

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

9 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 9th day of October, 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; Dillon Fulvio representing Stuckey's, LLC ("Stuckey's"); 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 11 September 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 11 September 2019, as written.

Security Patrol Report

Mr. Yale presented the Board with copies of the Security Patrol Report for September 2019 as prepared by the Harris County Sheriff's Department. A copy of the Security Patrol Report is attached hereto as an exhibit to these minutes. Director Woltz 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 for September 2019 on behalf of Best Trash, LLC, 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 remarked that there were several reports of unacceptable materials being placed in the recycling carts. Mr. Wright stated that the District's Operator would transmit a message to the District's customers through the Blackboard mass notification system, requesting that they review the guidelines for the recycling service (the "Recycling Guidelines") as posted on the District's internet website (the "Website"). The Directors expressed their desire for a notice regarding the Recycling Guidelines to be posted on the home page of the Web Site. Mr. Yale stated that the District's Attorney would notify Off Cinco to place said notice on the Website. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Collection Report.

Drainage Channel and Detention Facilities

Next, Mr. Fulvio submitted to and reviewed with the Board the Drainage Channel Maintenance Report dated 9 October (the "Maintenance Report") prepared by Stuckey's regarding (1) the drainage channel located near the Plant access road (the "Channel"); and (2) the storm water detention and drainage facilities serving the Westbrook Lakes Subdivision (the "Detention Facilities"). A copy of the Maintenance Report is attached hereto as an exhibit to these minutes. Mr. Fulvio reported that Stuckey's would proceed with the repairs to the Detention Facilities as authorized at the Board's meeting on 27 September 2019 prior to addressing the repairs to the Channel. He informed the Board that the trapping of nutria on the Detention Facilities site was in progress. Mr. Fulvio stated that the Channel was in good condition other than the areas that are in need of repair. Upon completion of the repairs to the Channel, he continued, Stuckey's will apply the fall overseed and fertilization in order to keep the Channel slopes and top protected during the winter months. He noted that mowing of the Channel has remained on schedule in recent months. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Maintenance Report.

District's Strategic Plan

The Directors conducted their quarterly review of the District's Strategic Plan. The Board directed the District's Attorney to revise the Strategic Plan as follows: move the items regarding (1) the cleaning and recoating of the elevated storage tank at Water Plant No. 2; and (2) the replacement of the non-potable water system at the Plant to the category for Repairs and Improvements that have received project approval from the Board.

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.

H-GAC Energy Purchasing Corporation / Contract for Electric Service

Next, the Board briefly discussed matters relating to the District's participation in the Houston-Galveston Area Council's Energy Purchasing Corporation for the aggregate purchase of electricity. Director McNinch reported that, to date, she had not received any price offers from retail electric providers for the renewal of the District's contract for electric service.

Proposed Walking Trail

Director Szinyei presented a brief report on 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"). He informed the Board that the Association was expecting to receive an update the following week regarding the status of agency review of the plans for 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. Yale remarked that the Board would likely want to use proceeds from the sale of the District's bonds to fund the construction of the District Office. Accordingly, he continued, it would be preferable for any cost participation in the District Office project by the Association, the Chimney Hill IV Community Association, and the Westbrook Lakes Homeowner Association, Inc. (collectively, the "Community Associations") to take place following the construction of the District Office in order to avoid any complications that might arise with regard to obtaining approval from the Texas Commission on Environmental Quality for the use of bond proceeds on the project. In response to a question from the Board, Mr. Yale stated that the District would need to either purchase a portion the Association Tract from the Association for the District Office site or enter into a long-term lease agreement for same with the Association.

A discussion then ensued regarding the (1) possible engagement of an architect to design the District Office (the "Architect"); and (2) the concepts or requests for the design of the District Office to be solicited from the Community Associations. The Directors agreed that the District would have final authority over the engagement of the Architect and the final architectural plans for the District Office (the "Office Plans"), as

well as any subsequent changes to the Office Plans. The Board also agreed that the District would have final authority with regard to hiring an individual to operate and maintain the District Office, as needed. Director Szinyei expressed his desire for representatives of the District and each of the Community Associations to conduct a meeting to reach a consensus with regard to the Office Plans. Director Szinyei then invited Mr. Yale to attend the meeting of the Association on 15 October 2019 to discuss the District Office project. The Board discussed the proposed District Office again later in the meeting during the presentation of the Attorney's Report.

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 the District's Engineer was continuing to review the submittals as they are received from LEM.

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

Mr. Edwards presented the Board with a Job Assignment Proposal (the "Proposal") for planning, design, bidding, and construction phase services for the proposed cleaning and recoating of the elevated storage tank at Water Plant No. 2. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Proposal; and (2) authorize Director Szinyei to execute same. A copy of the executed Proposal is attached hereto and shall be considered part of these minutes.

