

MINUTES OF REGULAR MEETING  
CHIMNEY HILL MUNICIPAL UTILITY DISTRICT  
HARRIS COUNTY, TEXAS

28 June 2019

STATE OF TEXAS  
COUNTY OF HARRIS

The Board of Directors (the "Board") of Chimney Hill Municipal Utility District (the "District") of Harris County, Texas, met in regular session, open to the public, on the 28th day of June, 2019, at the regular meeting place thereof, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

W. Jay Szinyei	President
Charley L. Lewis	Vice President
Camille W. Sowells	Secretary/Treasurer and Investment Officer
Tom Woltz, Sr.	Assistant Secretary/Treasurer
Kim McNinch	Asst. Vice President, Asst. Secretary/Treasurer, and Assistant Investment Officer

and all of said persons were present, thus constituting a quorum.

Also present were: Lori Buckner of Myrtle Cruz, Inc., the District's Bookkeeper; Donna Bryant of Assessments of the Southwest, Inc. ("Assessments"), the District's Tax Assessor/Collector; Troy Bordelon, P.E., of A&S Engineers, Inc., the District's Engineer; Dennis Wright of Water District Management Co., Inc., the District's Operator; and Will Yale and David Green of Coats Rose, P.C., the District's Attorney.

Director Szinyei called the meeting to order.

### **Approval of Minutes**

The Board first considered approval of the minutes of the meeting of 29 May 2019. Director Szinyei requested a revision to page 5 of the minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 29 May 2019, as amended.

### **Bookkeeper's Report**

Ms. Buckner presented the Bookkeeper's Report for the period through 28 June 2019, a copy of which is attached hereto. She reviewed the fund balances for each of the accounts maintained by the District. Ms. Buckner stated that the amount of debt service funds available as of 28 June 2019 totaled \$2,865,569.35, including

investments. With regard to the District's Capital Projects Fund, she continued, construction funds available, including investments, total \$1,275,453.91 as of today's date. Ms. Buckner then directed the Board's attention to the Cash Flow showing the receipts and disbursements of the Capital Projects Fund for the previous twelve months. A copy of the Cash Flow is included with the Bookkeeper's Report. She then reviewed the Summary of Costs relating to the District's Series 2015 Bonds, a copy of which is included with the Bookkeeper's Report.

With regard to the District's Operating Fund, Ms. Buckner stated that the checking account began this reporting period (29 May 2019) with an available account balance of \$9,573.18 and that there were total receipts of \$288,885.12 during the reporting period. After subtracting checks completed at or subsequent to the Board's last meeting and other disbursements, she continued, the available checking account balance totaled \$291,184.81. Ms. Buckner stated that this ending balance, as well as investments and collections, less disbursements presented at this meeting, result in the District having total operating funds of \$3,936,558.54 available for the District as of 28 June 2019.

Ms. Buckner informed the Board that the District had received a payment of \$8,939.27 from the City of Houston (the "City") for the District's share of sales tax collections during March 2019 pursuant to the Strategic Partnership Agreement with the City for limited purpose annexation of commercial property in the District.

Ms. Buckner then focused the Board's attention on the following documents: (1) Operating Budget for the fiscal year ending 30 September 2019; (2) Cash Flow showing the receipts and disbursements of the Operating Fund for the previous twelve months; (3) the balance of deposits paid by developers for legal and engineering fees incurred by the District for their respective projects (the "Developer Deposits"); (4) tables listing the District's power consumption and the amount billed to the District for electric service; (5) the Investment Report for the period ending 31 May 2019; and (6) the Pledged Security Report. Copies of these documents are included with the Bookkeeper's Report.

The Board then reviewed the Bookkeeper's Report for the Chimney Hill/Camfield Joint Wastewater Treatment Plant (the "Plant") through 28 June 2019, a copy of which is attached hereto. Ms. Buckner reported that the Plant's operating account ended this reporting period with a balance of \$122,926.87. The Board then reviewed the following: (1) Operating Budget for the fiscal year ending 30 September 2019; (2) Cash Flow Summary for the previous twelve months; and (3) Billing to Camfield Municipal Utility District ("Camfield") for the month of May 2019.

Next, the Board reviewed and discussed requests for extra Directors fees of office as submitted by certain Directors. After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) approve the Bookkeeper's Report; (2) authorize the payment of the checks listed therein; and (3) approve payment of the Directors fees of office as presented.

## **Annual Review of Unclaimed Property**

Ms. Buckner reported that unclaimed funds totaling \$932.74 for the period of 1 March 2017 through 28 February 2018 had been escheated to the Texas Comptroller's Office by the District's Bookkeeper.

