

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

6 June 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 6th day of June 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; Demitra Berry of McLennan & Associates, L.P. ("McLennan"), the District's Bookkeeper; 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; Dan McDonald of McDonald & Wessendorff Insurance, LLC (called "MWI"); Nasir Shenwari, an interested party; and Dick Yale of Coats Rose, P.C. (called "Coats Rose"), the District's Attorney. Attending by teleconference were Diane Bailey of McLennan; and Will Yale and David Green of Coats Rose.

Director Gardner called the meeting to order.

Proposal for Insurance Coverage

First, Mr. McDonald presented the Board with the Proposal for Insurance Coverage (the "Proposal") for the policy term of 1 July 2022 through 1 July 2023 as prepared by MWI. The Directors noted that the pricing for the insurance coverage to be provided under the Proposal totaled \$126,495. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposal. A copy of the Proposal as accepted by the Board is attached hereto and shall be considered to be part of these minutes. Mr. Yale noted that the insurance policies being provided to the District under the Proposal would be forwarded to the District's Attorney at a later date.

Request for Service / Auto Shop at 15827 Bellaire Boulevard

The President then recognized Ms. Shenwari, who addressed the Board regarding the request for service for the two automotive businesses situated in the tract located at 15827 Bellaire Boulevard (the "Auto Shop Tract"). Director Gardner explained to Mr. Shenwari the District's policy that one service tap would be installed to serve the businesses in the Auto Shop Tract.

Approval of Minutes

Next, the minutes of the Board of Directors meetings of 2 May 2022 and 3 May 2022 were considered for review. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meetings of 2 May 2022 and 3 May 2022, 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 2021 levy was 97.3% collected. She then asked the Board's approval of seven checks written on the District's tax account as well as the transfer by wire of \$7,637.56 in revenues from the tax for maintenance and operations to the District's Operating Fund and the transfer by wire of \$5,000 to the Debt Service Fund.

Preliminary Report of Appraised & Taxable Values. Ms. McLaughlin then informed the Board that Leared had received the Preliminary Reports of Appraised & Taxable Values for the District for the 2022 tax year as prepared by the Fort Bend Central Appraisal District (the "FBCAD") and the Harris County Appraisal District (the "HCAD"). Ms. McLaughlin noted that according to the FBCAD and HCAD, the initial taxable value for the 2022 tax year totals approximately \$511,000,000.

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.

Agreement for Services of Tax Assessor and Collector

Ms. McLaughlin then submitted for the Board's approval the proposed Agreement for Services of Tax Assessor and Collector (the "TAC Agreement") between the District and Leared. Under the TAC Agreement, she explained to the Board, Leared would receive compensation from the District for the basic services outlined in Exhibit "A" to the TAC Agreement at a fee of \$3,045 per month. Additional services requiring approval by the Board or an authorized representative, she continued, would be billed at an hourly rate of \$120 for consulting and an hourly rate of \$65 for clerical services. Ms. McLaughlin pointed out that the District would be charged a records retention fee

totaling \$250 per annum. She then noted that the services to be provided to the District by Leared under the TAC Agreement would include (1) basic computer services; (2) services relating to the Strategic Partnership Agreement between the District and the City of Houston; (3) services concerning Sections 26.17-26.18 of the Texas Tax Code; and (4) services concerning Section 2.051.202 of the Texas Government Code.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the TAC Agreement and to authorize Director Gardner to execute same. A copy of the TAC Agreement as approved by the Board is attached hereto as an exhibit to these minutes.

Depository Pledge Agreement / Allegiance Bank

The Board next considered a Depository Pledge Agreement between the District and Allegiance Bank (the "Bank") for the District's Tax Accounts (collectively, the "Accounts"). Mr. Yale explained to the Board that the purpose of the Depository Pledge Agreement is to ensure that the depository bank will pledge collateral to secure any funds on deposit in the Accounts that exceed the \$250,000 limit for coverage by the Federal Deposit Insurance Corporation. The Directors expressed their desire to designate Bob Leared Interests, the District's Tax Assessor/Collector, as an authorized representative of the District empowered to direct the Bank with regard to collateral pledges, releases, and substitutions in the joint safekeeping account referenced in the Depository Pledge Agreement.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Depository Pledge Agreement. A copy of the Depository Pledge Agreement as approved by the Board is attached hereto and is made part of these minutes.

Bookkeeper's Report

Next, Ms. Berry 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. Berry 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. Berry then reviewed the Investment Report, as included in the Bookkeeper's Report. She noted that TexPool paid interest at the average rate of 0.3042% 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 of the detention pond appears to be complete. He added that a fence has been constructed around the detention pond site.

Request for Service / Family Food Mart at 15655 Bellaire Boulevard. Mr. Reed reported that VSE is continuing to monitor the progress of the construction of the Family Food Mart.

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. No ladder has been installed, he told the Board.

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 C3 had commenced work on the project and that the Water Plant had been removed from service. Mr. Reed then reported that C3 had submitted Pay Estimate No. 2 in the amount of \$72,900 in connection with the Piping Replacement project. A copy of Pay Estimate No. 2 is included with the Engineer's Report.

Quarterly Cleaning of Bellaire Boulevard. Mr. Reed stated that the District's Engineer had not found a vendor that would be interested in performing the street cleaning on Bellaire Boulevard (the "Street Cleaning"). Director Hector stated that he would look into the possibility of Fort Bend County performing the Street Cleaning. Director Gardner stated that he would direct a similar inquiry to the office of Harris County Precinct 4 Commissioner R. Jack Cagle.

