

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

7 November 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 November 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 Magee, thus constituting a quorum.

Also present were Brenda McLaughlin of Bob Leared Interests ("Leared"), the District's Tax Assessor/Collector; Diane Bailey 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; Balthazar Gutierrez, Jr. and Robert Vallair representing the Mission Bend No. 5 Homeowner's Association (the "Association"); Howard Cohen of Schwartz, Page & Harding, L.L.P.; Parker White representing NRP Group, LLC (called "NRP"); and Dick Yale of Coats Rose, P.C. (called "Coats Rose"), the District's Attorney. Attending by teleconference were Will Yale and David Green of Coats Rose.

Director Gardner called the meeting to order.

Hear From the Public

The President recognized Mr. Gutierrez, who addressed the Board and presented the Association's request for financial assistance from the District with regard to the cost for the streetlights and security patrols in Mission Bend Subdivision, Section 5. Director Gardner remarked that the District pays the cost for only the streetlights that are located on Bellaire Boulevard within the boundaries of the District. He added that

the various homeowner associations located within the District and adjacent water districts were responsible for their respective expenses.

Request for Annexation and Service / 17.857-Acre Tract on Westpark Drive

Next, Mr. Yale discussed with the Board matters relating to the proposed annexation of a certain tract of land on Westpark Drive. He recalled that previously NRP had requested the annexation of and service to a certain 19-acre tract on Westpark Drive. In recent weeks, he continued, the attorney for NRP had informed the District's Attorney that the tract to be annexed into the District (the "Westpark Tract") would measure 17.857 acres, rather than 19 acres, and that Westpark Houston MF LP ("Houston Westpark"), rather than NRP, would purchase the Westpark Tract and execute the instruments relating to the annexation of same, rather than NRP. He stated that Westpark Houston anticipates closing on the purchase of the Westpark Tract by 7 December 2022. Mr. Yale then submitted to and reviewed with the Board the proposed Annexation, Utility Commitment, Development and Financing Agreement between the District and Westpark Houston relating to the Westpark Tract (the "Annexation Agreement"). Mr. Yale reviewed the terms of the Annexation Agreement in depth. He stated that Westpark Houston had generally agreed to the terms of the Annexation Agreement but had requested that the annual payment in lieu of taxes by Westpark to the District (the "PILOT") as established in Section 3.02(i) of the Annexation Agreement commence in 2023 rather than 2022. The Board expressed no objection to revising Section 3.02(i) of the Annexation Agreement as requested by Westpark Houston. Mr. Yale then reviewed with the Board the Engineer's Capacity Report as prepared by VSE. He remarked that the District's Engineer had determined that the District would need to acquire additional wastewater treatment capacity (the "Capacity") in the amount of 102,000 gallons per day ("gpd") in order to provide sanitary sewer service to the Westpark Tract.

Mr. Yale then submitted for the Board's review and approval the proposed Purchase and Sale Agreement for Wastewater Treatment Plant Capacity (the "Purchase Agreement") by and between the District, Harris County Municipal Utility District No. 120 ("HCMUD 120"), and Mission Bend Municipal Utility District No. 2 ("MBMUD 2") as it relates to the proposed annexation of and service to the Westpark Tract. He explained that, pursuant to the Purchase Agreement, HCMUD 120 and MBMUD 2 would each sell and convey to the District 51,000 gpd of Capacity, for a combined total Capacity of 102,000 gpd.

Next, Mr. Yale submitted for the Board's review and approval the proposed Agreement Providing for Chelford City Regional Wastewater Treatment Facility Service Area Expansion (the "Expansion Agreement") by and among the District, Chelford One Municipal Utility District, Mission Bend Municipal Utility District No. 1, MBMUD 2, HCMUD 120, Harris County Municipal Utility District No. 147, and the City of Houston, relative to the proposed annexation of and service to the Westpark Tract.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Annexation Agreement as amended and authorize execution of same; (2) approve the Purchase Agreement and authorize execution of same; and (3) authorize the Expansion Agreement and authorize execution of same. Copies of the Annexation Agreement, the Purchase Agreement, and the Expansion Agreement as approved by the Board are attached hereto as exhibits to these minutes.