Sanitary Sewer Line / Backlot Easement in Chimney Hill Subdivision, Section 5

Next, the Board discussed the condition of a sanitary sewer line segment (the "Segment") located in the backlot easement that runs parallel to Chaston Drive and Noblecrest Drive in Chimney Hill Subdivision, Section 5. Mr. Edwards submitted to and reviewed with the Board a survey drawing depicting the Segment, a copy of which is attached hereto as an exhibit to these minutes. He explained to the Board that the televised inspection of the Segment revealed the presence of (1) a large tree root ball; (2) tree root intrusion; (3) and multiple cracks along the crown and the bottom of the Segment. He stated that the Segment would be added to the list of sanitary sewer lines to be considered for repair with the pipe-bursting method. Mr. Edwards then informed

the Board that the District's Engineer was preparing the bid package for the televised inspection of the sanitary sewer system in Chimney Hill Subdivision, Sections 1-5.

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. Edwards, the traffic light foundation work was scheduled to commence later this week or early the following week.

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. Edwards reported that the District's Engineer was continuing to work with representatives of 529 Eldridge regarding this matter.

Request for Sanitary Sewer Service / LMA Storage

Then the Board briefly discussed the request for sanitary sewer service 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 transmitted to the owner of LMA Storage a utility commitment letter (the "Commitment Letter") stating the conditions that must be met in order for the District to provide sanitary sewer service to the Facility. To date, he told the Board, the District's Engineer had not received a response from the owner of LMA Storage regarding the Commitment Letter.

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 September 2019, a copy of which is included with the Operator's Report. He stated that the District pumped 8,321,000 gallons of water during the month and purchased 8,939,000 gallons of water from the City of Houston (the "City"), representing an underage of 4,921,000 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 96.6% with a supplied vs. billed ratio of 80.0% (collectively, the "Accountability Rate"). He informed the Board that all seven water samples collected from the District's water distribution system during September 2019 had tested negative for coliform indicators. Mr. Wright noted that the District had 1,797 active service connections.

A discussion ensued regarding the Accountability Rate. Mr. Wright explained to the Board that the supplied vs. billed ratio for September 2019 was adversely affected by a breach in a main water line that resulted in the loss of approximately 3,000,000 gallons of drinking water.

The Board then reviewed the Monthly Operating Summary and the Texas Commission on Environmental Quality Effluent Report for the month of September 2019, copies of which are included with the Operator's Report. Mr. Wright stated that the Plant treated an average daily flow of 530,000 gallons during the month, representing a flow equal to 44.2% 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 September 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 755,000 gallons of water during the reporting period.

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. Mr. Wright noted that 17 Electronic Meters were changed out during September 2019. He added that, to date, 122 of the 1,816 Electronic Meters had been changed out, accounting for 6.72% of the Electronic Meters that were installed in the District. Mr. Wright then stated that the District's Operator intends to perform periodic inspections of the meter boxes in which the Electronic Meters are installed (the "Boxes") in order to monitor and maintain the condition of the Boxes.

Smoke Testing of Sanitary Sewer Lines

Mr. Wright reported on matters relating to the smoke testing (the "Smoke Testing") performed by Magna-Flow Environmental, Inc. 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 95% complete.

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.

Approval of Certified Agenda

The Directors then considered approval of the certified agenda for the executive session of 11 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 11 September 2019, as written.

District Office, continued

The Directors returned to their earlier discussion regarding the District Office. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to (1) request a Limited Title Certificate for the Association Tract from Courthouse Specialists; and (2) perform legal research with regard to cost participation by the Community Associations in the District Office project.

Damage to District Water Line / Sweat Construction LLC

The Board briefly discussed matters relating to (1) the damage caused to the District's main water line located near 13204 F.M. 529 (the "Water Line") on or about 17 May 2018 by Sweat Construction LLC; and (2) the status of the lawsuit against Sweat Construction (the "Lawsuit") for reimbursement of the expenses incurred by the District in repairing the damage caused to the Water Line. Mr. Yale reported that Ted A. Cox, P.C. had submitted an invoice to the District for legal services rendered in connection with the Lawsuit (the "Cox Invoice"). After discussion, the Board directed the District's Attorney to forward the Cox Invoice to Myrtle Cruz, Inc., the District's Bookkeeper, for payment.

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 9 October 2019
Attachments

1. Security Patrol Report;
2. Solid Waste Collection Report;
3. Drainage Channel Maintenance Report;
4. Engineer's Report;
5. Job Assignment Proposal / Proposed Rehabilitation of Elevated Storage Tank at Water Plant No. 2;
6. Survey drawing of sanitary sewer segment in Chimney Hill Subdivision, Section 5; and
7. Operator's Report.