

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

8 September 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 special session, open to the public, on the 8th day of September 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 with the exception of Director Gardner, thus constituting a quorum.

Also present were Kristen Scott of Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector; Diane Bailey of McLennan & Associates, L.P. ("McLennan"), the District's Bookkeeper; 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 Dick Yale of Coats Rose, P.C. (called "Coats Rose"), the District's Attorney. Attending by teleconference were Anthea Moran of Masterson Advisors, LLC ("Masterson"), the District's Financial Advisor; Brian Toldan of McCall Gibson Swedlund Barfoot, PLLC ("McCall"), the District's Auditor; and David Green of Coats Rose.

Director Brumfield called the meeting to order.

### **Proposed Mass Notification System**

Director Brumfield expressed her view that the District should have an automated mass notification system (the "Notification System") for providing information to the District's customers by electronic mail or text message. The Directors agreed to discuss the Notification System at a future meeting of the Board.

## **Approval of Minutes**

Next, the minutes of the Board of Directors meetings of 1 August 2022 and 2 August 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 1 August 2022 and 2 August 2022, as written.

## **Tax Assessor/Collector's Report**

Ms. Scott submitted the Tax Assessor/Collector's Report for the Board's consideration. She reported that the District's 2021 levy was 97.9% collected. She then asked the Board's approval of eight checks written on the District's tax account, said checks including the transfer of \$4,343.30 in revenues from the tax for maintenance and operations to the District's Operating 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.

## **Development Status of the District**

Mr. Yale informed the Board that pursuant to Section 49.236 of the Texas Water Code as amended by Senate Bill 2 (called "SB 2") as approved by the 86th Texas Legislature – Regular Session (2019), the District must determine whether it is a "developed district" or a "developing district" with regard to the Truth-In-Taxation requirements promulgated by SB 2. He stated that the District's Engineer had confirmed that the District was a developed district because to date the District has financed, completed, and issued bonds to pay for all land, works improvements, and appliances necessary to serve at least 95% of the projected build-out of the District. Mr. Yale submitted for the Board's review and approval a RESOLUTION DECLARING DEVELOPMENT STATUS OF DISTRICT FOR 2022 TAX YEAR. He explained that the Resolution states that the Board has declared the District to be a developed district as defined by Section 49.23602 of the Texas Water Code for the 2022 tax year. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered to be part of these minutes.

## **Consider Setting Tax Rate for 2022**

Next, Ms. Moran addressed the Board regarding the recommended tax rate for the 2022 tax year. She distributed to the Board for review the 2022 Debt Service Tax Rate Recommendation as prepared by Masterson, a copy of which is attached hereto as an exhibit to these minutes. Ms. Moran stated that the District's Financial Advisor is recommending that the District set a debt service tax rate of \$0.133 per \$100 of assessed valuation.

Mr. Yale then reviewed the procedures that the District would have to follow in setting the 2022 tax rate for the District. He reminded the Board that SB 2 amended Section 49.236(a) of the Texas Water Code and added Section 49.23601 through 49.23603 to the Texas Water Code. Mr. Yale remarked that Section 49.23602 of the Texas Water Code provides that, should a board of a developed district adopt a combined debt service, contract, and operation and maintenance tax rate that exceeds 1.035 times the amount of property tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district that year, an election must be held by the qualified voters of the district to determine whether to approve the adopted tax rate. He noted that this rule caps a developed district's annual property tax increase at 3.5% above the previous year.

After discussion, the Directors expressed their desire to levy a maintenance tax rate of \$0.18 per \$100 valuation.

Then, upon a motion duly made and seconded, the Board voted unanimously to authorize publication of the tax rate calculation showing a debt service rate of \$0.133 per \$100 valuation and a maintenance tax rate of \$0.18 per \$100 valuation for a combined tax rate of \$0.313 per \$100 valuation. The Board agreed that the tax rate hearing would be held on 3 October 2022.

### **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 2.1627% 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.

## **Adopt Operating Budget**

Ms. Bailey reviewed with the Board the draft Operating Budget for the District for the fiscal year ending 30 September 2023 (the "Budget"). After discussion with the Board, Ms. Bailey stated that the Revenue item in the Budget for the Maintenance Tax would be increased to reflect the increase in the certified taxable value of property in the District for the 2022 tax year. Then Mr. Smith requested that the Expense item in the Budget for the Operator's Fees be increased to reflect the annual adjustment to the rates charged to the District by SiEnviro based on the Consumer Price Index for the Southwest Region, as specified in the agreement between SiEnviro and the District. After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the Budget at amended. A copy of the Budget thus adopted is attached hereto as an exhibit.

