

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

1 May 2023

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 1st day of May 2023, 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 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; Dan McDonald of McDonald & Wessendorff Insurance, LLC ("MWI"); and David Green of Coats Rose, P.C. (called "Coats Rose"), the District's Attorney. Attending by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Gardner called the meeting to order.

Approval of Minutes

First, the minutes of the Board of Directors meetings of 3 April 2023 and 4 April 2023 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 April 2023 and 4 April 2023, as written.

Proposal for Insurance Coverage

Next, Mr. McDonald presented the Board with the Proposal for Insurance Coverage (the "Proposal") for the policy term of 1 July 2023 through 1 July 2024 as prepared by MWI. The Directors noted that the pricing for the insurance coverage to be

provided under the Proposal totaled \$131,711. In response to a question from the Board, Mr. McDonald explained that the flood zone designation for the Plant site had been revised to Zone AE and accordingly the coverage limit for Flood Insurance for the Plant site had been reduced to \$500,000. 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.

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 96.2% collected. She then asked the Board's approval of 14 checks written on the District's tax account as well as two transfers by wire as follows: the transfer of \$6,049.41 in revenues from the tax for maintenance and operations to the District's Operating Fund and a transfer of \$15,000 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 4.6108% per annum for the reporting period, which was the same as 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.

Then Ms. Bailey reviewed with the Board the proposed amendments to the Operating Budgets for the District and the IWS. She explained that the Operating Budgets had been revised pursuant to the discussion at the Board's meeting on 3 April 2023 regarding (1) the fees (the "Pumpage Fees") to be paid to the West Harris County Regional Water Authority (the "WHCRWA") for groundwater pumpage by District and the member districts of the Integrated Water System; and (2) the proposed adjustments to the 2-Month Reserve for Pumpage Fees for each of the member Districts of the Integrated Water System (the "Adjustments").

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Bookkeeper's Report and authorize payment of the bills of the District and of the Integrated Water System; (2) approve the amendments to the Operating Budgets for the District and the IWS as presented; and (3) authorize the District's Bookkeeper to transmit invoices for the Adjustments to the participants of the Integrated Water System (the "Invoices")

A copy of the Bookkeeper's Report is attached to and shall be considered to be part of these minutes. Also attached hereto are copies of (1) the Operating Budgets for the District and the Integrated Water System, as amended; and (2) the Invoices for the Adjustments to be billed to the District, Chelford One Municipal Utility District, Mission Bend Municipal Utility District No. 1, and Mission Bend Municipal Utility District No. 2.

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.

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. He mentioned to the Board that VSE had been contacted regarding a potential request for service to a tract located to the west of the District's boundaries. The Directors responded that they did not desire to pursue the annexation of this tract.

Proposed Annexation of 17.857-acre tract (the "Westpark Tract") / Westpark Houston MF LP ("Westpark Houston"). Mr. Reed reported that Westpark Houston was clearing the Westpark Tract. He stated that VSE had received the recorded Water Meter Easements. He noted that the District's Operator will oversee the installation of the water meter and vault to serve 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. He then reviewed with the Board the status of certain detention ponds in the District as detailed in the Engineer's Report attached hereto. The Board discussed the condition the stormwater detention pond owned by Calvin Morrow at 16315 Bellaire Boulevard (the "Morrow Detention Pond"). Mr. Scholes stated that the project manager at the site of the Morrow Detention Pond had informed the District's Engineer that they were attempting to obtain electrical power so that they could run the pumps and drain the stormwater from the facility. Mr. Reed then reported that the stormwater detention facility at 15655 Bellaire Boulevard is not open at this time, but the pond is operational and the required 6-foot fence has been installed.

Televised Inspection of Fort Bend Storm Sewer Lines – Phase 1 (the "Storm Sewer Inspection"). Mr. Reed reported that VSE was ready to advertise for bids for the Storm Sewer Inspection.

Cleaning and Televised Inspection of Sanitary Sewer Lines – Phase 1 (the "Sanitary Sewer Inspection"). Mr. Reed reported that VSE was ready to advertise for bids for the Sanitary Sewer Inspection.

Proposed Additional Ground Storage Tank for Water Plant No. 1 (the "Additional GST"). Mr. Reed called the Board's attention to the Preliminary Cost Estimate for the proposed Additional GST, a copy of which is included with the Engineer's Report. The Board noted that the District's Engineer had estimated a construction cost of \$1,243,990 for the Additional GST, plus fees for engineering services totaling \$186,599. After discussion, the Board declined to take any action regarding the Additional GST.

