

**MINUTES OF MEETING  
KLEINWOOD MUNICIPAL UTILITY DISTRICT  
HARRIS COUNTY, TEXAS**

**April 24, 2008**

STATE OF TEXAS  
COUNTY OF HARRIS

The Board of Directors (the "Board") of Kleinwood Municipal Utility District (the "District") of Harris County, Texas, met in **regular** session, open to the public, on **Thursday, April 24, 2008**, at 6:00 p.m. at the District Office, 16530 Kleinwood Drive, Spring, Texas, within the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Joe Fratangelo	President
Stephen E. Williams	Vice President
Vic Fowler	Secretary/Treasurer
Robert Ehmann	Assistant Vice President & Assistant Secretary
Sherry Allard	Assistant Secretary

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

Also present were: Jason Ozuna, P.E., of Jones & Carter, Inc. ("Jones & Carter"), Engineer for the District; Bill Blitch of SAMCO Capital Markets, the District's Financial Advisor; Brent Broadway of SWWC Services Inc./Southwest Water Company ("Southwest"), Operator for the District; Roger Schuett, Office Manager; John Lightfoot with John Lightfoot Investments, L.P. ("Lightfoot"), developer of land in the District; Abraham Valle with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Fred Jones representing Cypress Forest Public Utility District; Maria S. Parker, Dick Yale, and David F. Green of Coats, Rose, Yale, Ryman & Lee, P.C. ("Coats|Rose"), Attorney for the District; and Jeff McIntosh, a resident of the District.

The President called the meeting to order in accordance with notice posted pursuant to law, and the following business was transacted.

**HEAR FROM PUBLIC**

The Board noted that there were no members of the public who wished to address the Board and this time.

**EAGLE SCOUT PROJECT**

The President recognized Mr. McIntosh, who discussed with the Board the plans for his son's Eagle Scout project (the "Project"), which would consist of constructing a sidewalk that would be located south of the District Office in order to facilitate pedestrian traffic to and from Klein High School. Mr. McIntosh gave a slide presentation of the Project for the Board. Ms. Parker requested

that Mr. McIntosh provide the District's Attorney with copies of (1) the slide presentation; and (2) the approval for the Project from the Boy Scouts of America, Polaris Council.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the proposal for the Project.

### **PEACE OFFICER'S REPORT**

The President recognized Deputy Valle, who presented the Peace Officer's Report, a copy of which is attached hereto.

### **DEVELOPMENT OF CHAMPION FALLS ESTATES, CHAMPION WOODS ESTATES, THE FALLS AT CHAMPION FOREST (herein collectively, the "Falls")**

The President recognized Mr. Lightfoot, who reported on development in the Falls. A copy of the Development Report for the Falls as prepared by Lightfoot is attached hereto.

### **TAX ASSESSOR/COLLECTOR'S REPORT**

The President recognized Ms. Ahlschlager, who submitted to and reviewed with the Board the Tax Assessor/Collector's Report, a copy of which is attached hereto. It was noted that the District has collected 95.13% of its 2007 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto.

Director Ehmann inquired if the Tax Assessor/Collector's Report could be forwarded to the Directors in advance of each regular meeting of the Board in which the Report is reviewed. Ms. Ahlschlager responded in the affirmative.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Tax Assessor/Collector's Report and to authorize payment of the checks listed therein.

### **DELINQUENT TAX REPORT**

Ms. Ahlschlager submitted to and reviewed with the Board the Delinquent Tax Report as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Report is attached hereto.

### **ATTORNEY'S REPORT**

The President recognized Ms. Parker, who presented the Attorney's Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Attorney's Report.

## **MINUTES OF THE MEETINGS OF MARCH 27, 2008 AND APRIL 11, 2008**

Proposed minutes of the meeting of the Board held on March 27, 2008, previously distributed to the Board, were presented for consideration and approval. Director Allard requested a revision to page 2 of the minutes.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of March 27, 2008, as amended.

Proposed minutes of the meeting of the Board held on April 11, 2008, previously distributed to the Board, were presented for consideration and approval.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of April 11, 2008, as presented.

### **ANNEXATION OF RAVENEAUX TRACT/KERA VILLAGE**

Ms. Parker reported on the status of the Petition for Addition of Land and Petition for Consent to Addition of Land pertaining to the Raveneaux Tract.

### **DEVELOPMENT OF RAVENEAUX TRACT/KERA VILLAGE**

Ms. Parker reported on the status of the proposed development of Kera Village in the Raveneaux Tract.

### **DEVELOPMENT AND ANNEXATION AGREEMENTS/STUEBNER-AIRLINE TRACTS**

Ms. Parker reported on the status of the proposed Development and Annexation Agreements (the "Agreements") for the tracts along Stuebner-Airline Road. She informed the Board that discussions are continuing with representatives of the Archdiocese of Galveston-Houston (the "Archdiocese") regarding the water line easement and sanitary sewer line easement (the "Easements"). She noted that the legal descriptions in the Easements for the property owned by the Archdiocese are being revised. Ms. Parker then reported on the status of the Agreement and Easements for the tract owned by Chayn Mousa.

