

MINUTES OF REGULAR MEETING
CHELFORD CITY MUNICIPAL UTILITY DISTRICT
HARRIS AND FORT BEND COUNTIES, TEXAS

4 October 2021

STATE OF TEXAS §
COUNTIES OF HARRIS AND FORT BEND §

The Board of Directors (the "Board") of Chelford City Municipal Utility District (the "District") of Harris and Fort Bend Counties, Texas, met in regular session, open to the public, on the 4th day of October, 2021, at the Chelford City Regional Wastewater Treatment Facility (the "Plant") Administration and Maintenance Building, 15027 Alief-Clodine Road, Harris County, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

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| John L. Gardner | President |
| Johnnie M. Brumfield | Vice President |
| Anna Ochoa | Secretary/Treasurer and Investment Officer |
| Bryant Magee | Asst. Vice President and Asst. Secretary |
| Warren Hector | Asst. Vice President and Asst. Secretary |

and all of said persons were present, thus constituting a quorum.

Also in attendance were Brenda McLaughlin of Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector; and Taylor Reed, P.E. of Vogler & Spencer Engineering ("VSE"), the District's Engineer.

Attending by teleconference were Diane Bailey of McLennan & Associates, L. P., the District's Bookkeeper; Norm Scholes, P.E., of VSE; Carlous Smith and Rick Wilson of Si Environmental, LLC ("SiEnviro"), the District's Operator; and Dick Yale, Will Yale, and David Green of Coats Rose, P.C., the District's Attorney.

Director Gardner called the meeting to order.

Approval of Minutes

First, the minutes of the Board of Directors meetings of 30 August 2021, 2 September 2021, 7 September 2021, and 13 September 2021 were considered for review. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 30 August 2021, as written. Then, after discussion, during which Director Brumfield stated that she would abstain, upon a motion duly made and seconded, the Directors Gardner, Ochoa, Magee, and Hector voted 4 to 0 in favor of approving the minutes of 2 September 2021, 7 September 2021, and 13 September 2021, as written.

Tax Assessor/Collector's Report

Ms. McLaughlin submitted the Tax Assessor/Collector's Report for the Board's consideration. She reported that the District's 2020 levy was 98.3% collected. She then asked the Board's approval of eight checks written on the District's tax account. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize disbursements as listed therein. A copy of the Tax Assessor/Collector's Report is attached to and shall be considered to be part of these minutes.

Addendum to Agreement for Services of Tax Assessor and Collector

Next, Mr. Dick Yale reviewed with the Board the proposed Addendum to the Agreement between the District and Leared for Services of Tax Assessor and Collector. Under the Addendum, he told the Board, Leared would maintain on its website certain information for the District as required of certain governmental entities pursuant to Sections 26.17 and 26.18 of the Texas Tax Code, as amended, and Section 2051.202 of the Texas Government Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Addendum and to authorize Director Gardner to execute same. A copy of the Addendum is attached hereto and shall be considered to be part of these minutes.

Assignment and Assumption of Agreement for Services of Tax Assessor and Collector

The Board discussed matters relating to the Agreement for Services of Tax Assessor/Collector (the "Agreement"), as amended, between the District and Bob Leared. Ms. McLaughlin informed the Board that Mr. Leared desired to assign the Agreement to BLICO, Inc. dba Bob Leared Interests. She submitted for the Board's review and approval the Assignment and Assumption of Agreement for Services of Tax Assessor/Collector (the "Assignment") as prepared by Leared. Mr. Yale stated that the District's Attorney had reviewed the Assignment instrument. He remarked that by executing the Consent of the District provision in the Assignment instrument the Board would express its acknowledgement and consent of the Assignment of the Agreement to Leared. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Assignment instrument and to authorize Director Gardner to execute same. A copy of the executed Assignment instrument is attached hereto as an exhibit to these minutes.

Hearing on Proposed Tax Rate

The Board then convened a public hearing to discuss the proposed tax rate for the 2021 tax year (the "Tax Rate") as recommended by the District's Financial Advisor. The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

Adopt Order Levying Taxes

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by the District's Attorney. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.155 per \$100 of assessed valuation. The Board then, upon a motion duly made and seconded, voted unanimously to adopt a maintenance tax rate of \$0.18 per \$100 of assessed valuation and to adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes.

Amendment to Information Form

The Board then considered Amendment Number 51 to the District's Information Form (the "Amendment") that states the District's most recent tax rate and will be filed with the Texas Commission on Environmental Quality and in the Official Public Records of Real Property of Harris and Fort Bend Counties, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered part of these minutes.

Bookkeeper's Report

Next, Ms. Bailey reviewed the Bookkeeper's Report with the Board. She reviewed with the Board the status of the payments due to the District by the participants in the Mission Bend Integrated Water System (the "Integrated Water System" or "IWS"). Ms. Bailey then called attention to the checks written on the District's Operating Fund and the amounts to be disbursed out of the Integrated Water System account.

