

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

5 December 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 5th day of December 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., 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; 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.

Approval of Minutes

First, the minutes of the Board of Directors meetings of 1 November 2022 and 7 November 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 November 2022 and 7 November 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 2022 levy was 8.2% collected. She then

asked the Board's approval of five checks written on the District's tax account as well as two transfers by wire as follows: the transfer of \$45,176.27 in revenues from the tax for maintenance and operations to the District's Operating Fund and the transfer of \$30,000 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.

Aerial Photograph of District

Next, Ms. McLaughlin inquired if the Directors desired a new aerial photograph of the District (the "Photograph"). After discussion, the Directors agreed to defer ordering a Photograph for two years.

Bookkeeper's Report

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. A discussion ensued regarding the schedule for the billing of the participants in the IWS.

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 3.611% 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.

Schedule of Hourly Rates (the "Schedule"). Mr. Reed informed the Board that VSE had updated its Schedule for 2023 pursuant to the Engineering Agreement between the District and VSE. A copy of the updated Schedule is included with the Engineer's Report.

Requests for Service. Mr. Reed reviewed with the Board the status of the requests for water supply and sanitary sewer service from certain developers as detailed in the Engineer's Report attached hereto.

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. He then reviewed with the Board the status of certain detention ponds in the District as detailed in the Engineer's Report 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. He noted that VSE would need to begin design in 2023 for the conversion to chloramine disinfection at the water plants in the Integrated Water System. 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 the start-up was scheduled for the following week.

Waste Activated Sludge Pumps (the "Sludge Pumps"). Mr. Reed reported on the contract with Sustanite Support Services, LLC for the Sludge Pumps project. He reported that Sustanite had submitted Pay Estimate No. 3 in the amount of \$51,727.50 in connection with the Sludge Pumps project. A copy of Pay Estimate No. 3 is included with the Engineer's Report.

Rotary Drum Screen Replacement for Scum System (the "Screen Replacement"). Mr. Reed reported on the contract with Gilleland Smith Construction, Inc. ("Gilleland") for the Screen Replacement. He informed the Board that the contractor submittals on the Screen Replacement were underway.

Replacement of Headworks "A" Washer Compactor (the "Compactor Replacement"). Mr. Reed reported on the contract with Gilleland for the Compactor Replacement. He remarked that the contractor submittals on the Compactor Replacement were in progress.

Sludge Horizontal Screw Conveyors (the "Sludge Conveyors"). Mr. Reed reported on the contract with C3 Constructors, LLC (called "C3") for the Sludge Conveyors. He reported that the contractor submittals for the Sludge Conveyors were underway.

Replacement of Digester Blower No. 1 (the "Blower Replacement"). Mr. Reed reported on the contract with C3 for the Blower Replacement. He remarked that the contractor submittals for the Blower Replacement were in progress.

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 three bids were received by the District's Engineer for the Pressure Tank Replacement. Mr. Reed stated that the apparent low bid for the Pressure Tank Replacement was submitted by Sustanite in the amount of \$134,000. A copy of the bid tabulation for the Pressure Tank Replacement is included with the Engineer's Report.

Proposed Replacement of Thickener Pump. Mr. Reed reported that the receipt and review of bids on the Thickener Pump had been postponed to January 2023.

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.

Electrical Conversion (4160V to 480V) (the "Conversion"). Mr. Reed reported that the 60% design plans for the Conversion project were undergoing review.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) accept the updated Schedule; (3) authorize payment of Pay Estimate No. 3 to Sustanite; and (4) accept the low bid and award the contract for the Pressure Tank Replacement to Sustanite.

Mission Bend Greenbelt Association

The Directors briefly discussed recent activities of the Mission Bend Greenbelt Association (the "Association"). Director Gardner noted that he plans to attend future meetings of the Association.

Consolidated Rate Order / Customer Deposits and Fees

The Board discussed matters relating to the District's Consolidated Rate Order (the "Rate Order"). Mr. Smith presented the Directors with a chart (the "Chart") prepared by the District's Operator that lists certain deposits and fees currently being charged to the District's customers (the "Deposits and Fees") pursuant to Article IV of the Rate Order and includes recommendations for adjustments to same. After discussion, the Directors agreed to defer approval of adjustments of the Deposits and Fees to a future meeting of the Board pending review of the information in the Chart.

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 98.2% 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 October 2022. He added that during October 2022 the Plant operated at 30.9% of its permitted capacity.

Wastewater Treatment Plant / Clarifier No. 4. Mr. Smith discussed with the Board the need to repair the wheel assembly on Clarifier No. 4 at an estimated cost of \$5,116 (the "Wheel Assembly Repairs").

Upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operations Report; and (2) authorize the District's Operator to proceed with the Wheel Assembly Repairs. A copy of the Operations Report is attached hereto as an exhibit. Also attached hereto is a copy of the invoice from SiEnviro with photographs of the work performed in the District.

Termination of Service

The Board then reviewed the List of Termination Letters sent to the District's customers who are delinquent in submitting payments for water and sanitary sewer service. After discussion, the Directors agreed to take no action on this matter in view of the impending Christmas holiday.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Proposed Annexation of 17.857-acre tract (the "Westpark Tract") / Westpark Houston MF LP ("Houston Westpark"). Mr. Yale discussed with the Board the status of the proposed annexation of the Westpark Tract. He reviewed with the Board a memorandum from the District's Attorney that details the status of the agreements relating to the annexation of the Westpark Tract, consisting of (1) the Annexation, Utility Commitment, Development & Financing Agreement between the District and Houston Westpark; (2) the Purchase and Sale Agreement for Wastewater Treatment Capacity between the District, Harris County Municipal Utility District No. 120, and Mission Bend Municipal Utility District No. 2; and (3) the Agreement providing for Chelford City Regional Wastewater Treatment Facility Service Area Expansion to be executed by the Plant participants. A copy of the memorandum is attached hereto and will be considered to be part of these minutes.

Senate Bill 3 (87th Texas Legislature – 2021) / Notice Regarding Extreme Weather Emergencies (the "Notice"). Mr. Yale reviewed with the Board a memorandum from the District's Attorney regarding the Notice to be provided to the District's customers pursuant to Rule §24.173 of the Texas Administrative Code as amended by Senate Bill 3. A copy of the memorandum is attached hereto as an exhibit. He explained that Rule §24.173 will require the District to transmit to the District's customers a Notice

stating that the District is (1) prohibited from imposing late fees or disconnecting retail water or sewer service for nonpayment of bills that are due during an extreme weather emergency until after the emergency is over; (2) required to offer a payment schedule to a requesting affected customer for unpaid bills during an extreme weather emergency; and (3) prohibited from disconnecting the retail water or sewer service for nonpayment of bills due during an extreme weather emergency of an affected customer that has requested a payment schedule until after the payment schedule has been offered and the affected customer has either declined to accept the payment schedule in a timely fashion or violated the terms of the payment schedule. The Notice, he continued, must be printed in English and Spanish and be transmitted to the District's customers no later than 23 January 2023. For the purpose of the Notice, he told the Board, an "extreme weather emergency" is defined as a period beginning when the previous day's highest temperature in the area did not exceed 28 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Service reports for that area. Mr. Yale recommended that the District's Operator include the Notice as a billing insert prior to the deadline date.

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 5 December 2022
Attachments

1. Tax Assessor/Collector's Report;
2. Bookkeeper's Report;
3. Engineer's Report;
4. Operations Report;
5. Invoice from SiEnviro;
6. Coats Rose memo / status of Agreements relating to annexation of Westpark Tract; and
7. Coats Rose memo / Notice Regarding Extreme Weather Emergencies;