

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

10 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 10th day of July, 2019, at the Chimney Hill/Camfield Joint Wastewater Treatment Plant (the "Plant") located at 13450 Traders Village Drive, 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. Sowell	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 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; Justin Jenkins of McCall Gibson Swedlund Barfoot, PLLC, the District's Auditor; Deputy Frank Heisley of the Harris County Sheriff's Department (the "Sheriff's Department"); Charlene Cozzins and Blanca Galvan representing the Chimney Hill Community Association, Inc. (the "Association"); and Will 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 11 June 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 11 June 2019, as written.

Security Patrol Report

Mr. Yale presented the Board with copies of the Security Patrol Report for June 2019 as prepared by the Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Deputy Heisley then discussed security-

related matters with the Board. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Security Patrol Report.

Solid Waste Collection Service

Mr. Yale distributed copies of the monthly Solid Waste Collection Report (the "Collection Report") for the District's solid waste collection service (the "Service") for June 2019 on behalf of Best Trash, LLC ("Best Trash"), the District's Solid Waste Collector. A copy of the Collection Report is attached hereto as an exhibit to these minutes. Director Woltz reviewed the Collection Report with the Board. He noted that Best Trash collection crews were experiencing difficulty with regard to servicing the residences on the cul-de-sac on the northern end of Andiron Circle because of the manner in which vehicles were being parked in the cul-de-sac (the "Vehicles"). According to Best Trash, he told the Board, the obstruction caused by the Vehicles increases the liability for Best Trash because of the extra maneuvering required by the drivers of the collection trucks. The Directors discussed the possibility of placing door hangers at the residences in the cul-de-sac stating that the Service could not be performed if the Vehicles were blocking the path of the Best Trash collection trucks (the "Door Hangers").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Woltz and the District's Attorney to draft the language for the Door Hangers.

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

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 revised Exhibits "A" and "B" to the Agreement. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to transmit the revised Agreement to Stuckey's for execution.

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"), scheduled to close on 17 July 2019. Mr. Jenkins submitted to and reviewed with the Board the draft 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.

Mr. Jenkins reviewed the schedules of the Report in depth with the Board. The Directors noted that according to the draft Report the amount to be reimbursed to SRP-H totaled \$125,369.45. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Report as presented. A copy of the final Report is attached hereto as an exhibit to these minutes and is also on file in the permanent records of the District.

Mr. Yale reported that District's Attorney was preparing the Utility Conveyance Agreement between the District and SRP-H regarding the extension of the water supply and sanitary sewer lines to serve the SRP-H Tract. He stated that the Utility Conveyance Agreement would be presented at the Board's meeting on 26 July 2019.

District's Strategic Plan

The Board then conducted its quarterly review of the District's Strategic Plan. The Directors remarked that the item regarding the replacement of the chloramination system at Water Plant No. 2 should be moved to the category for Completed Projects. Mr. Yale stated that the Strategic Plan would be revised accordingly.

Review of Standing Committees and Exploratory Committees

Next, the Board conducted its quarterly review of the assignment of Directors to the Standing Committees and Exploratory Committees. The Directors agreed that no action on this matter was required and that no revisions to the list of the current Standing Committees and Exploratory Committees were necessary at this time.

Schedule Special Board of Directors Meeting

Consideration was then given to scheduling a special meeting of the Board in order to conduct the Board's annual strategic planning workshop. After discussion, the Directors agreed to meet at 6 p.m. at the Plant building on Tuesday, 6 August 2019.

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 Second Amendment had been revised as discussed at the Board's meeting on 28 June 2019 and had been transmitted to the Westbrook Lakes HOA for execution.

Alarm Permit Renewal

Mr. Yale discussed with the Board the annual renewal of the permits (the "Alarm Permits") for the operation of the security alarm and surveillance systems at Water Plants Nos. 1 and 2, and the Plant. He informed the Board that Harris County Alarm Detail had forwarded the renewed Alarm Permits for the period of 1 June 2019 through 31 May 2020 to the District's Attorney. Mr. Yale stated that Coats Rose then transmitted the renewed Alarm Permits to the District's Operator for posting at Water Plants Nos. 1 and 2, and the Plant. Copies of the Alarm Permits for the period of 1 June 2019 through 31 May 2020 are attached hereto as exhibits to these minutes.

Proposed Walking Trail

Next, the Board discussed the proposed construction by the Association of a walking trail along certain drainage channels in the District (the "Trail"). Ms. Galvan informed the Board that the design engineer had finalized the plans for the Trail and will submit same to the Harris County Flood Control District for review.

Proposed District Office and Community Center

Then the Board discussed the proposed construction by the District of a structure to be used as a District office and community center (the "District Office") in the tract located at 14000 Smokey Trail Drive in which the Association's clubhouse, pool, and tennis courts are located (Reserve C of Block 1 in Chimney Hill Subdivision, Section 1, hereafter "Reserve C"). Ms. Cozzins presented the Board with the preliminary floor plans for the District Office (the "Floor Plans"). A copy of the Floor Plans is attached hereto as an exhibit to these minutes. A discussion ensued between the Board and Mr. Wright regarding certain requirements for the design of the District Office with respect to the conference room in the District Office to be used by the Board (the "Conference Room"). The Directors agreed that (1) the Conference Room must be for the exclusive use of the Board; (2) the Conference Room must have an external door; and (3) all doors to the Conference Room must be equipped with locks. The Board then discussed certain other requirements for the District Office, including storage space; a countertop with a kitchen sink; and an area for food set-up. The Board noted that the District Office would be constructed at the current location of the tennis courts owned by the Association, with the tennis courts to be relocated to the northern portion of Reserve C.