Integrated Water System. Mr. Reed reported on the status of the Integrated Water System, as detailed in the Engineer's Report attached hereto. He noted that the West Harris County Regional Water Authority (the "Authority") plans to begin supplying surface water to the Mission Bend area by the 4th quarter of 2025. He stated that the

member districts of the IWS (the "Member Districts") would need to prepare to simultaneously convert to chloramine disinfection systems at their water plants prior to the delivery of surface water by the Authority. Mr. Reed then reported that that VSE was proceeding with the design of the combined WaterCAD Model for the Member Districts.

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 construction of the NPW System was substantially complete and that all motors were now operational. He added that C3 was working on painting the third motor.

Wi-Fi System for Plant SCADA. The Board discussed the status of the upgrades to the Wi-Fi System at the Plant by Fitch Services, Inc. ("Fitch"). Mr. Reed reported that Baird Gilroy & Dixon, LLC had completed the updates to the SCADA system to communicate with the new units. He added that Fitch still needs to install certain items on the clarifiers. Mr. Reed noted that the estimated delivery date for the equipment was three weeks out.

Waste Activated Sludge Pumps (the "Sludge Pumps"). Mr. Reed reported on the contract with Sustanite Support Services, LLC (called "Sustanite") for the Sludge Pumps project. He stated that Sustanite had commenced work on the Sludge Pumps project. Submittals are being reviewed by VSE, he told the Board, and Sustanite is ordering the equipment.

Proposed Rotary Drum Screen Replacement for Scum System (the "Screen Replacement"). Mr. Reed reported that VSE had commenced work on the design of the Screen Replacement.

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 substantially complete. The new programming for the air handler appears to have resolved the voltage surge issue with the HVAC system, he told the Board. He noted that VSE was continuing to hold the check for Pay Estimate No. 3 on the Ventilation Improvements project.

Maintenance Service Program Agreement. Mr. Reed then submitted for the Board's review and approval the proposed Maintenance Service Program Agreement between the District and GHMS for the maintenance of the HVAC system in the Plant Administration Building (the "Maintenance Agreement"). He stated that the Maintenance Agreement had options for a one-year contract term at a cost of \$1,221.46 or a three-year contract term at a total cost of \$3,908.67. The Directors expressed their preference to enter into a Maintenance Agreement with the three-year contact term.

West Harris County Municipal Utility District No. 4 ("WHCMUD 4") / Possible Request for Service. The Board discussed the request from WHCMUD 4 to purchase wastewater treatment capacity in the Plant (the "Capacity"). Mr. Reed reported that the report for the cost per gallon for the purchase of the Capacity by WHCMUD 4 had been transmitted to the engineer for WHCMUD 4.

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

Shell Tech Center / 3333 SH 6. Mr. Reed reviewed with the Board the testing reports prepared by Envirodyne Laboratories, Inc. ("Envirodyne") in connection with the analysis of samples taken from the wastewater flow from the Shell Tech Center during May 2022. Copies of the testing reports are included with the Engineer's Report. According to Envirodyne, he told the Board, all of the testing parameters were found to be within the limits of the District's Rate Order.

After discussion, 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. 2 to C3; and (3) approve the Maintenance Agreement with GHMS with a three-year contract term and to authorize execution of same. A copy of the Maintenance Agreement as approved by the Board is attached hereto as an exhibit to these minutes.

Mission Bend Greenbelt Association

Director Hector presented a brief report on recent activities of the Mission Bend Greenbelt Association.

Reschedule Board of Directors Meeting

The Directors then considered rescheduling the 4 July 2022 Board meeting in view of the Independence Day holiday. After discussion, upon a motion duly made and seconded, the Board voted unanimously to meet on Thursday, 7 July 2022.

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 98.6% 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 April 2022. He added that during April 2022 the Plant operated at 31.5% of its permitted capacity.

Return Activated Sludge Pump No. 1 (the "Sludge Pump"). Mr. Smith reported that SiEnviro had received proposals from four contractors for the purchase of the

Sludge Pump No. 1. He stated that Environmental Improvements, Inc. (called "EI2") had submitted the most advantageous proposal in the amount of \$32,901.

Upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operations Report; and (2) accept the proposal from EI2 and authorize the District's Operator to purchase the Sludge Pump. Copies of the Operations Report and the invoice from SiEnviro are attached hereto as exhibits to these minutes.

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.

Power Supply Issues / Public Power Pool ("P3"). The Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"). Mr. Yale submitted for the Board's review the Forward Budget Report for the period of January through December 2022 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the cost for electric service. A copy of the Forward Budget Report is attached hereto as an exhibit to these minutes.

House Bill 3693 Compliance / Electricity Consumption. Mr. Yale reminded the Board that Chapter 2265 of the Texas Government Code requires Texas political subdivisions to record and make available their utility usage and costs pursuant to House Bill 3693 ("HB 3693") as approved by the 80th Texas Legislature in 2007. He then submitted for the Board's review the HB 3693 Report for the District for calendar year 2021 as prepared by P3. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes.

West Harris County Regional Water Authority (the "Authority") / Request for Water Line and Meter Easement. Finally, the Board discussed matters relating to the request from the D.E. Corp., the engineer for the Authority, for the District to donate a 30-foot Water Line and Meter Easement (the "Easement") to the Authority in connection with the Authority's surface water line project. Director Gardner expressed his view that the Authority should offer compensation to the District in connection with the granting of

the Easement. The Directors then deferred further discussion of this matter to a future meeting of the Board.

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 6 June 2022
Attachments

1. Proposal for Insurance Coverage;
2. Tax Assessor/Collector's Report;
3. Agreement for Services of Tax Assessor and Collector;
4. Depository Pledge Agreement – Allegiance Bank;
5. Bookkeeper's Report;
6. Engineer's Report;
7. Maintenance Service Program Agreement;
8. Operations Report;
9. Invoice from SiEnviro;
10. P3 Forward Budget Report; and
11. HB 3693 Report.