

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

6 July 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 special session, open to the public, on the 6th day of July 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; Tonya Francis of McLennan & Associates, L.P. ("McLennan"), the District's Bookkeeper; Taylor Reed, P.E., of Vogler & Spencer Engineering ("VSE"), the District's Engineer; Carlous Smith of Si Environmental, LLC ("SiEnviro"), the District's Operator; 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 31 May 2023, 5 June 2023, and 6 June 2023 were considered for review. After discussion, during which Director Brumfield stated that she would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 to approve the minutes of the meetings of 31 May 2023, 5 June 2023, and 6 June 2023, 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 97.4% collected. She then asked the Board's approval of nine checks written on the District's tax account as well

as the transfer by wire of \$3,418.61 in revenues from the tax for maintenance and operations to the District's Operating 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 2023 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 2023 tax year totals approximately \$580,000,000.

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.

Bookkeeper's Report

Next, Ms. Francis 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"). A discussion ensued regarding the schedule for the participants in the Integrated Water System (the "IWS Participants") to submit their respective payments to the District's Bookkeeper. The Board then discussed the monthly water meter readings used by the West Harris County Regional Water Authority (the "WHCRWA") to determine the groundwater pumpage fees that are due to the WHCRWA for groundwater pumpage by the District and the IWS Participants. Director Gardner expressed his view that the District should transmit a letter to the WHCRWA requesting that the water meter readings be distributed to the District and the IWS Participants in a more timely manner. Mr. Reed and Mr. Smith stated that they would examine the WHCRWA's procedure for distributing the water meter readings. Ms. Francis 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. Francis then reviewed the Investment Report, as included in the Bookkeeper's Report. She noted that TexPool paid interest at the average rate of 5.0543% per annum for the reporting period. 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.

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.

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 is working with the District's Attorney to provide the City of Houston (the "City") with certain documents in connection with the Water District Consent Application for the annexation of the Westpark Tract.

Detention Ponds Inspection Report. Mr. Reed 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 of the stormwater detention pond owned by Calvin Morrow at 16315 Bellaire Boulevard. Mr. Reed stated that a contractor was working at the site and that VSE is monitoring the construction activity. Mr. Yale proposed that the Board revisit the Full and Complete Release and Indemnity Agreement that was transmitted to Rick Morrow in July 2021 but which has never been executed and returned by Mr. Morrow.

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 discussed with the Board the status of the conversion to chloramine disinfection at the water plants in the Integrated Water System (the "Chloramine Conversion"). He stated that VSE had begun the design work for the Chloramine Conversion at the District's water plants. Design work on the Chloramine Conversion for Mission Bend Municipal Utility District No. 1 is underway, he continued, and Mission Bend Municipal Utility District No. 2 ("MBMUD 2") was scheduled to begin the design work for the Chloramine Conversion later this year.

Bellaire Boulevard Sidewalk Addition – Phase 2 / La Entrada Drive to Addicks Clodine Road (the "Sidewalk Addition"). Mr. Reed reviewed with the Board the Cost Estimate for the Sidewalk Addition project, a copy of which is included with the Engineer's Report. The Board noted that the estimated cost for the Sidewalk Addition totaled \$441,078, including engineering and contingencies. Mr. Reed stated that VSE was in conversation with the office of Harris County Commissioner Precinct No. 4 regarding the District's request for Harris County to participate in the cost for the District to construct the Sidewalk Addition.

Televised Inspection of Fort Bend Storm Sewer Lines – Phase 1 (the "Storm Sewer Inspection"). Mr. Reed reported on the contract with Chief Solutions, Inc. ("Chief Solutions") for the Storm Sewer Inspection. He stated that VSE was scheduling the

preconstruction meetings with the contractor and was routing the construction contracts for execution. Mr. Reed then requested authorization for Chief Solutions to store its equipment for the Storm Sewer Inspection at the Plant parking lot, as needed.

Cleaning and Televised Inspection of Sanitary Sewer Lines – Phase 1 (the "Sanitary Sewer Inspection"). Mr. Reed next reported on the contact with TB Environmental, Inc. ("TBE") for the Sanitary Sewer Inspection. He stated that VSE was scheduling the preconstruction meetings with the contractor and was routing the construction contracts for execution. Mr. Reed then requested authorization for TBE to store its equipment for the Sanitary Sewer Inspection at the Plant parking lot, as needed.

Request for Access Easement. Mr. Reed briefly reported on matters relating to the request from MBMUD 2 for a 20-foot access easement through the Plant site (the "Easement") in order for a contractor to gain access to Magnolia Park. He stated that VSE had requested additional information regarding the proposed Easement from the engineer for MBMUD 2.

Cost Estimate for Proposed Water Line Replacement. Mr. Reed then submitted to and reviewed with the Board a Cost Estimate for the proposed replacement of the water lines in the District (the "Water Line Project"), a copy of which is included attached hereto as an exhibit to these minutes. He stated that the estimated cost for the Water Line Project was approximately \$35,693,288.40, including engineering and contingencies. Mr. Reed remarked that the Water Line Project could likely need to be undertaken in many phases over a period of 20 years. Director Gardner expressed his desire for Masterson Advisors, LLC, the District's Financial Advisor, to review the Cost Estimate for the Water Line Project for consideration for inclusion in future bond issues by the District.

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 this project was complete.

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 VSE had prepared the Certificate of Completion and the Certificate of Acceptance for the Sludge Pumps project for approval by the Board.

