

MINUTES OF MEETING OF BOARD OF DIRECTORS  
May 21, 2019

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, May 21, 2019, whereupon the roll was called of the members of the Board, to-wit:

Robert L. Squires, President  
Sam Longoria, Vice President  
Gabriel Mendez, Secretary  
Richard Klenk, Treasurer  
Malcolm Swinney, Assistant Secretary

All members of the Board were present, except for Director Mendez. Also attending all or parts of the meeting were Mr. Nelson Gaez of Brown & Gay Engineers, Inc. ("BGE"), engineer for the District; Mr. Chris Wilson of Si Environmental ("Si"), operator for the District; Ms. Kandy Pfeffer of ETI Accounting Services ("ETI"), bookkeeper for the District; Ms. Vicki Sullivan of Equi-Tax, Inc, tax assessor and collector for the District; Mr. Tom Dillard of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Tom Hoff of the Forest Bend Fire Department; and Mr. Reginald Wilson, and Ms. Shaila Sreedharan of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District; and Ms. Janet Sampson and Mr. John Kwang, residents of 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. **Public Comments.** President Squires recognized Ms. Sampson, who requested an adjustment to her bill. She stated that she received a \$10 fee for each delinquent letter that was sent to her. She requested that she be removed from the delinquent letter list, as she is not requesting the letters. Director Squires stated that the delinquent letters and associated fees are outlined in the District's Rate Order and she does not have an option to opt out. Mr. Wilson stated that the system automatically sends delinquent letters for missed payments and he presented her with alternate payment options.

President Squires recognized Mr. Kwang, who reported on an ongoing issue with this sewer line, stating that he has had a sewer backup every one to two years, that has resulted in repairs. He stated that he contacted Si to request a change to sewer line drainage location. He reported on the most recent repair, stating that he rented a tool from Home Depot, which got stuck in the sewer line. Discussion ensued regarding the available options to remedy the issue, including a new manhole drop point. Mr. Gaez and Mr. Wilson confirmed that they do not have any issues with a new drop point for the sewer line. Mr. Wilson also stated that the tool will have to be retrieved, and the current line will have to be properly abandoned and capped. Additional discussion ensued. Upon motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the reconnection of Mr. Kwang's sewer line to a new manhole.

2. **Approve Minutes** The Board considered the regular minutes of April 16, 2019, copies of which was previously distributed to the Board. Upon motion by Director Swinney, seconded by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the regular minutes of April 16, 2019.

3. **Forest Bend Fire Department Report.** Mr. Hoff reviewed runs for the month of April. He noted that there was a total of 2 service calls within the month. He provided an update on the budget activity within the month. Mr. Hoff stated that the midpoint inspection is scheduled for June for the new fire trucks. Discussion ensued regarding the May 21, 2019 fire.

4. **Clear Lake Emergency Medical Corps Report ("CLEMC").** President Squires reported on the April CLEMC meeting, stating that Director Swinney is working on the budget for the next fiscal year. He also reported on the current challenges with the City of Kemah and the City of Seabrook regarding the emergency medical services through CLEMC.

5. **Tax Assessor and Collector's Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report and the SPA Report for April 2018=9, a copy of which is attached hereto as *Exhibit B*. Ms. Sullivan reported that as of April 30, 2019, the District has collected 96.9% of taxes for 2018.

Ms. Sullivan presented to and reviewed the delinquent tax attorney report with the Board, a copy of which is attached hereto as *Exhibit C*. She noted the account pending water termination and the accounts that are delinquent on their payment plans.

Discussion ensued regarding the new SPA accounts.

Upon motion by Director Longoria, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report, to approve the execution of the checks as presented.

6. **Bookkeeper's Report and Investment Report.** Ms. Pfeffer presented to and reviewed with the Board the Bookkeeper's Report for April 30, 2019, the 2019 Energy Usage Report, the Budget for fiscal year ending December 31, 2019, and the Investment Report, copies of which are attached hereto as *Exhibit D*.

Discussion ensued regarding the El Dorado feasibility study and the Rodzina Office Lift Station.

Discussion ensued regarding projects included in the Unlimited Tax Bonds, Series 2013 ("Series 2013 Bonds"). Mr. Gaez reported that the ground storage tank project is currently the only ongoing project funded by the Series 2013 Bonds. He also stated that he will provide a document to the Board outlining the ongoing and completed projects that are funded through bond proceeds.

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 accept the Bookkeeper's Report and the Investment Report, and to approve execution of the checks presented.

7. **Operations Report, Including Review and Approval of Maintenance Items and Delinquent Report.** Mr. Wilson presented to and reviewed with the Board the Operations

Report and Maintenance Report for the month of April 2019, a copy of which is attached hereto as *Exhibit E*.

