

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

25 October 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 25th day of October, 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. 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 with the exception of Director Sowell, 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; 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 Dick Yale, Will Yale. and Debbie Russell 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 27 September 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 27 September 2019, as written.

Bookkeeper's Report

Ms. Buckner presented the Bookkeeper's Report for the period through 25 October 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 25 October 2019 totaled \$1,492,823.34, including investments. With regard to the District's Capital Projects Fund, she continued, construction funds available, including investments, total \$3,914,923.70 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 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 (27 September 2019) with an available account balance of \$71,401.79 and that there were total receipts of \$198,803.14 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 \$214,006.67. 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 \$3,623,559.62 available for the District as of 25 October 2019.

Ms. Buckner informed the Board that the District had received a payment of \$8,595.44 from the City of Houston (the "City") for the District's share of sales tax collections during July 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 2020; (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 September 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 25 October 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 \$116,170.35. The Board then reviewed the following: (1) Operating Budget for the fiscal year ending 30 September 2020; (2) Cash Flow Summary for the previous twelve months; and (3) Billing to Camfield Municipal Utility District for the month of September 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.

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. Mr. Wright reported that the District's Operator had recently repaired leaks on District water lines located along Breccia Drive and Flagstone Drive. 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.

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 9 October 2019. The Board noted that there were no customers present to protest the utility billings.

Tax Assessor/Collector's Report

Ms. Shaver distributed the Tax Assessor/Collector's Report for the month of September 2019, a copy of which is attached hereto as an exhibit to these minutes. She stated that as of 30 September 2019, the District's 2018 tax levy was 98.3% collected. She noted that the District's Tax Account had a balance of \$26,928.45 as of the end of this reporting period (30 September 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 \$15,114.18. She noted that Assessments was requesting approval for 10 checks written on the District's tax account, as well the transfer by wire of \$95.25 in revenues from the tax for maintenance and operations to the District's Operating Fund. The Board then reviewed the Unpaid Accounts Report dated 23 October 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 McNinch reported on the status of the Website. The Board reviewed the Website Usage Statistics Report for September 2019, a copy of which is attached hereto as an exhibit to these minutes. The Board then reviewed an electronic mail message received through the Website during the past month from District customer Melisa Pulido regarding the status of her water service with the District. A copy of the electronic mail message is attached hereto as an exhibit

to these minutes. Mr. Will Yale stated that Ms. Pulido's message had been forwarded to the District's Operator. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Website Report.

Proposal for Insurance Coverage

The Directors next reviewed the proposal for insurance coverage (the "Gallagher Proposal") as submitted by Arthur J. Gallagher & Co. Mr. Will Yale remarked that the premium for the Gallagher Proposal totaled \$30,432, representing an increase of 0.9% over the premium for the current policy term. He submitted to and reviewed with the Board a memorandum from the District's Attorney regarding the Gallagher Proposal, a copy of which is attached hereto as an exhibit to these minutes. The Directors noted that the renewal date for the District's insurance policies is 17 December 2019.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Gallagher Proposal. A copy of the Gallagher Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Mr. Yale remarked that the insurance policies being provided to the District under the Gallagher Proposal would be forwarded to the District's Attorney at a later date.

Proposed Walking Trail

The Board then discussed the proposed construction of a walking trail (the "Trail") along certain drainage channels in the District by the Chimney Hill Community Association, Inc. (the "Association"). Director Woltz reported on his recent attendance at a meeting of the Westbrook Lakes Homeowner Association, Inc. (the "Westbrook Lakes HOA") in which the Trail project was discussed. He remarked that at this time the Westbrook Lakes HOA was not interested in participating in the cost to construct the Trail.

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 (Reserve C of Block 1 in Chimney Hill Subdivision, Section 1, hereafter the "Association Tract"). Mr. Will Yale reported on his attendance at the 15 October 2019 meeting of the Association in which the District Office project was discussed, including the possible cost participation in the project by the Association, the Westbrook Lakes HOA, and the Chimney Hill IV Community Association, Inc. (the "CH-IV Association"). He stated that the directors of the Association expressed their interest in having an architect give a presentation on the plans for the District Office. The Directors expressed their desire to engage an architect to prepare conceptual plans for the District Office project. After discussion, during which Director Szinyei stated that he would abstain, upon a motion duly made and seconded,

the Board voted 3 to 0 in favor of authorizing the District's Attorney and Engineer to prepare a list of architects who might be willing to work on the District Office Project.

