

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

26 July 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 26th day of July, 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 with the exception of Director McNinch, thus constituting a quorum.

Also present were: Lori Buckner of Myrtle Cruz, Inc., the District's Bookkeeper; Esther Shaver of Assessments of the Southwest, Inc. ("Assessments"), the District's Tax Assessor/Collector; Justin Edwards, P.E., of A&S Engineers, Inc., the District's Engineer; Dennis Wright of Water District Management Co., Inc., the District's Operator; Shane Stuckey representing Stuckey's, LLC ("Stuckey's"); and Dick Yale and David Green of Coats Rose, P.C. ("Coats Rose"), 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 28 June 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 28 June 2019, as written.

### **Bookkeeper's Report**

Ms. Buckner presented the Bookkeeper's Report for the period through 26 July 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 26 July 2019 totaled \$2,872,577.71, including investments. With regard to the District's Capital Projects Fund, she continued, construction funds available, including investments, total \$3,899,597.36 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 and the Summary of Costs relating to the District's Series 2019 Bonds, copies of which are 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 (28 June 2019) with an available account balance of \$14,382.54 and that there were total receipts of \$221,420.54 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 \$228,447.30. 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 \$3,922,218.79 available for the District as of 26 July 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 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; (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 30 June 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 26 July 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 \$116,954.83. 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 June 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.

### **Draft Operating Budget**

Ms. Buckner distributed copies of the draft Operating Budget for the District for the fiscal year ending 30 September 2020 (the "Budget") and the draft Operating Budget for the Plant for the fiscal year ending 30 September 2020 (the "Plant Budget"). She pointed out certain Expense items in the Budget to be reviewed by the District's Operator, Engineer, and Attorney. The Directors then deferred adoption of the Budget and the Plant Budget to a future meeting of the Board.

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

Ms. Shaver distributed the Tax Assessor/Collector's Report for the month of June 2019, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 30 June 2019, the District's 2018 tax levy was 96.3% collected. She noted that the District's Tax Account had a balance of \$46,095.91 as of the end of this reporting period (30 June 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 \$178,918.08. She noted that Assessments was requesting approval for six checks written on the District's tax account, as well as a transfer by wire of \$6,902.43 in revenues from the tax for maintenance and operations to the District's Operating Fund. The Board then reviewed the Unpaid Accounts Report dated 24 July 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.

### **Website for District**

Next, the Directors discussed matters relating to the operation of the District's internet website (the "Website"). Director Sowell reported on the status of the Website. The Board reviewed the Website Usage Statistics Report for June 2019, a copy of which is attached hereto as an exhibit to these minutes. The Board discussed the content on the home page of the Website (the "Home Page"). Director Sowell proposed that the "About Chimney Hill" item be removed from the list of news items on the Home Page, and instead be accessed through a link to be placed in the menu at the top of the Home Page and labeled as "About Us." The Board agreed with said proposal. Mr. Green stated that the District's Attorney would notify Off Cinco, the District's Webmaster, to revise the Home Page as described above.

Then Mr. Yale called the Board's attention to an electronic mail message from Shannon Waugh of Off Cinco regarding Senate Bill 239 as approved by the 86th Texas Legislature – Regular Session (2019), which becomes effective on 1 September 2019

and requires that water districts with more than 500 residents that maintain a website must post their meeting minutes on their website. A copy of the electronic mail message is attached hereto as an exhibit. After discussion, the Board directed the District's Attorney to commence posting the approved minutes of the Board's meetings on the Website. Mr. Yale stated that he would discuss additional legislation relating to the Website later in the meeting during the presentation of the Attorney's Report.

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

### **Reschedule Board of Directors Meeting**

The Directors then considered rescheduling the 27 December 2019 Board meeting in view of the Christmas holiday. After discussion, the Directors agreed to meet on Friday, 20 December 2019.

### **Disbursement of Funds from the Sale of Series 2019 Bonds**

The Board discussed matters pertaining to the disbursement of certain proceeds from the sale of the Series 2019 Bonds (the "Proceeds") which closed on 17 July 2019. Mr. Yale reported that McCall Gibson Swedlund Barfoot, PLLC, the District's Auditor, had finalized the Report on Applying Agreed-Upon Procedures to Construction, Engineering, and Related Costs Reimbursable (the "Report") to SRP-H NW Logistics Center, L.P. ("SRP-H") pursuant to the Annexation, Service, Development & Financing Agreement dated 15 February 2018 between the District and SRP-H, said costs to be paid from the Proceeds. He reviewed the schedules of the Report with the Board and noted that according to the Report, the amount to be reimbursed to SRP-H totaled \$125,369.45 (the "Reimbursement").

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Report; and (2) authorize payment of the Reimbursement to SRP-H in care of Stream Realty Partners-Houston, L.P. A copy of the Report is attached hereto as an exhibit to these minutes.

### **Amendment to Information Form**

Then Mr. Yale submitted an Amendment to the District's Information Form (the "Amendment"). He explained that the Amendment states the aggregate initial principal amount of all bonds and refunding bonds payable in whole or in part from taxes that have been previously issued by the District, including the District's Series 2019 Bonds (the sale of which was completed on 17 July 2019). Mr. Yale went on to say that the Amendment will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the

Amendment as approved is attached hereto and shall be considered part of these minutes.

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

Next, the Board discussed the status of the proposed Maintenance Services Agreement (the "Agreement") between the District and Stuckey's, LLC ("Stuckey's") for the performance of maintenance 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"). Mr. Yale informed the Board that Stuckey's had executed the Agreement. He then presented the Board with execution drafts of the Agreement. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Szinyei to execute the Agreements. A copy of the executed Agreement is attached hereto and shall be considered to be part of these minutes.

