

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

7 February 2022

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 7th day of February, 2022, 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:

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; Taylor Reed, P.E. and Norm Scholes, P.E., of Vogler & Spencer Engineering ("VSE"), the District's Engineer; Carlous Smith of Si Environmental, LLC ("SiEnviro"), the District's Operator; and David Beyer of Storm Water Solutions, LLC (called "SWS"). Attending by teleconference were Diane Bailey of McLennan & Associates, L. P., the District's Bookkeeper; Brian Toldan of McCall Gibson Swedlund Barfoot, PLLC ("McCall"), the District's Auditor; Parker White representing the NRP Group, LLC (called "NRP"); Benjamin Sims of Kimley-Horn; and Dick Yale, Will Yale, Christopher Hsu, 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 meeting of 6 December 2021 were considered for review. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 6 December 2021 as written. The Board then reviewed the Notes of Canceled Meetings as prepared by the District's Attorney in connection with the Board's meetings on 7 December 2021 and 4 January 2022, which were cancelled because of a lack of quorum.

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 2021 levy was 91.8% collected. She then asked the Board's approval of 11 checks written on the District's tax account as well as the transfer by wire of \$222,303.21 in revenues from the tax for maintenance and operations to the District's Operating Fund and the transfer of \$230,000.00 to the Debt Service Fund. 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.

Resolution Concerning Tax Exemptions for 2022

Next, Mr. Yale submitted a draft RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION for the Board's consideration. Mr. Yale noted that the resolution had been prepared with the same exemptions that had been offered for 2021, that is \$20,000 for persons who are disabled or who are sixty-five years of age or older and a 20% general residential homestead exemption. A discussion ensued regarding the exemption for persons who are disabled or who are sixty-five years of age or older (the "Exemption"). The Directors expressed their interest in possibly increasing the Exemption. Mr. Yale stated that the Board would need to first confer with Masterson Advisors, LLC ("Masterson"), the District's Financial Advisor, and confirm that increasing the Exemption would not adversely affect the collection of property taxes by the District. The Board directed the District's Attorney to contact Masterson regarding this matter. The Directors then deferred further discussion regarding the Resolution to the Board's meeting on 7 March 2022.

Agreement for Delinquent Tax Collection Services

Mr. Yale then explained that the Board could impose a statutory charge (the "Collection Charge") of 20% on all 2021 taxes, penalties, and interest delinquent on 1 July 2022 for real property (and on 1 April 2022 for personal property), said Collection Charge to be used to finance the costs of collection of the delinquent taxes. In order to do so, he continued, the Board must first confirm its agreement (the "Agreement") for delinquent tax attorney services with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. He explained further that under the Agreement, the amount paid by the District to the District's Delinquent Tax Attorney for the collection of delinquent 2021 taxes would be equal to the additional collection charge as approved by the Board on all 2021 taxes, penalties, and interest delinquent on the applicable dates, up to the statutory maximum of 20%, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to confirm its Agreement with the District's Delinquent Tax Attorney.

Collection Charge on all Delinquent 2021 Taxes, Penalties, and Interest

Consideration was then given to imposing the Collection Charge as described above. After discussion, upon a motion duly made and seconded, the Board voted unanimously to impose a 20% Collection Charge on all 2021 taxes, penalties, and interest that are due and remain delinquent as of the applicable dates, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. A copy of the CERTIFICATE OF BOARD ACTION related to this matter is attached hereto as an exhibit to 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 0.0376% per annum for the reporting period, which was less 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.

Reimbursement of Director Expenses. The Board discussed matters regarding the reimbursement of expenses submitted by the Directors in connection with their official duties (the "Director Expenses"). The Board agreed that checks for the payment of the Director Expenses should not be prepared until a Director has submitted their expense report to the District's Bookkeeper.

Status of Invoices for Legal Services. Director Brumfield discussed with Mr. Dick Yale the status of the invoices submitted by Coats Rose, P.C. for certain legal services rendered to the District.

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 construction activity had commenced and that the forms had been set for the future building foundation.

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. He noted that debris had been removed from the concrete pond. Mr. Reed added that on 4 January 2022 the District's Engineer transmitted to Rick Morrow a packet of detention pond reports via U.S. Mail and electronic mail.

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 the booster pumps and piping headers were delivered to the project site. Mr. Reed noted that construction activity will commence once the water well in Chelford One Municipal Utility District is in service.