Ms. Bailey then called the Board's attention to the Operating Budget for the Integrated Water System for the fiscal year ending 30 September 2023 (the "IWS Budget") that was adopted at the Board's meeting held on 29 August 2022. A copy of the IWS Budget is attached hereto as an exhibit.

The Board briefly reviewed the draft Annual Operating Budget for the Plant for the fiscal year ending 30 September 2023 (the "Plant Budget"). The Directors noted that the Plant Budget would be adopted at the Board's meeting on 12 September 2022.

## **Engineer's Report**

Next, Mr. Scholes 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. Scholes reported that construction was progressing at the work site.

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

Request for Service / Auto Shop at 15827 Bellaire Boulevard. Mr. Scholes reported that the owner of the Auto Shop will work with SiEnviro to obtain service from the District.

Request for Annexation and Service / 19-Acre Tract on Westpark Drive (the "NRP Tract"). Mr. Scholes discussed with the Board matters relating to the request from NRP Group, LLC ("NRP") for annexation of and service to the NRP Tract. He stated that the surveyor had provided VSE with the annexation map for the NRP Tract. He remarked that VSE had reviewed the plans for the proposed development in the NRP Tract and offered no objections. Mr. Scholes remarked that, as previously stated by VSE and the District's Attorney, the District would need to acquire excess Capacity from

certain other Plant participants in order to provide sanitary sewer service to the proposed development in the NRP Tract. The Board discussed matters relating to the NRP Tract later in the meeting during the presentation of the Attorney's Report.

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

Storm Water Detention Facilities / 16315 Bellaire Boulevard (Calvin Morrow). Mr. Scholes noted that the site has been enclosed by a construction fence and the graffiti has been removed.

Water Plant Booster Pump Piping Replacement. Mr. Scholes reported on the contract with C3 Constructors, LLC (called "C3") for the Piping Replacement project. He noted that the Water Plant had been returned to service.

Integrated Water System. Mr. Scholes reported on the status of the Integrated Water System, as detailed in the Engineer's Report attached hereto. He stated that VSE had confirmed 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 remarked that the engineers for the member districts of the Integrated Water System (the "Member Districts") would need to begin the design process in 2023 for the conversion to chloramine disinfection systems at their respective water plants. Mr. Scholes 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. Scholes reported that construction of the NPW System was substantially complete and that this item could be removed from the agendas of future meetings of the Board.

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. Scholes reported that the equipment for the upgrades to the Wi-Fi system was being installed by Fitch. Once the new units for the Wi-Fi system are running, he continued, Baird Gilroy & Dixon, LLC will program the new units to communicate with the Plant SCADA.

Waste Activated Sludge Pumps (the "Sludge Pumps"). Mr. Scholes reported on the contract with Sustanite Support Services, LLC (called "Sustanite") for the Sludge Pumps project. He stated that the work on the Sludge Pumps was in progress. Mr. Scholes then reported that Sustanite had submitted Pay Estimate No. 1 in the amount of \$80,302.50 in connection with the Sludge Pumps project. A copy of Pay Estimate No. 1 is included with the Engineer's Report.

Proposed Rotary Drum Screen Replacement for Scum System (the "Screen Replacement"). Mr. Scholes reviewed with the Board the bids received by the District's

Engineer for the Screen Replacement. He stated that the apparent low bid for the Screen Replacement was submitted by Gilleland Smith Construction, Inc. ("Gilleland") in the amount of \$142,500. A copy of the Recommendation of Award with the bid tabulation for the Screen Replacement is included with the Engineer's Report. The Directors agreed to defer awarding the contract for the Screen Replacement to the Board's meeting on 12 September 2022.

Replacement of Pressure Tank on NPW System (the "Pressure Tank Replacement"). Mr. Scholes reported that VSE was proceeding with the design for the Pressure Tank Replacement.

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. Scholes 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. He then recounted for the Board the teleconference conducted on 31 August 2022 between the attorneys and engineers for Harris County Municipal Utility District No. 120 ("HCMUD 120") and Mission Bend Municipal Utility District No. 2 ("MBMUD 2"), wherein the consultants discussed the possible sale of excess Capacity to WHCMUD 4.