Mr. Wilson reported on tap line leaks and repairs at 16731 Carrack Turn, 4807 Ten Sleep Lane, and 4943 Shady Oaks Lane.

Mr. Wilson reported on a leaking U branch and repair at 2530 Forge Stone Drive.

Mr. Wilson reported that a new valve and bonnet kit were installed on a hydrant at 15519 Contender Lane.

Mr. Wilson reported on two water line repairs at 2114 El Dorado and 2110 El Dorado.

Mr. Wilson reported that the all hydrants in the District were inspected and missing reflectors were replaced.

Mr. Wilson reported that a root infiltration was found on the line at 4726 Five Knolls. He stated that the repair has begun.

Mr. Wilson reported on a root infiltration on a customer line at 2534 Corral Trail.

Mr. Wilson reported that the sanitary manhole survey was conducted.

Mr. Wilson reported on the repairs for the month at the St. Lawrence Lift Station L1, the Blue Mesa Lift Station L2, and the Signal Hill Lift Station L3.

Mr. Wilson reported on the repairs and maintenance at Fife Lane Water Plant W1 and the Planner Way Water Plant W2.

Mr. Wilson reported on the 142-2 forcemain failure, stating that the lift stations had to be shut down periodically throughout the repair.

Mr. Wilson reported on the control panel repairs, stating that Si is discussing the costs for the repair as the invoice was higher than the proposal.

Mr. Wilson reported that the accountability was 86.11% for the period between February and March 2019.

Mr. Wilson reviewed the cut off list with the Board.

Director Klenk inquired on the chlorine levels in the water. Mr. Wilson reported that the higher levels could be due to the running of the water wells. Discussion ensued regarding the status of the ground storage tank.

Mr. Wilson presented to and reviewed with the Board the Consumer Confidence Report ("CCR"), a copy of which is attached hereto as *Exhibit F*. He noted that the CCR is provided to the residents annually by July 1. Brief discussion ensued regarding the content of the CCR. 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 approve the filing and distribution of the CCR.

Upon Motion by Director Klenk, seconded by Director Swinney, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operations Report and to approve execution of the cut off list.

**8. Engineer's Report.** Mr. Gaez 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**

1. **Beamer Villas:** Mr. Gaez reported that Crystal Creek Developers, LLC is requesting authorization to advertise and bid the proposed Beamer Villas single family development. 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 authorize Crystal Creek Developers to advertise and bid the single family development.

Mr. Gaez reported that Mr. Thint is requesting an update to his developer reimbursement agreement with the District. Discussion ensued and Mr. Wilson stated that Mr. Thint will have to provide a current cost estimate for development and the Board can then vote to amend the developer reimbursement agreement. Discussion ensued regarding the possible amendment.

**b. Commercial Reviews**

1. **Rex Road Office Warehouse (19 Annexation):** Mr. Gaez reported that a letter of no objection was issued on May 6, 2019.

2. **El Dorado Tracks:** Mr. Gaez reported that the developer is working on the design and that Harris County Flood Control District ("HCFCD") has notified the developer additional detention is not required for the development since it was accounted for in the service area of the pond along Friendswood Link Road. Discussion ensued regarding the available detention in the District and the decision of HCFCD. Mr. Wilson reported that Mr. Gaez can contact HCFCD and request that they review their decision based on the current status of the detention in the District.

**c. Capacity Requests.** Mr. Gaez reported that there are no new requests.

**d. BGE Authorized Projects:**

1. **Water Plant No. 1 GST Replacement:** Mr. Gaez reported that the new ground storage tank is installed and will be coated by the end of June. He presented Pay Estimate No. 5 in the amount of \$199,908 for Board approval.

Upon motion by Director Swinney, seconded by Director Klenk, after full discussion and the question being put to the Board, the Board voted unanimously to approve Pay Estimate No. 5 in the amount of \$199,908.

e. **COH / County Projects**

1. **COH Southeast Transmission Line (surface water line):** Mr. Gaez reported that there are no new updates.

Mr. Wilson briefly discussed alternative options for funding the southeast transmission line, such as a loan from the Texas Water Development Board.

f. **Blackhawk Advisory Committee Meeting.**

1. **Wastewater Treatment Plant 2-hour Peak Flow Re-Rate.** Mr. Gaez reported that the co-participants voted to approve re-rating the wastewater treatment plant ("WWTP") to increase the two hour peak flow rate. He noted that the re-rating will allow the WWTP to increase the peak flow from 19,270 gpm to 22,483 gpm. Discussion ensued regarding the benefits of a re-rate. Mr. Gaez reported that the total cost of the project is 616,300 and the District's portion is responsible for \$130,903. He stated that the project is anticipated to begin in 2020.