Ms. Bailey then reviewed the Investment Report, as included in the Bookkeeper's Report. She noted that TexPool paid interest at the average rate of 0.0279% per annum for the reporting period, which was more than the previous month's average rate. She reviewed with the Board the Cash Analysis for the District's Capital Projects Fund which denotes the balance of the proceeds from the sale of the District's Series 2016 Bonds and Series 2020 Bonds. Also reviewed by the Board was the Budget Comparison for the Integrated Water System, as included in the Bookkeeper's Report.

After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Bookkeeper's Report and authorize payment of the bills of the District and of the Integrated Water System. A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes.

Engineer's Report

Next, Mr. Reed reviewed the Engineer's Report with the Board, a copy of which is attached to and shall be considered to be part of these minutes.

Request for Service / 15401 Bellaire Boulevard / Grace Hall. Mr. Reed reported that construction continues at the site.

Request for Service / Family Food Mart at 15655 Bellaire Boulevard. Mr. Reed reported that, to date, construction activity has not commenced.

Detention Ponds Inspection Report. Mr. Reed reviewed the Inspection Report with the Board. A copy of the Inspection Report is included with the Engineer's Report.

Storm Water Detention Facilities / 16315 Bellaire Boulevard (Calvin Morrow). Mr. Reed reported that the open spaces in the building slab were still there even though the plans were supposed to be changed to delete them. He stated that the graffiti on the sides of the buildings continues to worsen. The grass detention pond in the tract has not been mowed, he continued, and the concrete pond is still holding water.

Water Plant Booster Pump Piping Replacement. Mr. Reed reported on the contract with C3 Constructors, LLC (called "C3") for the Piping Replacement project. He stated that construction activity is underway and the District's Engineer is reviewing the submittals from C3.

Water Plant Generator Addition. Mr. Reed reported on the contract with W.W. Payton Corporation for the Water Plant Generator Addition. Mr. Reed reported that the Generator Addition is substantially complete. The final inspection was held on 4 October 2021, he told the Board, and VSE is preparing the punch list.

Proposed Sidewalk on Bellaire Boulevard. Mr. Reed reported on the proposed construction by the District of a sidewalk that would connect with the two existing sidewalk sections along Bellaire Boulevard near the District's Water Plant (the "Sidewalk Project"). He stated that SiEnviro could commence construction of the Sidewalk Project when the weather permits following completion of the Generator Addition.

Quarterly Cleaning of Bellaire Boulevard. Mr. Reed reported that the street sweeping was performed in August 2021. The next scheduled cleaning will be in December 2021, he told the Board.

Non-potable Water System for Plant (the "NPW System"). The Directors then discussed the contract with C3 for construction of the NPW System at the Plant. Mr. Reed reported that C3 was working on the foundation and had completed the installation of the underground piping for the NPW System. Mr. Reed then reported that C3 had submitted Pay Estimate No. 4 in the amount of \$87,595 in connection with the NPW System project. A copy of Pay Estimate No. 4 is included with the Engineer's Report.

Mr. Reed then submitted to and reviewed with the Board Change Order No. 2 to the NPW System contract, which would provide for an additional connection into the

NPW System to make it a looped system with no dead-end line. He noted that Change Order No. 2 would increase the cost of the NPS System contract by \$8,750. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 2. A copy of Change Order No. 2 is included with the Engineer's Report.

Odor Control Project at Lift Station B. Mr. Reed reported on the contract with N&S Construction Co., LP (called "N&S") for construction of the Odor Control project. He stated that construction of the Odor Control Project was underway but N&S was waiting on the delivery of certain materials. Mr. Reed then reported that N&S had submitted Pay Estimate No. 1 in the amount of \$8,000 in connection with the surety bonds and insurance for the NPW System project. A copy of Pay Estimate No. 1 is included with the Engineer's Report

Wi-Fi System for Plant SCADA. The Board discussed the status of the upgrades to the Wi-Fi System (the "Wi-Fi Upgrades") at the Plant by Fitch Services, Inc. ("Fitch"). Mr. Reed reported that installation of the Wi-Fi Upgrades was approximately 100% complete. After Fitch addresses the punch list items, he continued, the electrical engineer, Baird Gilroy & Dixon, LLC ("BGD"), will perform the programming of the SCADA.

Proposed Lightning Protection System. Mr. Reed reported that VSE was reviewing the plans for Lightning Protection System as submitted by BGD.

Plant Administration Building Ventilation. Mr. Reed reported on the contract with GH Mechanical & Services, LLC (called "GHMS") for the proposed improvements to the ventilation system in the Plant Administration Building (the "Ventilation Improvements"). He noted that construction of the Ventilation Improvements had commenced. Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by GHMS in connection with the Ventilation Improvements project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the bonds and insurance submitted by GHMS were found to be in order.

West Harris County Municipal Utility District No. 4 ("WHCMUD 4") / Possible Request for Service. Mr. Reed stated that he had nothing new to report at this time regarding the possible request for service from WHCMUD 4. He noted that the consultants for WHCMUD 4 would send a request to the District's Attorney once the desired quantity of wastewater treatment capacity has been calculated.