Water Plant Generator Addition. Mr. Reed reported on the contract with W.W. Payton Corporation ("Payton") for the Water Plant Generator Addition. Mr. Reed reported that the Generator Addition was substantially complete. He stated that Payton was on site on 26 January 2022 to touch up the paint and remove rust on certain areas of the generator exterior that were scraped during transit and construction.

Sidewalk on Bellaire Boulevard. The Board discussed the status of the construction of a sidewalk to connect the two existing sidewalk sections along Bellaire Boulevard near the District's Water Plant (the "Sidewalk Project"). Mr. Reed reported that the Sidewalk Project was substantially complete.

Quarterly Cleaning of Bellaire Boulevard. Mr. Reed reported that the street sweeping had been postponed in view of the increase in the cost for each street sweeping. Mr. Reed remarked that VSE is looking into engaging another vendor to perform the street sweeping.

Integrated Water System. Mr. Reed reported on the status of the Integrated Water System, as detailed in the Engineer's Report attached hereto. He then discussed with the Board certain options in connection with a possible plan to have the IWS participants share resources during an extended power outage through the coordinated use of water plants and auxiliary generators in the Integrated Water System. He

estimated a cost of approximately \$50,000 to undertake a full study to perform the Water CAD Model for use with the Integrated Water System (the "Study"). After discussion, the Board directed the District's Engineer to prepare a proposal for preparing the Study.

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 the pumps started up correctly and that C3 was coordinating with the District's Operator to tie in the NPW System. Mr. Reed then reported that C3 had submitted Pay Estimate No. 8 in the amount of \$2,952 in connection with the NPW System project. A copy of Pay Estimate No. 8 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 substantially complete. Mr. Reed remarked that N&S was working with Baird Gilroy & Dixon, LLC ("BGD") to tie the unit into the SCADA system.

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 BGD had completed the updates to the SCADA to communicate with the new units. He added that Fitch still needs to install certain items on the clarifiers.

Proposed Lightning Protection System. Mr. Reed reported that VSE received two bids for the Lightning Protection System. He stated that the McDonald Municipal & Industrial, a Division of C. F. McDonald Electric, Inc. ("McDonald") submitted the low bid in the amount of \$14,500. A copy of the bid tabulation is included with the Engineer's Report.

Plant Administration Building Ventilation. Mr. Reed reported on the contract with GH Mechanical & Services, LLC ("GHMS") for the proposed improvements to the ventilation system in the Plant Administration Building (the "Ventilation Improvements"). He remarked that construction of the Ventilation Improvements was continuing.

Plant Administration Building Acoustical Improvements. Mr. Reed discussed with the Board matters relating to the proposed acoustical improvements to the meeting room at the Plant Administration Building to reduce echoes and reverberation. He reviewed with the Board (1) the price quote from Acoustical Solutions in the amount of \$2,291.36 for the purchase of acoustic materials for use in the Plant Administration Building (the "Acoustic Materials"); and (2) the report from CSTI Acoustics that displays the recommended placement of the Acoustic Materials in the Administration Building. Copies of the price quote and the CSTI Acoustics report are attached hereto as exhibits. The Directors discussed with Mr. Reed their preference for the color of the Acoustic Materials. Mr. Reed stated that the Acoustic Materials would not be ordered until the Ventilation Improvements were completed.

West Harris County Municipal Utility District No. 4 ("WHCMUD 4") / Possible Request for Service. Mr. Reed called the Board's attention to the letter dated 31 January 2022 from Mary Gomez of Sherrington-Humble, LLC, the engineer for WHCMUD 4, in which Ms. Gomez presented WHCMUD 4's request to purchase wastewater treatment capacity in the Plant (the "Capacity"). A copy of the letter is included with the Engineer's Report. The Board noted that WHCMUD 4 was seeking Capacity in the quantity of 160,000 gallons per day ("gpd"). Mr. Reed stated that VSE would calculate the cost per gallon for the Capacity once WHCMUD 4 had placed the required deposit with the District.

City of Houston / Withdrawal from Plant. Mr. Reed stated that he had nothing new to report at this time with regard to the future withdrawal by the City of Houston from the Plant.

Headworks A and B Screens. Mr. Reed reported that both of the screens have been replaced and are in service.