The Board then discussed possible locations for the District Office. Director Szinyei noted that in addition to the Association Tract, there might be sufficient space in the tract of land owned by the CH-IV Association at 7419 Brookleaf Drive in which its swimming pool and playground are located. Then the Directors discussed the possible issuance of park bonds by the District to help fund the cost for the construction of the District Office. Mr. Yale reminded the Board that the District would have to hold an election for the qualified voters of the District to authorize the issuance of park bonds (the "Election"). He added that the District would be required to have a plan in place for the District Office project prior to calling the Election. Mr. Yale noted that the proceeds from the sale of park bonds by the District could be used to improve certain amenities in the District.

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. Mr. Bordelon reported that, to date, there were two submittals from LEM that were outstanding. He informed the Board that a revised construction schedule was submitted and will be reviewed at the Board's meeting on 13 November 2019.

Proposed Rehabilitation of Elevated Storage Tank / Water Plant No. 2

Then the Board discussed the proposed cleaning and recoating of the elevated storage tank at Water Plant No. 2 (the "EST Recoating"). Mr. Bordelon reported that the technical specifications and project manual for the EST Recoating were being prepared. He stated that the District's Engineer would review internally to determine the optimum time to begin the bidding process for the EST Recoating. He explained that the EST Recoating would be performed during the winter months. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to advertise for bids on the EST Recoating at the time deemed to be most advantageous to the District.

Proposed Televised Inspection of Sanitary Sewer Lines

Next, the Board discussed the proposed televised inspection of sanitary sewer lines in Chimney Hill Subdivision, Sections 1-5 (the "Televised Inspection"). Mr. Bordelon reported that preparation of the technical specifications and contract manual for the Televised Inspection was underway.

Proposed Infrastructure Improvements / Eldridge Parkway

The Directors discussed the proposed construction by Harris County of infrastructure improvements consisting of a traffic light and crosswalk at the intersection of Eldridge Parkway and Firebrick Drive. According to Harris County, said Mr. Bordelon, the traffic light foundation work was scheduled to commence during the week of 14 October 2019.

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

The Board next discussed matters relating to the request from 529 Eldridge, LLC ("529 Eldridge") for utility service to the 7.6-acre tract located at 13813 F.M. 529 in which the Deepwater Corrosion Services, Inc. facility is located. Mr. Bordelon reported that the District's Engineer was continuing to work with representatives of 529 Eldridge regarding this matter.

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.

Approval of Certified Agenda

The Directors considered approval of the certified agenda for the executive session of 27 September 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the certified agenda for the executive session of 27 September 2019, as written.

West Harris County Regional Water Authority

The Board discussed recent activities of the West Harris County Regional Water Authority (the "Authority"). Mr. Yale reviewed with the Board a letter dated 20 September 2019 from the Authority, a copy of which is attached hereto. He noted that the Authority's board of directors (the "Authority Board") would consider an increase in its groundwater pumpage fee (the "Pumpage Fee") and surface water fee (the "Surface Water Fee") at its meeting on 13 November 2019. If approved by the Authority Board, he continued, the Pumpage Fee would increase from \$2.95 per 1,000 gallons

("k/gal") of groundwater pumped to \$3.20 per k/gal, and the Surface Water Fee would increase from \$3.35 per k/gal of water purchased to \$3.60 per k/gal. Upon approval, he told the Board, both of the proposed rate increases would become effective on 1 January 2020.

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 25 October 2019
Attachments

1. Bookkeeper's Report;
2. Operator's Report;
3. Tax Assessor/Collector's Report;
4. Website Usage Statistics Report;
5. Email from Melisa Pulido;
6. Coats Rose memo / Insurance Proposal;
7. Insurance Proposal from Arthur J. Gallagher & Co.;
8. Engineer's Report; and
9. Letter from WHCRWA.