

MINUTES OF MEETING OF BOARD OF DIRECTORS
May 20, 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, May 20, 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. Joe Mattingly of Champions Hydro-Lawn, Inc. ("Champions"); Mr. Bart Schiendler of Schiendler's Lawn Care; Mr. Neil Thomas and Ms. Carrie Spann of Fulbright & Jaworski LLP ("F&J"), attorneys for the District; and Ms. LaTasha Phillips and Ms. Toni Hall, 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. **Acceptance of Certificate of Election, Qualification of Directors and Election of Officers.** Director Pate, in his capacity as Secretary, then executed the Certificate of Election, certifying the election of Directors Squires, Longoria and Mendez, who took their oaths of office and executed their Statements of Elected Officials. After full discussion, the Board agreed to maintain the current officer positions.

2. **Public Comments.** The President recognized resident Ms. LaTasha Phillips. Ms. Phillips explained to the Board that an incident occurred at her home and that she had called the Sheriff's Department at 4:00 p.m. to come to her home for assistance. The Sheriff's Department did not arrive until 6:00 p.m. Ms. Phillips expressed concern over the matter. President Squires asked Ms. Phillips to provide him with the case number and he would look into the matter.

The President recognized resident Ms. Toni Hall. Ms. Hall requested that the Sheriff's Department monitor the stop sign at Tallships and Man-o-war. Ms. Hall stated that she and her

children have nearly been hit by cars that run the stop sign. Director Squires stated that he will ask the Sheriff to patrol that street. Ms. Hall asked when the contract with the Harris County Sheriff's Department ends. President Squires stated that the contract ends January 1st. Ms. Hall also asked why the District chose the contract with the Sheriff's Department over a contract with the Constable's Office. President Squires explained that the Constable does not have a detective and burglary unit.

3. **Minutes.** The Board considered the minutes of the regular meeting of May 20, 2014, copies of which were previously distributed to the Board. Upon motion by Director Pate, seconded by Director Mendez, 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 May 20, 2014.

4. **Forest Bend Fire Department Report.** Mr. Hoff presented to and reviewed the Forest Bend Fire Department report for April 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".

5. **Clear Lake Emergency Medical Corps Report ("CLEMC").** President Squires reported that the board is considering a purchase of a new building for \$300,000. President Squires stated that the board is currently paying \$2500/month in rent. President Squires stated that a commercial building inspector will inspect the building and inform the board as to what maintenance may be needed to meet code.

President Squires reported that the transfer business has had a net income of \$83,000 since October and the board may find it necessary to add a second truck.

6. **Tax Assessor and Collector's Report.** Ms. Sullivan presented to and reviewed with the Board the Tax Assessor and Collector's Report for April 2014, a copy of which is attached hereto as Exhibit "C". Ms. Sullivan reported that as of April 2014, the District has collected 97.9% of its 2013 taxes. Ms. Sullivan reported that the checks presented for approval include HCAD refunds. 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 and approve the checks presented for CAD refunds.

7. **Bookkeeper's Report and Investment Report.** Mr. Ferrier presented to and reviewed with the Board the Bookkeeper's Report for April 30, 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". Mr. Ferrier reported that the Certificate of Deposit ("CD") with Green Bank matured prior to the meeting. Mr. Ferrier stated that he is working with Director Klenk to find better rates. Mr. Ferrier reported that four transactions were applied to the Series 2010 bonds and should have been applied to the Series 2013 bonds. Director Pate asked Mr. Ferrier why the Gulf Coast Waste Disposal payment was high. Mr. Ferrier stated that Gulf Coast added a special allocation amount to the monthly bill. 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 accept the Bookkeeper's Report and the Investment Report.

8. **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 April 2014, a copy of which is attached hereto as Exhibit "E". Mr. Lane reported that SI mailed out 321 delinquent letters. Mr. Lane reported that SI changed out 37 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.

9. **Consider Consumer Confidence Report.** Mr. Lane presented to and reviewed with the Board the draft 2013 Drinking Water Quality Consumer Confidence Report, a copy of which is attached hereto as Exhibit "F." He stated that the Drinking Water Quality Report must be sent to the District residents by July 1, 2014. Mr. Lane requested Board approval of the draft 2013 Drinking Water Quality Report. Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Consumer Confidence Report.

10. **Order Adopting Amended Water Conservation Plan.** The Board agreed to defer this matter to the next meeting.

11. **Approve Resolution/Preparation and Filing Continuing Disclosure Materials.** Mr. Thomas asked the Board to approve the filing of Continuing Disclosure Materials. Upon motion by Director Klenk, seconded by Director Mendez, after full discussion and the question being put to the Board, the Board voted unanimously to approve the preparation and filing Continuing Disclosure Materials on behalf of the District.

12. **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 recommends adding an additional set screw and adding lock-tight to the spacer ring to prevent the space ring from coming loose.

13. **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:

Engineer's Report, including:

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.

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 plans were submitted to agencies for review.

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 BGE received bids for Water Well No. 2 and Elevated Storage Tank Generator Additions. Ms. Salazar requested authorization to award the low bid of \$412,600 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 the painters have mobilized and started on the hydro pneumatic tank. Change Order No. 1 for the hatch replacement on the bolted storage tank is being presented in the amount of \$3,500. Pay Estimate No. 1 was presented in the amount of \$21,960.

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 Change Order No. 1.

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 Pay Estimate No. 1 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.

Upon motion by Director Mendez, seconded by Director Pate, after full discussion and the question being put to the Board, the Board voted unanimously to authorize the submittal of change in purpose of expenditure request to TCEQ.

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.

14. **Park and Recreational Facility Report.** President Squires reported that Harper is going to fix the warranted materials in the parks.

15. **Sewage Treatment Plant Operations Report.** President Squires reported that the new UV system has been installed and is working well.

16. **Southeast Water Plant Report.** President Squires

17. **Discuss Maintenance of District Facilities.** Mr. Mattingly presented to and reported to the Board the site assessment for Heritage Park Amenity Pond, a copy of which is attached hereto as Exhibit "H". Mr. Mattingly stated that the grass has been dead for an extended period of time and that there is no evidence of scalping by mowers and weed eaters. The Board decided that a special meeting will be held in the future to discuss the expectations for mowing.

Director Longoria reported that there is a leak in the small conference room. President Squires stated that he will call a roofer to come out.

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 17, 2014.

President, Board of Directors

ATTEST:

Secretary, Board of Directors