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

Ms. Bryant distributed the Tax Assessor/Collector's Report for the month of May 2019, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 31 May 2019, the District's 2018 tax levy was 95.7% collected. She noted that the District's Tax Account had a balance of \$47,518.40 as of the end of this reporting period (31 May 2019). After deducting the disbursements for payment at today's meeting and adding collections received to date, she added, the District's Tax Account ends with a balance of \$42,744.52. She noted that Assessments was requesting approval for four checks written on the District's tax account, as well as two transfers by wire as follows: a transfer of \$10,596.74 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$10,000.00 to the Debt Service Fund. The Board then reviewed the Unpaid Accounts Report dated 25 June 2019, a copy of which is included in the Tax Assessor/Collector's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Tax Assessor/Collector's Report; and (2) authorize payment of the checks listed therein.

## **Preliminary Report of Appraised & Taxable Values**

Ms. Bryant called the Board's attention to the Preliminary Report of Appraised & Taxable Values for the District for the 2019 tax year (the "Preliminary Report") as prepared by the Harris County Appraisal District (called "HCAD"). A copy of the Preliminary Report is included with the Tax Assessor/Collector's Report. Ms. Bryant noted that according to HCAD, the initial taxable value for the District for the 2019 tax year totals \$401,179,699, which does not include personal property values. When the personal property values for the 2019 tax year are included, she continued, the total is \$431,152,983.

## **Annual Escheated Funds Report**

Ms. Bryant then reviewed with the Board a letter dated 24 April 2019 from Esther Shaver of Assessments, stating that the review conducted by the District's Tax Assessor/Collector of the District's tax records indicated that there were no unclaimed funds in the District's tax account for the period of 1 March 2015 to 28 February 2016 to be escheated to the State of Texas. A copy of the letter is attached hereto as an exhibit to these minutes.

## **Website for District**

Next, the Directors discussed matters relating to the operation of the District's internet website (the "Website"). The Board reviewed the Website Usage Statistics Report for May 2019, a copy of which is attached hereto as an exhibit to these minutes. Director Sowell then reported on the status of the Website. She remarked that the internet link regarding the property tax rate levied by the District under "About Chimney Hill MUD" on the home page of the Website needed to be updated. She then requested that the date be updated or removed from the "Water & Sewer Questions" item on the home page of the Website. Mr. Yale stated that the District's Attorney would notify Off Cinco to revise the Website as described above. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Website Report.

## **Sale of Series 2019 Bonds**

The Directors next discussed the sale of the District's Series 2019 Bonds (the "Bonds"). Mr. Yale reported that the District's Attorney had transmitted the Transcript of Proceedings for the sale of the Bonds to the Texas Attorney General on 24 June 2019 and that the closing of the sale of the Bonds (the "Closing") was scheduled to take place on 17 July 2019. Mr. Yale then distributed certain documents for execution by the Board relating to the Closing.

## **Proposed Maintenance Services Agreement / Stuckey's, LLC**

Next, Mr. Yale distributed to the Directors copies of a revised draft of the proposed Maintenance Services Agreement (the "Agreement") between the District and Stuckey's, LLC ("Stuckey's") for the performance of maintenance services (the "Services") on the drainage ditch located along the Plant access road (the "Drainage Ditch") and the storm water detention and drainage facilities serving the Westbrook Lakes Subdivision (consisting of the pilot channel and the detention pond, hereinafter the "Detention Facilities"). He called the Board's attention to the map prepared by the District's Engineer to be attached as an exhibit to the Agreement that would denote the Drainage Ditch and the Detention Facilities. He added that Stuckey's was revising its exhibits to the Agreement (the "Revised Exhibits") pursuant to comments from the District's Attorney.

After discussion, the Board expressed their approval of the Agreement, pending receipt and review of the Revised Exhibits by the District's Attorney. The Directors deferred execution of the Agreement to a future meeting of the Board.

## **Proposed Second Amendment to Detention Pond Agreement**

Then the Board discussed the status of the proposed Second Amendment to Detention Pond Agreement (the "Second Amendment") between the District and the Westbrook Lakes Homeowner Association, Inc. (the "Westbrook Lakes HOA") relating to the maintenance of the Detention Facilities. Mr. Yale reported that John Lella,

president of the Westbrook Lakes HOA, had requested minor revisions to the Second Amendment. He stated that Mr. Lella had also requested that the Second Amendment be revised to state that the removal of animals from the Detention Facilities as related to erosion control would be the responsibility of the District. The Directors expressed no objection to the revisions to the Second Amendment as stated above. Mr. Yale then reviewed with the Board the revised Exhibits A and B prepared by the District's Engineer to be attached to the Second Amendment. After further discussion, the Board authorized the District's Attorney to transmit the Second Amendment as revised to the Westbrook Lakes HOA for execution. The Directors deferred execution of the Second Amendment to a future meeting of the Board.