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

Proposed Sludge Horizontal Screw Conveyors (the "Sludge Conveyors"). Mr. Scholes reviewed with the Board the bids received by the District's Engineer for the Sludge Conveyors. He stated that the apparent low bid for the Sludge Conveyors was submitted by C3 Constructors, LLC (called "C3") in the amount of \$226,000. A copy of the Recommendation of Award with the bid tabulation for the Sludge Conveyors is included with the Engineer's Report. The Directors agreed to defer awarding the contract for the Sludge Conveyors to the Board's meeting on 12 September 2022.

Proposed Replacement of Headworks "A" Washer Compactor (the "Compactor Replacement"). Mr. Scholes reviewed with the Board the bids received by the District's Engineer for the Compactor Replacement. He stated that the apparent low bid for the Sludge Conveyors was submitted by Gilleland in the amount of \$134,700. A copy of the Recommendation of Award with the bid tabulation for the Compactor Replacement is included with the Engineer's Report. The Directors agreed to defer awarding the contract for the Compactor Replacement to the Board's meeting on 12 September 2022.

Proposed Replacement of Digester Blower No. 1 (the "Blower Replacement"). Mr. Scholes reviewed with the Board the bids received by the District's Engineer for the Blower Replacement. He stated that the apparent low bid for the Blower Replacement was submitted by C3 in the amount of \$180,000. A copy of the Recommendation of Award with the bid tabulation for the Blower Replacement is included with the

Engineer's Report. The Directors agreed to defer awarding the contract for the Blower Replacement to the Board's meeting on 12 September 2022.

Upgrade of 2.5-ton Air Conditioner in Operator Room to 4-ton Unit. Mr. Scholes reported that a temporary air conditioning unit was in place in the operator room and that the new 4-ton unit was on order by GH Mechanical & Services, LLC.

Proposed Bollards at Plant Administration Building. Mr. Scholes reported that Rage Industrial Solutions, LLC ("RIS") had submitted a proposal in the amount of \$2,400 for the installation of two bollards to protect the condenser unit for the air conditioning system at the Administration Building.

Proposed Replacement of Thickener Pump. Mr. Scholes stated that in order to reduce odor from the thickener, VSE was proposing the replacement of the air lift pump with a pump that does not use air. He explained that the odor in the meeting room at the Administration Building was caused by the air being released from the top of the air lift pump. Mr. Scholes stated that the design work for the replacement thickener pump was in progress.

Sunscreen For Air Scrubber Control Panel / Lift Station B. Mr. Scholes reported that RIS had completed the installation of the Sunscreen.

Electrical Conversion (4160V to 480V) and Positive Displacement Blower Upgrade (the "Conversion"). Mr. Scholes reported that design work was underway for the Conversion project.

Payment of Contractor Invoices. Mr. Scholes reviewed with the Board (1) the invoice from Envirodyne Laboratories, Inc. for testing the air quality in the meeting room in the Administration Building; and (2) the invoice from Environmental Improvements, Inc. for the maintenance performed on the Plant clarifier (collectively, the "Invoices"). Copies of the Invoices are included with the Engineer's Report. The Directors agreed to defer action on the Invoices to the Board's meeting on 12 September 2022.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize payment of Pay Estimate No. 1 to Sustanite.

## **Mission Bend Greenbelt Association**

Directors Ochoa and Hector presented a brief report on the recent activities of the Mission Bend Greenbelt Association.

## **Engagement of Auditor**

Consideration was given to engaging McCall to prepare the District's annual financial report for the fiscal year ending 30 September 2022 (the "Report"), including

the Integrated Water System. Mr. Toldan reviewed with the Board the Letter of Engagement dated 8 September 2022 from McCall. He pointed out to the Board that McCall estimated that the fees to be charged to the District for the preparation of the Report for the fiscal year ending 30 September 2022, including the Integrated Water System Special Revenue Fund, would range from \$18,400 to \$20,200. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Letter of Engagement and authorize Director Brumfield to execute same. A copy of the executed Letter of Engagement is attached hereto as an exhibit to these minutes.

Then the Board considered the engagement of McCall for preparation of the annual financial report for the Plant for the fiscal year ending 30 September 2022 (the "Plant Report"). Mr. Toldan reviewed with the Board the Letter of Engagement dated 8 September 2022 from McCall. He pointed out to the Board that McCall estimated that the fees to be charged to the District for the preparation of the Plant Report for the fiscal year ending 30 September 2022 would range from \$10,500 to \$11,500. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Letter of Engagement and authorize Director Brumfield to execute same. A copy of the executed Letter of Engagement is attached hereto as an exhibit to these minutes.