Approval of Minutes

Next, the minutes of the Board of Directors meetings of 3 October 2022 and 4 October 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 3 October 2022 and 4 October 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 98.3% collected and the 2022 levy was 3.4% collected. She then asked the Board's approval of 11 checks written on the District's tax account as well two transfers by wire as follows: the transfer of \$35,417.92 in revenues from the tax for maintenance and operations to the District's Operating Fund and the transfer of \$10,000 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.

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 2.9336% 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.

Ms. Bailey then informed the Board that the District's Bookkeeper was moving the District's accounts to a "positive pay" system in order to prevent check fraud. She

then discussed with the Board McLennan's procedures for the re-issuance of lost or unclaimed checks written to commercial entities.

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 was progressing at the work 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.

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

Request for Annexation and Service / Westpark Tract. Mr. Reed discussed with the Board matters relating to the request from Westpark Houston for annexation of and service to the Westpark Tract. He stated that VSE was working to record the water meter easement for the Westpark Tract.

Detention Ponds Inspection Report. Mr. Reed 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. Reed noted that the site has been enclosed by a construction fence and the graffiti has been removed. He added that the garage door is now closed and the concrete pond is continuing to hold 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 reported that the District's Engineer had issued the Certificate of Completion and had prepared the Certificate of Acceptance for the Piping Replacement project. A copy of the Certificate of Completion is attached hereto.

Integrated Water System. Mr. Reed reported on the status of the Integrated Water System, as detailed in the Engineer's Report attached hereto. Mr. Reed then

reported that that VSE was proceeding with the design of the combined WaterCAD Model for the member districts in the Integrated Water System.

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 Fitch had completed the installation of the equipment for the upgrades to the Wi-Fi system and that Baird Gilroy & Dixon, LLC was working to program the new units to communicate with the Plant SCADA.

Waste Activated Sludge Pumps (the "Sludge Pumps"). Mr. Reed reported on the contract with Sustanite Support Services, LLC for the Sludge Pumps project. He stated that the work on the Sludge Pumps was in progress.

Rotary Drum Screen Replacement for Scum System (the "Screen Replacement"). Mr. Reed reported on the contract with low bidder Gilleland Smith Construction, Inc. ("Gilleland") for the Screen Replacement. He presented the Board with the execution drafts of the construction contracts with Gilleland for the Screen Replacement.

Replacement of Headworks "A" Washer Compactor (the "Compactor Replacement"). Mr. Reed reported on the contract with Gilleland for the Compactor Replacement. He presented the Board with the execution drafts of the construction contracts with Gilleland for the Compactor Replacement.

Sludge Horizontal Screw Conveyors (the "Sludge Conveyors"). Mr. Reed reported on the contract with C3 for the Sludge Conveyors. He presented the Board with the execution drafts of the construction contracts with C3 for the Sludge Conveyors.

Replacement of Digester Blower No. 1 (the "Blower Replacement"). Mr. Reed reported on the contract with C3 for the Blower Replacement. He presented the Board with the execution drafts of the construction contracts with C3 for the Blower Replacement.

Upgrade of 2.5-ton Air Conditioner in Operator Room to 4-ton Unit. Mr. Reed reported that the new 4-ton air conditioning unit was on order by GH Mechanical & Services, LLC and that delivery was expected in February 2023.

Replacement of Pressure Tank on NPW System (the "Pressure Tank Replacement"). Mr. Reed reported that VSE was ready to advertise for bids on the Pressure Tank Replacement.

Proposed Replacement of Thickener Pump. Mr. Reed reported that VSE was ready to advertise for bids on the Thickener Pump.

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.

West Harris County Municipal Utility District No. 4 ("WHCMUD 4") / Request for Service. The Board discussed the request from WHCMUD 4 to purchase wastewater treatment capacity in the Plant (the "Plant Capacity"). Mr. Reed reported that the directors of WHCMUD 4 had expressed surprise at the cost to purchase the Plant Capacity as calculated by the District's Engineer. He explained that the cost of the Plant Capacity was calculated as of October 2023 when all of the 5-year projects are scheduled to be complete. Mr. Reed stated that the cost per gpd would increase from \$15.01 per gpd to \$16.22 per gpd in October 2023.