### **Proposed Walking Trail**

Director Szinyei presented a brief report on the proposed construction of a walking trail along certain drainage channels in the District by the Chimney Hill Community Association, Inc.

### **Engineer's Report**

Mr. Bordelon presented the Engineer's Report, a copy of which is attached hereto as an exhibit to these minutes.

### **Replacement of Blowers and Fine Air Diffusion Conversion / Wastewater Treatment Plant**

The Board discussed the status of the contract with LEM Construction Company, Inc. (called "LEM") for the proposed improvements at the Plant, consisting of (1) the replacement of the blowers with variable frequency drive-controlled blowers; and (2) the conversion to fine air diffusion (collectively, the "Improvements"). Mr. Bordelon reported that, to date, six submittals had been received from LEM. He noted that the District's Engineer had reviewed the six submittals and returned same to LEM. Mr. Bordelon commented that the District's Engineer requested revisions to the construction schedule and the schedule of values for the Improvements project. He informed the Board that LEM customarily waits until all equipment has arrived prior to mobilizing.

### **Proposed Infrastructure Improvements / Eldridge Parkway**

The Directors discussed the proposed construction by Harris County the ("County") of infrastructure improvements consisting of a traffic light and crosswalk at the intersection of Eldridge Parkway and Firebrick Drive (the "Infrastructure Improvements"). Mr. Bordelon reported that the intersection has been staked with what appears to be final ramp and pole locations. He stated that the District's Engineer took photographs of the labeled construction stakes during the previous week. The photos were reviewed against the drawings provided by the County showing the proposed Infrastructure Improvements and against available record drawings denoting the location of the District's facilities, he told the Board.

## **Request for Service / Deepwater Corrosion Services, Inc. Tract / 13813 F.M. 529**

The Directors discussed matters relating to the request from 529 Eldridge, LLC ("529 Eldridge") for utility service to the tract located at 13813 F.M. 529 (the "Deepwater Tract") in which the Deepwater Corrosion Services, Inc. facility is located. Mr. Bordelon stated that the feasibility study for providing water and sanitary sewer service to the Deepwater Tract would be sent to 529 Eldridge during the following week.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report.

### **Operator's Report**

Mr. Wright then presented the Operator's Report, a copy of which is attached hereto as an exhibit to these minutes. He reviewed with the Board the Accounts Receivable report, a copy of which is included in the Operator's Report. The Board then reviewed the Arrears Listing a copy of which is included with the Operator's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Operator's Report.

### **Smoke Testing of Sanitary Sewer Lines**

Mr. Wright then reported on the smoke testing (the "Smoke Testing") being performed by Magna-Flow Environmental, Inc. ("Magna-Flow") on the sanitary sewer lines that feed into the Jackrabbit Road Lift Station. He stated that, to date, Magna-Flow had completed approximately 60% of the Smoke Testing. He noted that 52 issues had been identified by Magna-Flow, including nine sanitary sewer manholes in which the rings were subject to stormwater infiltration.

### **Termination of Service**

Mr. Wright advised the Board on the status of the termination of water service to certain delinquent accounts as authorized at the Board's meeting on 12 June 2019. The Board noted that there were no customers present to protest the utility billings.

Director McNinch departed from the meeting at this time to attend to a personal commitment.

### **Attorney's Report**

Mr. Yale presented the Attorney's Report.

## 86th Texas Legislature

Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney that summarizes certain bills approved by the 86th Texas Legislature – Regular Session (2019) that could affect water district operations. A copy of the memorandum is attached to and shall be considered to be part of these minutes. Mr. Yale discussed in detail the actions that would need to be taken by the District and its consultants with respect to Senate Bill 239; House Bill 305; House Bill 3001; Senate Bill 943; Senate Bill 944; Senate Bill 2; House Bill 933; House Bill 1048; and House Bill 1850. He called the Board's attention to House Bill 1640, which modifies the Texas Government Code regarding open meetings. Mr. Yale commented that the definition of "deliberation" has been modified to include a written exchange as well as a verbal exchange. He added that the law now states that a member of a governmental body commits an offense if the member "knowingly engages in at least one communication among a series of communications that occur outside of a meeting" that concern an issue related to the governmental body in which the individual communications involve fewer than a quorum of Directors but the series of communications involves a quorum.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Attorney's Report.

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



\_\_\_\_\_  
Secretary, Board of Directors

Chimney Municipal Utility District  
Meeting of 28 June 2019  
Attachments

1. Bookkeeper's Report;
2. Tax Assessor/Collector's Report;
3. Annual Escheated Funds Report (Tax Account);
4. Website Usage Statistics Report;
5. Engineer's Report;
6. Operator's Report; and
7. Coats Rose memo / 86th Texas Legislature.