Integrated Water System. Mr. Reed reported on the status of the Integrated Water System, as detailed in the Engineer's Report attached hereto. He reported that surface water was scheduled to be delivered to the Integrated Water System in the fourth quarter of 2025 or the first quarter of 2026. He stated that VSE would need to begin design this year for the conversion to chloramine disinfection at the water plants in the Integrated Water System. Mr. Reed stated that the Board's next meeting with the member districts of the Integrated Water System would be held at 6:30 p.m. on Wednesday, 31 May 2023.

Bellaire Boulevard Sidewalk Addition – Phase 2 / La Entrada Drive to Addicks Clodine Road (the "Sidewalk Addition"). Mr. Reed reported that VSE had received comments from the office of Harris County Commissioner Precinct No. 4 ("Precinct No. 4") in connection with the District's request for Harris County to participate in the cost for the District to construct the Sidewalk Addition (the "Cost Participation"). He noted that Precinct No. 4 had inquired as to whether there were any additional sections of missing sidewalk in the District. Mr. Reed remarked that Precinct No. 4 was possibly willing to fund up to 50% of the cost for the Sidewalk Addition.

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 stated that Fitch has completed the start-up of the Wi-Fi System.

Waste Activated Sludge Pumps (the "Sludge Pumps"). Mr. Reed reported on the contract with Sustanite Support Services, LLC ("Sustanite") for the Sludge Pumps project. He stated that the new Sludge Pumps were operational and that Sustanite had addressed the punch list items noted by the District's Engineer.

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 continuing and the delivery of the components was expected in June 2023.

Replacement of Headworks "A" Washer Compactor (the "Compactor Replacement"). Mr. Reed reported that the contractor submittals on the Compactor

Replacement were in progress. He added that the delivery of the components for the Compactor Replacement project was scheduled for early July 2023.

Sludge Horizontal Screw Conveyors (the "Sludge Conveyors"). Mr. Reed reported on the contract with C3 Constructors, LLC (called "C3") for the Sludge Conveyors. He stated that C3 had received the components and was working with SiEnviro to reduce the level of solids in the wastewater flow so that the work could be performed on the Sludge Conveyors. He requested authorization from the Board for C3 to begin the initial phase of the installation of the Sludge Conveyors. Mr. Reed then reported that C3 had submitted Pay Estimate No. 3 in the amount of \$120,960 in connection with the Sludge Conveyors project. A copy of Pay Estimate No. 3 is included with the Engineer's Report.

Replacement of Digester Blower No. 1 (the "Blower Replacement"). Mr. Reed reported on the contract with C3 for the Blower Replacement. He stated that submittals were in progress and that delivery of the components for the Blower Replacement was expected this month. He noted that the supplier was waiting on the appurtenances so that all of the components could be delivered simultaneously.

Upgrade of 2.5-ton Air Conditioner in Operator Room to 4-ton Unit. Mr. Reed reported that GH Mechanical & Services, LLC ("GHMS") had installed the new 4-ton air conditioning unit. He added that GHMS would perform the startup of the air conditioning system once the inlet covers have been delivered.

Replacement of Pressure Tank on NPW System (the "Pressure Tank Replacement"). Mr. Reed reported on the contract with Sustanite for the Pressure Tank Replacement. He stated that construction was in progress and that VSE was continuing its review of the contractor submittals.

Thickener Odor Issue. Mr. Reed reported that VSE was working on a design that would introduce a chlorine spray to the drop section of the airlift pipe as the thickener discharges into the digester (the "Spray System"). He added that the District's Engineer planned to present a cost estimate for the Spray System at the Board's meeting on 8 May 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) for the P/D Blower Replacement (the "Conversion"). Mr. Reed recalled that VSE received four bids for the Conversion project. He stated that the apparent low bid was submitted by Clarion Electrical, LLC ("Clarion") in the amount of \$2,105,355. A copy of the bid tabulation for the Conversion project is included with the Engineer's Report. Mr. Reed stated that, upon review, the District's Engineer VSE was recommending the award of the contract for the Conversion for the P/D Blower Replacement to Clarion. A copy of the Recommendation of Award letter from VSE is included with the Engineer's Report.

Feed Line on Clarifier No. 4 (the "Feed Line"). Mr. Reed recalled that the replacement of a 28-inch section of the Feed Line has been added to the contract with C3 for the Sludge Conveyors project. He stated that C3 was awaiting delivery of the components for the Feed Line replacement.

Odor Control System at Lift Station B. Mr. Reed reported that the manufacturer of the Odor Control System had completed the repairs. He added that the 1-year warranty inspection of the Odor Control System was being scheduled.

