

MINUTES OF MEETING OF BOARD OF DIRECTORS
June 17, 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, June 17, 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
Gabriel Mendez, 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; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); Ms. Karen Sears of Acclaim Energy Advisors, a consultant for the District and Mr. Neil Thomas and Ms. Carrie Spann 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 regular meeting of June 17, 2014, copies of which were previously distributed to the Board. 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 approve the amended minutes of the regular meeting of June 17, 2014.

2. **Forest Bend Fire Department Report.** Mr. Hoff presented to and reviewed the Forest Bend Fire Department report for May 2014 with the Board. Mr. Hoff reported on the expenses, income, and operations of the Department, a copy of which is attached hereto as Exhibit "B".

3. **Clear Lake Emergency Medical Corps Report ("CLEMC").** President Squires reported that the next meeting is in late June. President Squires stated that he has requested that there not be an increase in fees for the next budget year.

4. **Approve Renewal of District's Electricity Contract.** Ms. Sears presented to and reviewed with the Board the electricity pricing report, a copy of which is attached hereto as Exhibit "C". Ms. Sears stated that currently the best rates for the District were with Hudson Energy. Upon motion by Director Longoria, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to renew the District's Electricity Contract with Hudson Energy for a term of 48 months.

5. **Tax Assessor and Collector's Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report for May 2014, a copy of which is attached hereto as Exhibit "D". Ms. Sullivan reported that as of May 2014, the District has collected 98.4% of its 2013 taxes. Ms. Sullivan reported that the preliminary property value for the District for 2014 is \$700,772,704. 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 approve the Tax Assessor and Collector's Report.

6. **Bookkeeper's Report and Investment Report.** Mr. Ferrier presented to and reviewed with the Board the Bookkeeper's Report for May 31, 2014, the Budget for fiscal year ending December 31, 2014, the 2014 Energy Usage Report, and the Investment Report, copies of which are attached hereto as Exhibit "D". President Squires asked Ms. Salazar if she has spoken with Hope Village/Northwinds Construction. Ms. Salazar stated that she has not spoken to them since October 2013. President Squires then directed Mr. Ferrier to refund the remainder of their deposit. Upon motion by Director Mendez, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and the Investment Report.

7. **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 May 2014, a copy of which is attached hereto as Exhibit "E". Mr. Lane reported that 280 delinquent letters were mailed out to residents. Mr. Lane reported that SI changed out 39 meters in the meter replacement program. Upon motion by Director Longoria, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Operator's Report.

8. **Order Adopting Amended Water Conservation Plan.** Mr. Lane requested that the Board approve the Order Adopting the Amended Water Conservation Plan that was submitted by Si. 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 Amended Water Conservation Plan.

9. **Update on Trial Period of Grundfos Pump at List Station No. 1.** Ms. Salazar reported that there are no problems with the new Grundfos Pump. Ms. Salazar stated that Pumps of Houston will pull the pump before the next meeting to confirm its condition. Ms. Salazar also stated that she will bring a purchase estimate to the next meeting.

10. **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 "G", and which follows in substantially the form it was presented:

a. Commercial Reviews: Ms. Salazar reported that BGE sent the plan review letter for a proposed Bay Area Store located at Bay Area Blvd and Fife Lane. BGE has not received a response.

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. Mr. Thint has sent revised plans for BGE reviews and they have provided comments back to him.

Mr. Thint has scheduled a meeting with Harris County to discuss the outfall into the roadside ditch along Beamer Rd. Harris County previously stated that the outfall will not be allowed into the roadside ditch due to the widening of Beamer Road that is scheduled for 2015.

c. Rex Road Tract Agreement: Ms. Salazar reported that BGE has completed the engineering portion of the annexation application and surveys, and have forwarded this information to the attorney.

d. Ongoing Projects:

1. **St. Lawrence Lift Station -Force Main Rehabilitation:** Ms. Salazar stated that BGE is coordinating Cured in Place Pipe (CIPP), topography is complete and BGE is currently addressing Agency comments.

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

3. **Replace 210,000 gallon Ground Storage Tank at Water Plant 1:** Ms. Salazar stated this project will be deferred to a future bond sale.

4. **Rex Road Utility Expansions:** Ms. Salazar stated that plans were approved in 2011 and will need to be resubmitted for approval when the annexation is approved.

5. **Water Well 2/Elevated Storage Tank-Gas Generator:** Ms. Salazar reported that this contract was awarded to Gemini Contracting Services, Inc.

Upon motion by Director Klenk, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the award to Gemini Contracting Services, Inc.

6. Recoating of Water Plant No. 1: Ms. Salazar reported that both of the ground storage and hydrotanks are about 95% complete. Ms. Salazar reported that piping is about 85% complete. Ms. Salazar stated that the building has not yet been coated, but should be completed this week. Ms. Salazar presented to the Board Pay Estimate No. 2 for the rehabilitation of the hydrotanks in the amount of \$134,325.00 with Blastco Texas Inc.

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 authorize Pay Estimate No. 2 with Blastco Texas Inc.

e. Change in Purpose: Ms. Salazar reported that BGE is requesting authorization to submit a change in purpose of expenditure of bond proceeds to use for the plant upgrades at the Blackhawk Regional Treatment Plant in the amount of \$641,351 in lieu of the replacement of the bolted ground storage tank at Water Plant No. 1. The resolution was presented to the Board for execution.

President Squires asked Ms. Salazar to determine if the \$103,753 surplus funds were earmarked for any project.

President Squires asked that Ms. Salazar contact Mr. Parminder Singh concerning the Bay Area Store Project and provide him with Mr. Lane's information and advise him that the District will not provide service until water and sanitary tie in locations are found and inspected by the operator.

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

13. **Park and Recreational Facility Report.** President Squires is requesting a special meeting on June 24th to discuss this matter.

14. **Sewage Treatment Plant Operations Report.** President Squires is requesting a special meeting on July 1st to discuss this matter.

15. **Southeast Water Plant Report.** No action taken on this item.

16. **Discuss Maintenance of District Facilities.** Mr. Dillard reported that Champions added three trash bins due to an overflow of trash. Mr. Dillard stated that he would bring pricing for silt build-up to the next meeting.

Director Longoria reported that the carpet and chairs were shampooed and Teflon was applied to the fabric.

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 July 15, 2014.

President, Board of Directors

ATTEST:

Secretary, Board of Directors