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 reviewed with the Board the proposed revisions to Appendix "C" of the Rate Order. He noted that the revisions to Appendix "C" had been reviewed by the District's Attorney. He added that Tanny Busby of Envirodyne Laboratories, Inc., was updating the Discharge Limitations and Monitoring Requirements to be attached as Exhibit 1 to Appendix "C".

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. 8 to C3 on the NPW System; (3) accept the low bid and award the contract for the Lightning Protection System to McDonald; and (4) authorize the District's Engineer to order the Acoustic Materials and engage a contractor to install same.

Request for Annexation and Service / 19-Acre Tract on Westpark Drive / Feasibility Study

Mr. Taylor reviewed with the Board the Feasibility Study dated 26 January 2022 as prepared by the District's Engineer in connection with the request from NRP for the annexation by the District of a certain 19-acre tract (the "NRP Tract") on Westpark Drive. A copy of the Feasibility Study is attached hereto as an exhibit to these minutes. Mr. Reed noted that NRP desires to construct an apartment complex in the NRP Tract with approximately 341 luxury residential units (the "Apartments"). He noted that, based on the calculations by the District's Engineer, the proposed development would require water and sanitary sewer capacity equivalent to 166 Equivalent Single-Family Connections ("ESFCs"). Mr. Reed stated that the District has sufficient water supply

capacity to serve the proposed Apartments. The District has a 12-inch water line that stubs out on Rosita Drive, he continued, and the proposed development would require an extension of this water line into the NRP Tract to serve the Apartments.

Mr. Reed stated that the District has an existing 8-inch sanitary sewer line that stubs out on Rosita Drive. The proposed development would be required to connect to the sanitary sewer manhole located at the end of Rosita Drive, he told the Board. Mr. Reed noted that a private lift station was the proposed means of conveyance of wastewater from the proposed development. He added that the proposed development would be required to meet certain wastewater flow criteria in order not to exceed the capacity of the 8-inch sanitary sewer line during peak flow hours. Mr. Reed then stated that the Plant has sufficient capacity to serve the proposed development in the NRP Tract. He remarked that the developer would need to purchase Capacity in the Plant equal to 102,300 gpd from one of the Plant participants (the "Capacity Purchase").

Mr. Reed then reviewed with the Board the Estimated Reimbursable Costs as detailed in the Feasibility Study. He stated that VSE calculated the cost for the Capacity Purchase at \$1,357,521 based on a cost of \$13.27 per gpd. Mr. Reed discussed with the Board two possible approaches for providing reimbursement to NRP for the purchase of the Capacity: (1) an Incremental Maintenance Tax Repayment over 20 years, as detailed in the Feasibility Study; and (2) the sale of bonds by the District. Over a 25-year period, he told the Board, the annual debt payment from the District to support a bond sale in the amount of \$1,561,149.15 would total \$99,932. Assuming an assessed value of \$68,000,000 for the Apartments, he continued, a debt service tax rate of \$0.15 per \$100 valuation would be required to reimburse the developer for 100% of the eligible reimbursable costs. Mr. Reed observed that the Apartments would generate \$105,400 per year in debt service tax revenue based on the District's current debt service tax rate of \$0.155 per \$100 valuation. Based on the estimate of the costs to develop the NRP Tract and the value created by said development, said Mr. Reed, the District's Engineer finds that the annexation of the NRP Tract is feasible. The Directors then expressed their desire for the District to proceed with the annexation of the NRP Tract.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize the District's Engineer and Attorney to proceed with actions necessary for the annexation of the NRP Tract, subject to payment by NRP of an annexation deposit of \$10,000; and (2) authorize the District's Attorney to prepare an Annexation, Service, Development and Financing Agreement in connection with the proposed annexation of the NRP Tract.

Stormwater Management Program

Next, Mr. Beyer updated the Board on the District's Stormwater Management Plan (the "SWMP"). He distributed and reviewed the District's Year 3 Phase II Municipal Separate Storm Sewer System ("MS4") Annual Report Form for the SWMP and a summary of the Year 4 Training and Education Goals for year 2022 under the SWMP. A

copy of the summary of Year 4 Training and Education Goals is attached hereto. He presented a Customer Billing Insert concerning stormwater runoff and the prevention of stormwater pollution.