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 three of the submittals had been returned to LEM with no exception; three were marked "Revise & Resubmit;" and the balance of the submittals are under review by the District's Engineer. Mr. Edwards 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. Edwards 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 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. Mr. Edwards remarked that the District's Engineer would continue to monitor the Infrastructure Improvements.

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. A copy of the feasibility study is attached hereto as an exhibit to these minutes.

Request for Sanitary Sewer Service / LMA Storage

Then the Board discussed the request for sanitary sewer service that the District's Engineer had received from the owner of the LMA Storage facility located at 13910 Smokey Trail Drive in the District (the "Facility"). Mr. Edwards reported that the District's Engineer had informed the applicant of the matters to be addressed before the Facility could be tied into the District's wastewater collection system. He added that the District's Engineer will prepare a utility commitment letter to the applicant stating the conditions that must be met for the District to provide sanitary sewer to the Facility.

Pre-Purchase Inspection

Mr. Edwards then reported on the pre-purchase inspection that was conducted on 18 June 2019 with the Texas Commission on Environmental Quality (the "Commission") on the extension of the District's water supply and sanitary sewer lines to serve the SRP-H Tract (the "Extensions"). Mr. Edwards stated that there were no deficiencies noted with regard to the Extensions. Attached hereto as an exhibit to these minutes is a copy a letter dated 19 June 2019 from the Commission regarding the pre-purchase inspection.

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 presented the Operator's Report, a copy of which is attached hereto as an exhibit to these minutes. Mr. Wright directed the Board's attention to the Water Distribution System Report for the month of June 2019, a copy of which is included with the Operator's Report. He stated that the District pumped 769,000 gallons of water during the month and purchased 15,813,000 gallons of water from the City of Houston (the "City"), representing an overage of 1,953,000 gallons from the District's Monthly Allotment (13,860,000 gallons). Mr. Wright noted that the District's water accountability rate for the reporting period was 94.3% with a supplied vs. billed ratio of 90.4%. He informed the Board that all seven water samples collected from the District's water distribution system during June 2019 had tested negative for coliform indicators. Mr. Wright noted that the District had 1,798 active service connections.

The Board then reviewed the Monthly Operating Summary and the Texas Commission on Environmental Quality Effluent Report for the month of June 2019, copies of which are included with the Operator's Report. Mr. Wright stated that the Plant treated an average daily flow of 511,000 gallons during the month, representing a flow equal to 42.6% of the design capacity for the Plant. Mr. Wright then reviewed with the Board a sampling and analysis report as prepared by Eastex Environmental Laboratory, Inc., a copy of which is included with the Operator's Report. He then directed the Board's attention to a table comparing the quantity of wastewater flow at the Plant with rainfall events during June 2019. A copy of the table is included in the Operator's Report.

Mr. Wright reviewed with the Board the Facility Status Report, a copy of which is included with the Operator's Report, and discussed the condition of the District's facilities, as follows:

- City of Houston Water Supply: The City is currently providing the District with surface water.
- Water Interconnections: The District provided Camfield Municipal Utility District with 981,000 gallons of water during the reporting period.

Water Distribution System / Chlorine Residuals

Mr. Wright reported that the District's Operator had performed directional flushing in the District's water distribution system, as discussed at the Board's meeting on 11 June 2019, in response to water samples that indicated lower-than-normal chlorine residuals.

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 called the Board's attention to the Mueller Meter Change Out Report as prepared by the District's Operator, a copy of which is included with the Operator's Report. He pointed out that, to date, 78 of the 1,816 Electronic Meters had been changed out, accounting for 4.29% of the Electronic Meters that were installed in the District. Mr. Wright remarked that 48 of the Electronic Meters were removed from service because of issues with the remote disconnection feature. In response to a question from Director Szinyei, Mr. Wright stated that the Electronic Meters were covered by a 5-year warranty from Mueller Systems. Director Szinyei expressed his desire for a representative of Mueller Systems to be in attendance at a future meeting of the Board for a discussion regarding the Electronic Meters.

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

Termination of Service

Consideration was then given to the termination of water service to certain delinquent accounts. The President recognized Mr. Wright, who advised the Board that the requisite notifications had been given to each customer and that each customer was advised of the date, time, and place of the Board meeting which they could attend to discuss termination of service. The Board noted that there were no customers present to protest the utility billings. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the Operator to terminate the water and sewer service to those accounts listed on the termination list.

Attorney's Report

Mr. Yale presented the Attorney's Report.

Sale of Series 2019 Bonds

The Directors discussed matters relating to the sale of the District's \$3,000,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2019 (the "Series 2019 Bonds"). Mr. Yale reported that the Transcript of Proceedings for the Series 2019 Bonds had been forwarded to the Texas Attorney General for review

on 24 June 2019 and that the preliminary approval letter from the Texas Attorney General had been received earlier this date. He noted that the closing on the sale of the Series 2019 Bonds would take place on 17 July 2019. The Directors then executed certain documents relating to the closing on the sale of the Series 2019 Bonds as authorized at the Board's meeting on 11 June 2019.

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 Hill Municipal Utility District
Meeting of 10 July 2019
Attachments

1. Attendance Sheet;
2. Security Patrol Report;
3. Solid Waste Collection Report;
4. Report on Applying Agreed-Upon Procedures;
5. Alarm System Permits;
6. Preliminary Floor Plans for proposed District Office;
7. Engineer's Report;
8. Feasibility Study / Deepwater Corrosion Services Tract;
9. Letter from TCEQ; and
10. Operator's Report;