported that the District is eligible for exemption from the acquisition, lease or use of an electronic voting system for the 2014 Directors Election. Upon motion by Director Pate, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Resolution Authorizing Publication of Notice of Intent Not to Use An Electronic Voting System for the 2014 Directors Election, a copy of which is attached hereto as *Exhibit H*.

12. **Approve Notice of Exemption From Use of an Electronic Voting System for the 2014 Directors Election.** Mr. Thomas stated that the District is required to publish notice of its intent not to use an electronic voting system for the 2014 Directors Election. Mr. Thomas stated that the Notice will be published in the "Bay Area Citizen", and noted that it is the same newspaper that publishes the annual District tax rate. Upon motion by Director Cantu, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Notice of Exemption From Use of an Electronic Voting System, a copy of which is attached hereto as *Exhibit I*, and to authorize Ms. Wolpert to coordinate publication of such notice.

13. **Operations Report, Including Review and Approval of Maintenance Items and Delinquent Report.** Mr. Lane presented to and reviewed with the Board the Operations Report and Maintenance Report for the month of December 2013, a copy of which is attached hereto as *Exhibit J*. He reported that the District purchased 18,708,000 gallons of water from the Southeast Water Plant during the month of December, and noted that Si accounted for 96.15% of the water pumped and purchased by the District during the last period.

Mr. Lane reported that a District resident requested that the Board consider waiving the sewer fee of approximately \$2.00 that incurred on her account as a result of an outside leak in her front yard. Upon motion by Director Cantu, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to waive the sewer fee of approximately \$2.00 on the District resident's account.

14. **Engineer's Report.** Ms. Salazar presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as *Exhibit K*, and which follows in substantially the form it was presented:

Engineer's Report, including:

a. Commercial Reviews: Ms. Salazar reported that BGE received a request for information for three tracts totaling 21.5 acres at the intersection of El Dorado Blvd and Beacon's View Rd, a copy of which is attached to the Engineer's Report. Discussion ensued with regard to the response letter. Ms. Salazar stated that she will present a revised version of the response letter to the Board for final approval before mailing.

b. Beamer Villas: Ms. Salazar reported that Mr. Sel Thint has contacted BGE and has stated that the LID concept will be abandoned and that they would like to return to the original design for Beamer Villas. She stated that on Tuesday, July 24, 2012, BGE and Champions Hydro-Lawn attended a meeting with Sel Thint and Harris County. The low impact development (LID) plan was presented and the pros and cons were discussed. Ms. Salazar reported that BGE has received agency comments on the sanitary sewer lift station plans from the City of Houston and HCPID, and that copies of agency comments on the sanitary sewer lift station have been provided to the developer. Ms. Salazar stated that comments regarding the force main are being addressed in the developer's plans, and that agency comments on the underground utilities will be provided by the developer in the future to facilitate addressing comments.

c. Rex Road Tract Agreement: Ms. Salazar reported that BGE received the estimated water and sanitary sewer demands for the proposed industrial development. Ms. Salazar reported that the estimated usage will be 150,000 square feet for warehouse/office facilities and 150,000 square feet for manufacturing facilities, for an estimated demand of 16,128 gpd for the water demand and 12,096 gpd for the wastewater demand. Ms. Salazar presented to and reviewed with the Board the feasibility analysis for the tract, a copy of which is attached to the Engineer's Report. Discussion ensued. Upon motion by Director Klenk, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to approve the feasibility analysis and to authorize BGE and F&J to begin preparing the annexation documents.

d. Lift Station Pumps: Ms. Salazar reported that the Grundfos pumps were installed at the Blue Mesa lift station last week. Ms. Salazar reported that they were able to use the existing rail bracket and base elbows for installation.

e. Ongoing Projects: Ms. Salazar reported on the status of projects from the Bond application:

1. St. Lawrence Lift Station – Force Main Rehabilitation: Ms. Salazar stated that BGE is coordinating on Cured in Place Pipe (CIPP), and topography will be complete at the end of February. Ms. Salazar presented to and reviewed a project schedule for the Rehabilitation, a copy of which is attached to the Engineer’s Report.

2. Elevated Storage Tank Coating : Ms. Salazar reported that design has not yet begun.

3. Hydro Pneumatic Tank, Welded Ground Storage Tank, Control Building and Piping Coating: Ms. Salazar reported that the design is complete, and that BGE will receive bids on January 28, 2014. The Board agreed to hold a special meeting on Tuesday, February 4, 2014 to review the bids and award contract for the Recoating Project.

4. Replace Water Plant 1 -210,000 gal Ground Storage Tank: Ms. Salazar reported that BGE is coordinating with the operator on inspecting the interior of the tank, and that at this time there is a valve on the surface water line that needs to be repaired, but the tank is estimated to be drained by the end of the weekend for an inspection next week.

5. Rex Road Utility Expansions: Ms. Salazar reported that BGE is coordinating on this.

6. Water Well 2/Elevated Storage Tank-Gas Generator: Ms. Salazar reported that the design is in process.

7. Lift Station Rehabilitation: Ms. Salazar reported that BGE has researched the reversing starter option for the lift station pumps, and that it will work with the existing pumps. Ms. Salazar noted that there is a concern that due to the single bolt assembly of the impeller that the impeller could loosen and fall off. The estimated cost for the monitor, starter, controller and electrical upgrades is \$7,000.00. Discussion ensued.

Upon motion by Director Klenk, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer’s Report.

15. Park and Recreational Facility Report. Ms. Talley presented to and reviewed with the Board the Regional Basin and Overlook at Heritage Park- Phase 2 Report, the Fife Park Status Report, the Heritage Park Pointe Status Report, the Irene Kochiss Status Report, the El Dorado Park Status Report, the Blue Mesa Park Status Report, the Quillback Park Status Report, and the Heritage Park Terrace Status Report, copies of which are attached hereto as *Exhibit L*. Ms. Talley reported on the parks’ overall appearance, lake maintenance, neighborhood and community park monitoring, and discussed observations of each park and items that she recommends that the Board consider taking action on. The Board directed Ms. Talley to obtain quotes for the landscape maintenance items and to present the quotes to property managers for consideration. Upon motion by Director Pate, seconded by Director Cantu, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Park and Recreational Facility Report.

16. **Sewage Treatment Plant Operations Report.** Director Squires presented to and reviewed with the Board the Sewage Treatment Plant Operations Report, a copy of which is attached hereto as *Exhibit M*. Director Squires stated that Construction on Phase A is 40 percent completed. Director Squires stated that a preliminary notice was received from the TCEQ and that they are reviewing violations from the past five years, including: laboratory violations, spills, and extended high flow rates. Director Squires stated that the budget was discussed, and that billing is higher than anticipated because of the increased chemical costs incurred for treating the outfall without the UV. He noted that the "Special Allocation" amounts appearing on the District bill refers to the District's payments for the new upgrades.

17. **Southeast Water Plant Report.** No report.

18. **Discuss maintenance of District Facilities.** No report.


THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED.

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The above and foregoing minutes were passed and approved by the Board of Directors on February 18, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