Mr. Beyer began his training session with the Board and the District's consultants. The topic of the Year 4 training was stormwater pollution prevention, the minimum control measures, and bacteria specific elements. Mr. Beyer explained the importance of keeping household hazardous waste, pet waste, and yard waste from entering the District's storm sewers to prevent adding to the bacterial impairment. He then continued with the training, including discussion of the sources of bacteria and outlining the elements of the SWMP program that affect these sources.

Mr. Beyer requested that the Board approve the Year 3 Phase II MS4 Annual Report Form and authorize the District's Operator to distribute the customer billing insert as presented. Upon a motion duly made and seconded, the Board voted unanimously to approve the Year 3 Annual Report and to authorize SiEnviro to distribute the customer billing insert to the District's customers as presented. Copies of the Year 3 Phase II MS4 Annual Report Form and the Customer Billing Insert thus approved are attached to and shall be considered to be part of these minutes. Mr. Beyer departed the meeting at this time.

Mission Bend Greenbelt Association

The Board then discussed matters relating to the activities of the Mission Bend Greenbelt Association (the "Association"). Director Gardner stated that he would no longer be able to attend the meetings of the Association's board of directors (the "MBGA Board") and accordingly he intended to resign his position as a director on the MBGA Board. Director Brumfield stated that she would possibly be interested in serving as a director on the MBGA Board if she would be allowed to attend the MBGA Board meetings by teleconference. She went on to say that she would discuss this matter with the attorney for the Association.

Annual Financial Reports for the Fiscal Year ended 30 September 2021

Mr. Toldan reviewed with the Board the drafts of the Annual Financial Reports (the "Reports") for the District and for the Plant for the fiscal year ended 30 September 2021. He told the Board that McCall had again issued an unqualified opinion on the District's Reports, meaning that all of the materials required for review of the financial condition of the District and the Plant had been provided. He asked that the Directors and the consultants of the District review the Reports in detail and notify him of any questions.

Then Mr. Toldan reviewed the Notes to Financial Statements in the District Report. He called attention to the information about the Integrated Water System and the fees paid to the West Harris County Regional Water Authority for water pumped

from the wells in the Integrated Water System. He reviewed information about the District's debt.

The Board then completed the review of the Annual Financial Reports for the District and the Plant for the fiscal year ended 30 September 2021. Upon a motion duly made and seconded, the Board voted unanimously to accept the Reports, subject to a ten-day review period; to authorize filing of the District Report with the Texas Commission on Environmental Quality and other agencies as required; and to authorize execution of the Letter of Representations from the District to McCall. A copy of the Letter of Representations is attached as an exhibit hereto. The draft Reports and the final Annual Financial Reports will be filed in the permanent records of the District.

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 90.3% 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 December 2021. He added that during December 2021 the Plant operated at 30.5% of its permitted capacity.

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.

Review of District's Investment Policy. The Directors reviewed the District's investment strategies, pursuant to the requirements of the Public Funds Investment Act. The Board reviewed the strategies for each of the District's accounts. The Board also reviewed the List of Authorized Brokers included as Exhibit "A" to the RESOLUTION

EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

Continuing Disclosure. Mr. Yale reported that the District's consultants would prepare the necessary materials to fulfill the continuing disclosure requirements of the Securities and Exchange Commission ("SEC") pursuant to SEC Rule 15c2-12 prior to the deadline of 30 March 2022.

Eminent Domain Reporting. Mr. Yale reported that on 14 January 2022 the District's Attorney had filed with the Texas Comptroller the annual report for the District containing certain information relating to the District's eminent domain authority pursuant to Senate Bill 1812 as approved by the 84th Texas Legislature – Regular Session 2015. A copy of the eminent domain filing is attached hereto.

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 7 February 2022
Attachments

1. Tax Assessor/Collector's Report;
2. Certificate of Board Action / 20% collection charge on delinquent taxes;
3. Bookkeeper's Report;
4. Engineer's Report;
5. CSTI Acoustics Report and price quote from Acoustical Solutions;
6. Feasibility Study / NRP Tract;
7. SWMP Year 4 Training and Education Goals;
8. SWMP / Year 3 Phase II MS4 Annual Report Form;
9. Customer Billing Insert / stormwater runoff;
10. Letter of Representations for Audit;
11. Operations Report;
12. Invoice from Si Environmental, LLC;
13. RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES; and
14. Eminent Domain Filing.