### **Power Supply Issues / Public Power Pool**

Next, the Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3") including P3's upcoming procurement of electric power supply for the period beginning 1 January 2023. Mr. Yale submitted to and reviewed with the Board the Revised Procurement Proposal for Electric Power Supply Beginning 1 January 2023 as prepared by P3, a copy of which is attached hereto as an exhibit to these minutes. Mr. Yale noted that P3 had begun the competitive procurement process on 6 September 2022. After discussion, the Board directed the District's Attorney to invite David Quin of P3 to attend a future meeting of the Board to discuss matters related to the procurement process.

### **Proposal for Surveillance System**

Mr. Yale briefly reviewed with the Board a proposal from Flock Security (the "Proposal") for the installation of a Flock Safety Camera System in the District (the "Camera System"). A copy the proposal is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the Proposal was submitted to the District's Attorney by Flock Security, which is installing a Camera System in Chelford One Municipal Utility District. The Board noted that the cost for the Camera System was \$2,500 per camera per year, plus a \$350 one-time implementation fee. The Directors declined to take any action on this matter.



## **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 97.1% 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 July 2022. He added that during July 2022 the Plant operated at 31.5% of its permitted capacity.

Service Account at 7110 Entrada Drive. The Board discussed matters relating to a letter dated 29 August 2022 from the District customer at 7110 Entrada Drive, in which the customer stated that the service account for that address had been closed in error by the District's Operator, which resulted in the customer having to establish a new service account. A copy of the letter is attached hereto. Mr. Smith explained that the neighbor at 7106 La Entrada had provided an incorrect address earlier this year when establishing their service account with SiEnviro. He went on to say that SiEnviro had addressed this matter.

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. 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.

Request for Service and Annexation / NRP Tract, continued. The Directors returned to their earlier discussion regarding the proposed annexation of the NRP Tract. Mr. Yale reported that he had explained to NRP that the District would have to purchase excess Capacity from certain other Plant participants in order to provide sanitary sewer service to the proposed development in the NRP Tract. He stated that NRP is seeking a commitment from the District regarding sanitary sewer capacity to serve the NRP Tract prior to 19 October 2022, which is the date on which NRP is scheduled to close on its

purchase of the NRP Tract. Mr. Yale remarked that he had explained to NRP that doing so would require the conclusion of a successful negotiation between the District, HCMUD 120, and MBMUD 2, which was not likely to be accomplished by 19 October 2022. What is more, he continued, NRP desires to be reimbursed by the District for its cost to purchase capacity in the Plant. The Board deferred further discussion of this matter to a future meeting of the Board when Director Gardner would be in attendance.

Lead and Copper Rule Revision. Mr. Yale reviewed with the Board a memorandum from the District's Attorney summarizing the revisions to the Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency (the "EPA"). A copy of the memorandum is attached hereto as an exhibit to these minutes. He explained to the Board that the most recent revision to the Lead and Copper Rule will require public water systems such as the District to: (1) create a lead service line ("LSL") inventory database; (2) meet new public notification requirements; (3) update the sampling protocols; and (4) develop a program for the replacement of LSLs. He pointed out to the Board that the EPA had established a deadline of 16 October 2024 for complete compliance with the revised Lead and Copper Rule.

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

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Secretary, Board of Directors

SEAL

Chelford City Municipal Utility District  
Meeting of 8 September 2022  
Attachments

1. Tax Assessor/Collector's Report;
2. Resolution Declaring Development Status of District for 2022 Tax Year;
3. 2022 Debt Service Tax Rate Recommendation;
4. Bookkeeper's Report;
5. Operating Budget for fiscal year ending 9/30/23;
6. MBIWS Operating Budget for fiscal year ending 9/30/23;
7. Engineer's Report;
8. Letter of Engagement / Audit for the District;
9. Letter of Engagement / Audit for the RWTF;
10. P3 Revised Procurement Proposal;
11. Proposal for Camera Surveillance System;
12. Operations Report;
13. Letter from customer at 7110 Entrada Drive;
14. Invoice from SiEnviro; and
15. Coats Rose memo / revision to Lead and Copper Rule.