Plant Tour. Mr. Reed called the Board's attention to a memorandum from VSE regarding the tour of the Plant facilities that was conducted on 15 April 2023. A copy of the memorandum is included with the Engineer's Report.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) authorize the District's Engineer to advertise for bids for the Storm Sewer Inspection; (3) authorize the District's Engineer to advertise for bids for the Sanitary Sewer Inspection; (4) authorize payment of Pay Estimate No. 3 to C3; (5) authorize C3 to commence the initial phase of the installation of the Sludge Conveyors; (6) authorize the District's Engineer to commence work on the design of the Chloramine System; and (7) accept the low bid and award the contract for the Conversion to Clarion.

Consolidated Rate Order / Customer Deposits and Fees

The Board briefly discussed possible amendments to the District's Consolidated Rate Order (the "Rate Order") relating to certain deposits and fees currently being charged to the District's customers (the "Deposits and Fees") pursuant to Article IV of the Rate Order. The Directors then deferred the discussion of possible adjustments of the Deposits and Fees to a future meeting of the Board.

Mission Bend Greenbelt Association

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

Operations Report

Mr. Smith reviewed the Operations Report with the Board. He summarized information about well pumpage in the Integrated Water System and said that 97.5% of the water pumped from the wells in the Integrated Water System was accounted for (the "Accountability Rate"). 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 March 2023. He added that during March 2023 the Plant operated at 30.7% of its permitted capacity.

Water Meter Testing. Mr. Smith reported that Accurate Meter & Supply had completed the testing of the 22 water meters on the connections with commercial customers in the District.

Proposed Repair of Sidewalks in the District (the "Sidewalk Repairs"). Mr. Smith reviewed with the Board a cost estimate for the Sidewalk Repairs, a copy of which is attached hereto as an exhibit. He explained that the cost estimate for the Sidewalk Repairs was based on the report on the condition of sidewalks prepared by Director Brumfield. Mr. Smith noted that the sections of sidewalks that were most in need of repair were listed as item Nos. 7, 8, 10, 12, 16, and 17 in the cost estimate.

Survey of Water Line Valves. Mr. Smith reported that SiEnviro had completed the survey of 514 water line valves in the District's water distribution system. He then reviewed with the Board a cost estimate for the recommended repairs, replacements, and excavations for certain water line valves (the "Valve Repairs"). A copy of the cost estimate for the Valve Repairs is attached hereto as an exhibit. The Board noted that the estimated cost for the Valve Repairs was \$6,650.

Rotating Assembly at Waste Pump No. 3 (the "Assembly"). Mr. Smith reviewed with the Board a price quote from Environmental Improvements, Inc. (EI2) to replace the Assembly at a cost of \$16,800. A copy of the price quote is attached hereto as an exhibit.

Plant Belt Press Facility (the "Belt Press"). Mr. Smith reported that Alfa Laval, Inc. had proposed to add preventive maintenance on the control panels at the Belt Press to the scope of service for the semiannual maintenance to the Belt Press (previously approved by the Board), at an additional annual cost of \$2,000. The Board declined to take any action on this matter.

Drinking Water Quality Report. Mr. Smith then provided a draft of the Drinking Water Quality Report for the District for review by the Board. He noted that the Drinking Water Quality Report must be provided to customers of the District by 1 July 2023.

Upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operations Report; (2) authorize the District's Operator to proceed with the Sidewalk Repairs for items Nos. 7, 8, 10, 12, 16, and 17; (3) authorize the District's Operator to proceed with the Valve Repairs; (4) accept the price quote from EI2 and authorize the replacement of the Assembly; and (5) approve the Drinking Water Quality Report, subject to review by the District's Attorney.

Attached hereto as exhibits to these minutes are copies of the Operations Report, the draft Drinking Water Quality Report, and 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.

Proposed Annexation the Westpark Tract. Mr. Yale reported on the proposed annexation of the Westpark Tract. He stated that Westpark Houston MF LP had submitted to the District's Attorney the required documents for submission to the City of Houston. Mr. Yale added that the District's Attorney was awaiting receipt of a letter from the WHCRWA expressing no objection to the annexation of the Westpark Tract.

House Bill 3693 Compliance / Electricity Consumption. Mr. Yale informed 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 2022 as prepared by the Public Power Pool. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes.

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 1 May 2023
Attachments

1. Proposal for Insurance Coverage;
2. Tax Assessor/Collector's Report;
3. Bookkeeper's Report;
4. Amended Operating Budget / Chelford City MUD;
5. Amended Operating Budget / Integrated Water System;
6. Invoices for Adjustments to 2-Month Reserve / MBIWS;
7. Engineer's Report;
8. Operations Report;
9. Cost Estimate for Sidewalk Repairs;
10. Cost Estimate for Water Line Valve Repairs;
11. Price Quote for Replacement of Rotating Assembly;
12. Draft of 2022 Drinking Water Quality Report;
13. Invoice from SiEnviro; and
14. HB 3693 Report.