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. Work completed to date, he told the Board, includes demolition of the existing screen and installation of the new screen and piping. Mr. Reed stated that Gilleland had submitted Pay Estimate No. 1 in the amount of \$119,700 in connection with the Screen Replacement project. A copy of Pay Estimate No. 1 is included with the Engineer's Report.

Replacement of Headworks "A" Washer Compactor (the "Compactor Replacement"). Mr. Reed reported on the contract with Gilleland for the Compactor Replacement. The components for the Compactor Replacement project have been delivered, he told the Board, and Gilleland is coordinating with the manufacturer for the startup of the system.

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 construction of the Sludge Conveyors project was substantially complete.

Replacement of Digester Blower No. 1 (the "Blower Replacement"). Mr. Reed reported on the contract with C3 for the Blower Replacement. He stated that C3 was working to install the piping for the blower.

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 VSE was in conversation with GHMS regarding the location of the filter for the air conditioning system.

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 had discussed with SiEnviro and Fitch the proposed plan to introduce a chlorine spray to the drop section of the airlift pipe as the thickener discharges into the digester (the "Spray System"). He stated that VSE was working on the design for the Spray System.

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 reported on the contract with Clarion Electrical, LLC for the Conversion project. He stated VSE is reviewing the contractor submittals for the Conversion project.

Proposed Turbo Blower Replacement. Mr. Reed reported that the warranties for turbo blowers Nos. 4, 5, and 6 (the "Turbo Blowers") are scheduled to expire in 2024. He stated that VSE is working to obtain a proposal for the replacement of the Turbo Blowers. Mr. Reed stated that, according to the District's Operator, the excessive heat conditions are causing the Turbo Blowers to fail, which causes SiEnviro to rely on the P/D blowers.

Feed Line on Clarifier No. 4 (the "Feed Line"). Mr. Reed noted 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.

Completed Projects / Warranties. Mr. Reed then reported on the status of the one-year, two year, and five-year warranties for certain completed projects in the District and the Plant, as detailed in 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 Chief Solutions and TBE to store their equipment at the Plant parking lot, as needed; (3) approve the Certificate of Completion and Certificate of Acceptance for the Sludge Pumps project; and (4) authorize payment of Pay Estimate No. 1 to Gilleland. Copies of the Certificate of Completion and the Certificate of Acceptance for the Sludge Pumps project as approved by the Board are attached hereto and shall be considered to be part of these minutes.

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 92.2% 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 May 2023. He added that during May 2023 the Plant operated at 35.6% of its permitted capacity.

Wastewater Epidemiology Surveillance and Testing Program / Harris County Public Health Services. Mr. Smith reported that the Harris County Public Health Services (the "HCPHS") had contacted SiEnviro regarding the possible participation of the District in the HCPHS's Wastewater Epidemiology Surveillance and Testing Program (the "Testing Program"). Under the Testing Program, he told the Board, HCPHS would collect samples from the wastewater flow into the Plant on a twice-weekly basis. The analysis of the samples, he continued, would be used by the HCPHS to track epidemiological trends in Harris County and to monitor disease outbreaks. Mr. Smith noted that participation in the Testing Program by the District would be voluntary. Mr. Yale stated that the Board would need to execute an Interlocal Agreement between the District and Harris County in order for the District to participate in the Testing Program. The Directors deferred consideration of the Testing Program to a future meeting of the Board.

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.

Resolution Regarding Fees of Office. Mr. Yale reported that House Bill 2815 ("HB 2815") as approved by the 88th Texas Legislature (2023 – Regular Session) amends Section 49.060 of the Texas Government Code, which would allow the Directors of the District to be paid a fee of office in an amount equal to the amount set by the Texas Ethics Commission for members of the Texas Legislature, which is currently \$221 per day. He noted that the annual limit for fees of office that may be paid to the Directors would remain at \$7,200. Mr. Yale stated that it would be necessary for the Board to adopt a RESOLUTION REGARDING FEES OF OFFICE in order to increase the amount of the fees of office pursuant to HB 2815. He then presented the Board with a RESOLUTION REGARDING FEES OF OFFICE as prepared by the District's Attorney. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution. A copy of the Resolution thus adopted is attached hereto and shall be considered to be part of these minutes.

Proposed Annexation the Westpark Tract. Mr. Yale reported that earlier this date the District's Attorney had submitted to the City the Water District Consent Application, the Petition for Consent to Annex Land Into a Municipal Utility District, and other required documents relating to the proposed annexation of the Westpark Tract.

Legislative Update / 88th Texas Legislature (2023 – Regular Session). Mr. Yale then reviewed with the Board a memorandum from the District's Attorney that summarizes certain bills approved by the Texas Legislature during the 2023 Regular Session that could affect the operation of water districts. A copy of the memorandum is attached hereto and shall be considered to be part of these minutes.

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 a copy of the updated 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. A copy of the Forward Budget 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 6 July 2023
Attachments

1. Tax Assessor/Collector's Report;
2. Bookkeeper's Report;
3. Engineer's Report;
4. Cost Estimate for Proposed Water Line Replacement;
5. Certificate of Completion and Certificate of Acceptance;
6. Operations Report;
7. Invoice from Si Environmental, LLC;
8. Resolution Regarding Fees of Office;
9. Coats Rose memo / Legislative Update; and
10. P3 Forward Budget Report.