2. **Aeration System Upgrade Proposal.** Mr. Gaez reported that the Gulf Coast Authority is proposing to replace the air diffusers and the diffusers in the digesters for aeration basins 2,3,4, and 5. Discussion ensued regarding the upgrades, project costs, and anticipated bidding. Mr. Gaez reported that the total project cost is \$6,696,000 and the District's share is \$1,422,230.

President Squires reported that the agreement between the co-participants expired, and that a new agreement will need to be drafted if Gulf Coast Authority proceeds with the issuance of bonds for the project. Discussion ensued regarding the possible amendment of the Blackhawk budget to include this project.

3. **142-2 Lift Station Forcemain Repair.** Mr. Gaez reported that Gulf Coast Authority has not received the invoice from Magnaflow for the services provided during the forcemain repair. Discussion ensued regarding the District's share of the cost.

Mr. Nelson reported on the District's Capital Improvement Plan, noting that the main forcemain repair was not included. Mr. Gaez reported that he can prepare cost estimates for a rehabilitation of the forcemain. Discussion ensued on anticipated rehabilitation options, phases, and costs.

g. **Additional Items**

1. **Water Plant No. 1 840,000 Gallon Ground Storage Tank Cathodic Protection System Rectifier.** Mr. Gaez reported that Farwest Corrosion Control Company ordered the rectifier and is waiting for delivery. He stated that delivery is estimated for the end of June.

2. **Harris County Flood Control:** Mr. Gaez reported that he attended a site visit with Harris County Flood Control District ("HCFCD") and Champions on April 30, 2019. Mr. Gaez reported on the items noted for repair by HCFCD, including sideslope erosion repair, outfall repairs and modifications, and the desilting of the channel. Discussion ensued regarding the recommended repairs and the associated costs. Mr. Gaez stated that he recommends that the District repair the subdivision outfall pipes.

Mr. Dillard reported that he estimates a total cost of \$500,000 for all of the HCFCD recommended repairs. Discussion ensued. Mr. Dillard stated that he will work with BGE to prepare a plan for repairs to present to the Board at a later date.

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.

9. **Park and Recreational Facility Report.** Mr. Dillard presented an oral Park and Recreational Facility Report, stating that there are no issues to report at this time. Director Squires reported on an issue with the cables at the fountain. Mr. Dillard stated that Champions will repair the cables.

Director Squires discussed the nutria issue with the Board. Discussion ensued regarding the number of nutria in the District and the proposal from Champions for the nutria control and removal. Director Klenk made a motion to approve the proposal from Champions at a cost of approximately \$5,200. After additional discussion, Director Klenk withdrew his motion. The Board requested that Mr. Dillard present the proposal again at the June meeting.

10. **Sewage Treatment Plant Operations Report.** This item was discussed earlier in the meeting.

11. **Southeast Water Plant Report.** President Squires reported on the true up report for the projects completed in 2018. He stated that they did not provide the co-participants their individual shares yet. President Squires reported that the water cost for the year will be \$0.5901 if the budget is approved, which is a decrease from the previous years.

12. **Discuss Maintenance of District Facilities and approve sprinkler system maintenance agreement.** Director Longoria reported that the men's bathroom needs repair. President Squires reported that he will schedule an inspection with a plumber.

Mr. Dillard presented to and reviewed with the Board proposals for the Drainage channel mowing and weed eating for the HCFCD evaluation, channel repairs, and monthly maintenance, copies of which are attached hereto as *Exhibit H*. He stated that the proposal for the mowing and weed eating will need to be approved as it was completed prior to the HCFCD site evaluation. Ms. Pfeffer reported that the associated check was presented for signature. Upon motion by Director Klenk, second by Director Longoria, after full discussion and the question being put to the Board, the Board voted unanimously to approve the proposal for the mowing and weed eating for the HCFCD site evaluation in the amount of \$1,572.

The Board then discussed the other Champions' proposals and the need for monthly mowing. Mr. Dillard reported that the fee for monthly mowing and maintenance is \$1,245 per

month. The Board discussed the option of quarterly or bi-monthly mowing. Mr. Dillard reported that Champions will complete the mowing and maintenance for the month of May, but he will present a revised proposal for mowing and maintenance at the June meeting.

**13. Discuss proposal for nutria control.** This item was discussed in agenda item no. 9.

**14. Discuss Harris County Flood Control District Maintenance and take any necessary action.** This was discussed in the Engineer's Report.

**15. Discuss 2019 Bond Election matters.** Mr. Wilson reported on the results of the bond election, stating that Proposition A passed by a total of 35 votes. He stated that there was a total of 30 votes against Proposition A.

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 June 18, 2019.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