Mr. Stuckey recalled that at the 8 May 2019 Board meeting he had presented the Directors with (1) a Channel Desilting Proposal dated 8 May 2019 to remove vegetation and excavate silted material from the Drainage Ditch at a cost of \$21,537.92; and (2) a Channel Rehabilitation Proposal dated 8 May 2019 to lay back the south slope of the Drainage Ditch, remove broken concrete from the Drainage Ditch, and spray ProMatrix on the south slope and northwest repaired slopes at a cost of \$23,947.39 (collectively, the "Stuckey's Proposals"). He inquired if the Board desired for Stuckey's to proceed with the channel desilting and channel rehabilitation as described in the Stuckey's Proposals (collectively, the "Drainage Ditch Repairs"). The Board responded in the affirmative. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Stuckey's Proposals and to authorize Stuckey's to proceed with the Drainage Ditch Repairs.

### **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 the District's Attorney was awaiting execution of the Second Amendment by the Westbrook Lakes HOA. He called the Board's attention to an electronic mail message dated 11 July 2019 from Tammi Norris of SCS Management Services, Inc., the management company for the Westbrook Lakes HOA, a copy of which is attached hereto as an exhibit. According to Ms. Norris, he told the Board, the Second Amendment was to be executed by the Westbrook Lakes HOA at its meeting on 17 July 2019.

## **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.

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

Mr. Wright reported that Magna-Flow Environmental, Inc. had completed the smoke testing (the "Smoke Testing") on the sanitary sewer lines that feed into the Jackrabbit Road Lift Station (the "Sewer Lines"). He remarked that the repairs to the Sewer Lines in response to the Smoke Testing were approximately 50% complete. Mr. Wright noted that the District's Operator had replaced 57 missing caps on residential sanitary sewer clean-outs. He added that several manholes on the Sewer Lines were found to be susceptible to inflow and infiltration.

## **Inspection of Water Plants**

Mr. Wright reported that the Commission had recently conducted its compliance inspection of the District's water plants (the "Water Plant Inspection"). He informed the Board that no permit excursions were noted during the Water Plant Inspection.

## **Electronic Water Meters / Mueller Systems**

The Board discussed matters relating to the electronic water meters on the residential and commercial connections in the District (the "Electronic Meters"). Mr. Wright reported that representatives of Mueller Systems would be in attendance at the Board's meeting on 14 August 2019 to discuss the issues being experienced with some of the Electronic Meters. In response to a question from the Board, Mr. Wright stated that there were approximately three years remaining on the term of the 5-year warranty for the Electronic Meters.

## **2018 Drinking Water Quality Report / Certification of Delivery**

Mr. Wright directed the Board's attention to the Certification of Delivery for the District's 2018 Drinking Water Quality Report, a copy of which is attached hereto as an exhibit to these minutes.

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

## **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 10 July 2019. The Board noted that there were no customers present to protest the utility billings.

## **Engineer's Report**

Mr. Edwards 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. Mr. Edwards reported that, to date, 12 submittals had been received from LEM. He noted that seven of the submittals had been returned to LEM with no exception and that five were marked as "Revise & Resubmit." Mr. Edwards then remarked 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. Edwards reported that the intersection has been staked with what appears to be final ramp and pole locations. He stated that on 18 June 2019 the District's Engineer took photographs of the labeled construction stakes. The photographs 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. According to the County, said Mr. Edwards, construction of the Infrastructure Improvements is scheduled to occur sometime during the period of September to December 2019.

## **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. Edwards stated that the feasibility study for providing water and sanitary sewer service to the Deepwater Tract had been transmitted to 529 Eldridge prior to the Independence Day holiday.

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

### **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) regarding certain information that will be required to be posted on water district websites. A copy of the memorandum is attached to and shall be considered to be part of these minutes.

Mr. Yale then reviewed with the Board a letter dated 26 June 2019 from Coats Rose to the District's Operator regarding Senate Bill 239 ("SB 239") as approved by the 86th Texas Legislature. A copy of the letter is attached hereto as an exhibit to these minutes. Pursuant to SB 239, he told the Board, the following statement must be included on the bills that the District's Operator sends to the District's customers: "For more information about the district, including information about the district's board and board meetings, please go to the Comptroller's Special Purpose District Public Information Database ([spdpid.comptroller.texas.gov](http://spdpid.comptroller.texas.gov)) or [www.chimneyhillmud.com](http://www.chimneyhillmud.com)."

### **West Harris County Regional Water Authority**

Mr. Yale distributed copies of two memoranda from Coats Rose regarding the meetings of the West Harris County Regional Water Authority's board of directors that were held on 12 June and 10 July 2019. Copies of the memoranda are attached hereto as exhibits to these minutes.

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.



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Secretary, Board of Directors

Chimney Hill Municipal Utility District  
Meeting of 26 July 2019  
Attachments

1. Bookkeeper's Report;
2. Tax Assessor/Collector's Report;
3. Website Usage Statistics Report;
4. Email from Off Cinco;
5. Report on Applying Agreed-Upon Procedures;
6. Amendment to District's Information Form;
7. Maintenance Services Agreement with Stuckey's, LLC;
8. Email from SCS Management Services, Inc.;
9. Operator's Report;
10. Certification of Delivery / Drinking Water Quality Report;
11. Engineer's Report;
12. Coats Rose memo / 86th Texas Legislature (water district websites);
13. Coats Rose memo to Water District Management Company, Inc. / SB 239;
14. Coats Rose memo / WHCRWA meeting on 12 June 2019; and
15. Coats Rose memo / WHCRWA meeting on 10 July 2019.