City of Houston / Withdrawal from Plant. Mr. Reed reported on matters relating to the future withdrawal by the City of Houston (the "City") from the Plant. He stated that VSE had transmitted record drawings of the sanitary sewer force main location to the City's engineer, as requested. He added that the engineer for HCMUD 120 was aware of the need to determine the future disposition of its wastewater flows (which currently

feed into the City's 24-inch gravity sanitary sewer line along SH 6) prior to the abandonment of the Green Crest Lift Station.

Headworks A Screen. Mr. Reed reported that the Headworks A Screen is running in manual mode pending refurbishment of the control panel.

Headworks B Screen. Mr. Reed recalled that the Board had authorized the replacement of the linkage system and the unit. He reported that VSE was working with the Duperon Corporation for proposal execution and the schedule for the replacement of the linkage system and the unit.

Proposed Amendments to Rate Order. The Board briefly discussed the proposed amendments to the District's Consolidated Rate Order in connection with (1) the implementation of the Compliance Monitoring Program for the Plant; (2) establishing maximum allowable limits for certain pollutants in the Plant influent system that would trigger an investigation; and (3) possibly establishing penalties for the introduction of pollutants into the Plant influent system. Mr. Reed stated that VSE would provide the District's Attorney with the proposed amendments to the Rate Order for review prior to the Board's meeting on 1 November 2021.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) authorize payment of Pay Estimate No. 4 to C3; (3) approve Change Order No. 2 to the contract with C3; and (4) authorize payment of Pay Estimate No. 1 to N&S.

Operations Report

Next, Mr. Smith reviewed the Operations Report with the Board. He summarized information about well pumpage in the Integrated Water System and said that 95% of the water pumped from the wells in the Integrated Water System was accounted for. He then listed work performed for the District in the wastewater collection system and the water distribution system. Mr. Smith reported that the Plant experienced no violations of the Permit to Dispose of Wastes during the month of August 2021. He added that during August 2021 the Plant operated at 36.3% of its permitted capacity.

Repairs to Water Service Lines. Mr. Smith reported that repairs to water service lines were on hold because the supply of adapters had been exhausted. He stated that the supply of adapters should be replenished by the end of this month. A discussion ensued regarding supply chain issues relating to the COVID-19 pandemic.

Proposed Repairs to Sidewalks. The Board discussed the condition of certain sidewalks in the District. Mr. Smith stated that the proposed repairs to a section of sidewalk at 5414 Mendocino Drive would likely entail the removal of a tree. He estimated the cost to remove the tree and grind the stump at approximately \$2,300. Mr. Reed remarked that the tree at that location was situated in the District's utility easement. The Directors deferred action on this matter to a future meeting of the Board.

Upon a motion duly made and seconded, the Board voted unanimously to accept the Operations Report, a copy of which is attached to and shall be considered to be part of these minutes. Also attached hereto is a copy of the invoice from SiEnviro with photographs of the work performed in the District.

Termination of Service

Mr. Smith called the Board's attention to the Delinquent Letter Accounts Listing of customers who were delinquent in the payment of amounts due to the District for water and sewer services, as included in the Operations Report. He assured the Board that all notifications had been provided to the customers, as required pursuant to the District's Consolidated Rate Order. The Directors observed that there were no persons present to protest their billing from the District. Upon a motion duly made and seconded, the Board voted unanimously to authorize termination of service to the accounts that remain unpaid on the deadline date.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Legislative Update / House Bill 872 ("HB 872"). Mr. Yale discussed with the Board HB 872 as passed by the 87th Texas Legislature – Regular Session (2021) pertaining to the voluntary disclosure of utility customer information. He told the Board that HB 872 makes customer information automatically confidential and requires action on the part of the customer to allow disclosure of such information. Under HB 872, he continued, the following information is now confidential and no longer subject to disclosure under a public record request unless the customer has requested such information to be disclosed: (1) information that is collected for usage, services, and billing, including amounts billed or collected; (2) whether an account is delinquent or eligible for disconnection; and (3) whether services have been disconnected by the District.

Mr. Yale stated that under HB 872 the District is required to include with the bills distributed to the District's customers or post on its internet website: (1) a notice of the customer's right to request disclosure of their information (the "Notice"); and (2) a form by which the customer may request disclosure by marking an appropriate box and returning to the District by mail or electronic mail (the "Form"). Attached hereto as an exhibit to these minutes is a copy of memorandum from the District's Attorney regarding HB 872.

There being no further business to come before the Board, the meeting was adjourned.

Secretary, Board of Directors

SEAL

Chelford City Municipal Utility District
Meeting of 4 October 2021
Attachments

1. Tax Assessor/Collector's Report;
2. Addendum to Agreement for Services of Tax Assessor and Collector;
3. Assignment and Assumption of Agreement for Services of Tax Assessor and Collector;
4. ORDER LEVYING TAXES;
5. Amendment to District's Information Form;
6. Bookkeeper's Report;
7. Engineer's Report;
8. Coats Rose memo / bonds and insurance submitted by GH Mechanical & Services, LLC;
9. Operations Report;
10. Invoice from Si Environmental, LLC; and
11. Coats Rose memo / HB 872.