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

Auxiliary Generator at Water Plant / Maintenance Service Agreement. Mr. Reed presented for the Board's review and approval the proposed Maintenance Service Agreement with Taylor Sudden Service ("Taylor") to perform (1) annual maintenance on the auxiliary generator at the District's Water Plant (the "Generator"); (2) three follow-up 41-point inspections; and (3) a 2-hour load bank test. He explained that the Generator project was past the one-year warranty period (11 October 2022) on the contract with W.W. Payton Corporation and accordingly it was recommended by the District's Engineer that the District enter into the Maintenance Service Agreement for the services as described above.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) authorize execution of the Certificate of Acceptance on the contract with C3 for the Piping Replacement; (3) authorize execution of the construction contracts with Gilleland for the Screen Replacement; (4) authorize execution of the construction contracts with Gilleland for the Compactor Replacement; (5) authorize execution of the construction contracts with C3 for the Sludge Conveyors; (5) authorize execution of the construction contracts with C3 for the Blower Replacement; (6) authorize the District's Engineer to advertise for bids on the Pressure Tank Replacement; (7) authorize the District's Engineer to advertise for bids on the Thickener Pump; and (8) authorize execution of the Maintenance Service Agreement with Taylor Sudden Service. Attached hereto as exhibits are copies of the Maintenance Agreement as approved by the Board and the Certificate of Acceptance for the Piping Replacement.

Mission Bend Greenbelt Association

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

Reschedule Board of Directors Meeting

Consideration was then given to rescheduling the 2 January 2023 Board meeting in view of the New Year holiday. After discussion, the Directors agreed to meet on Thursday, 5 January 2023.

Consolidated Rate Order / Customer Deposits and Fees

The Board briefly discussed matters relating to the District's Consolidated Rate Order (the "Rate Order"). Mr. Yale discussed with the Board the deposits and fees currently being charged to the District's customers (the "Deposits and Fees") pursuant to Article IV of the Rate Order. After discussion, the Board directed the District's Operator to review the Deposits and Fees and present a recommendation for adjustments to same at a future meeting of the Board.

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 97.14% 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 September 2022. He added that during September 2022 the Plant operated at 33.2% of its permitted capacity.

Water Meters on Service Connections. Director Brumfield inquired about the frequency of replacement of the water meters. Mr. Smith stated that he would report on this matter at the Board's meeting on 5 December 2022.

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.

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 presented the Board with copies of (1) a memorandum from the District's Attorney regarding the selection by P3 of a retail electricity provider for the period of January 2023 through December 2025; (2) the Transaction Report dated 1 November 2022; and (3) the Forward Budget Report for the period of January 2023 through December 2025 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the cost for electric service. Copies of the memorandum, the Transaction Report, and the Forward Budget Report are attached hereto as exhibits to these minutes. Mr. Yale informed the Board that on 26 October 2022 P3 had executed on behalf of its membership an electricity supply agreement with the MP2 Energy Texas LLC d/b/a Shell Energy Solutions ("MP2") with a three-year term. He noted that MP2 had submitted a winning bid with a fixed weighted three-year average price for the whole P3 group of \$0.574 per kilowatt hour, which represents a projected increase of approximately 33.9% from the electricity rates under P3's current contract. Mr. Yale remarked that District's cost for electric service under the contract with MP2 would be \$0.642 per kilowatt hour, which represents a projected increase of approximately 82.3% from the electricity rates under P3's current contract.

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 November 2022
Attachments

1. Annexation, Utility Commitment, Development and Financing Agreement / Westpark Houston MF LP;
2. Purchase and Sale Agreement for Wastewater Treatment Plant Capacity / HCMUD 120 and MBMUD 2;
3. Agreement Providing for Chelford City Regional Wastewater Treatment Facility Service Area Expansion;
4. Tax Assessor/Collector's Report;
5. Bookkeeper's Report;
6. Engineer's Report;
7. Certificate of Completion / Booster Pump Piping Replacement;
8. Certificate of Acceptance / Booster Pump Piping Replacement;
9. Maintenance Service Agreement;
10. Operations Report;
11. Invoice from SiEnviro;
12. Coats Rose memorandum / P3 Procurement;
13. P3 Transaction Report; and
14. P3 Forward Budget Report for the District.