### **CONTRIBUTION REQUEST/MITTELSTADT ELEMENTARY SCHOOL PARENT-TEACHERS ORGANIZATION ("PTO")**

Ms. Parker briefly reported on the PTO's request for a donation from the District to help fund the purchase by the PTO of certain playground equipment to be installed at Mittelstadt Elementary School. The Directors deferred discussion of this matter to a future meeting of the Board.

### **OPERATING CONTRACT**

Ms. Parker reported that Environmental Development Partners ("EDP") has not yet provided the District's Attorney with the final draft of the contract for the operation of the District facilities. Discussion ensued regarding the transition from Southwest to EDP to be complete by July 1, 2008 (the "Transition").

After discussion, the Directors expressed their desire for EDP to provide the Board with a timeline for activities relating to the Transition.

### **CONSENT AGENDA**

The Directors discussed the possibility of using a consent agenda during regular meetings of the Board in order to approve monthly reports from the District's consultants (the "Consent Agenda"). Ms. Parker informed the Board that the Texas Attorney General had recently received a request for an opinion from Texas Senator Jeff Wentworth as to whether placing such items as "City Manager's Report," "Mayor's Update," and "Council and Other Report" on a city council agenda would provide adequate notice under the Open Meetings Act. She recommended that the Board defer action on the Consent Agenda until the Attorney General has rendered an opinion in response to Senator Wentworth's inquiry. The Board concurred.

### **PRECINCT 4 CONSTABLE'S OFFICE/NEWS INVESTIGATION**

Ms. Parker submitted to and reviewed with the Board a letter dated April 16, 2008, from Ron Hickman, Harris County Precinct 4 Constable, regarding an investigative report by a Houston television station regarding the possible disparity on the time reporting by personnel from the Constable's Office who are assigned to contracts. A copy of the letter is attached hereto as an exhibit to these minutes.

### **DEVELOPMENT REPORTS/REQUESTS FOR SERVICE**

The President recognized Mr. Ozuna, who reported on the status of various developments in the District as follows:

1. **Hilliard Tract/Meyer Park Office Condominiums**. Mr. Ozuna reported that Ms. Hilliard had provided Jones & Carter with a site plan denoting the proposed utilities for the project.

2. **HEB Center Plan Reviews**. Mr. Ozuna reported that there was nothing new to report in connection with this matter.

### **ENGINEER'S REPORT**

The President recognized Mr. Ozuna, who presented the Engineer's Report as follows:

1. **Champion Woods Estates**. Mr. Ozuna reported on the construction of the water supply, sanitary sewer, and drainage facilities (the "Champion Woods Utilities") by Clearwater Utilities, Inc. ("Clearwater"). He informed the Board that Clearwater is working to address the punch list item that was found during the Harris County inspection of Section 1. The inspection for Section 2 will be scheduled in the next 30 to 60 days. Clearwater has submitted Pay Estimate No. 9 in the amount of \$22,028.99. A copy of Pay Estimate No. 9 is attached hereto.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 9.

2. **Champion Woods Force Main.** Mr. Ozuna reported on the construction of the sanitary sewer force main to serve the Champion Woods Estates Subdivision by Economic Construction, Inc. The project is complete and final inspection is scheduled for April 25, 2008.

3. **Champion Woods Lift Station.** Mr. Ozuna reported on the status of the construction of the sanitary sewer lift station to serve the Champion Woods Estates Subdivision (the "Champion Woods Lift Station") by Peltier Brothers Construction, Ltd. He stated that construction of the Champion Woods Lift Station is complete and the contractor is addressing all of the punch list items. Peltier has submitted Pay Estimate No. 4 in the amount of \$22,286.50.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 4.

4. **Stuebner-Airline Utilities.** Mr. Ozuna reported that Jones & Carter is working to obtain the water line easements and sanitary sewer line easements from two of the property owners. Preliminary design of the utilities to serve the Stuebner-Airline tracts is underway.

5. **Squyres Road Detention Pond/Storm Water Drainage Plans.** The Board noted that there was nothing new to report in connection with this matter.

6. **Smoke Testing and Televised Inspection of Sanitary Sewer Lines.** The Board noted that there was nothing new to report in connection with this matter.

7. **North Harris County Regional Water Authority ("NHCRWA") Coordination.** Mr. Ozuna reported that the NHCRWA is continuing to purchase water from the District.

8. **Raveneaux Country Club/Kera Village.** Mr. Ozuna reported that Jones & Carter has completed the boundary map for the proposed annexation of a certain portion of the Raveneaux Tract. Jones & Carter is working with Brown & Gay Engineers, Inc., to prepare plans and specifications for District utilities to serve Kera Village.

9. **Surplus Funds.** Mr. Ozuna reported that the District's Engineer is preparing the necessary documents with regard to the use of Surplus Funds from the District's Series 2001 Bonds to help fund (1) the Champion Woods Lift Station; and (2) the Water Well No. 2 Rework project.

10. **Bond Application/Series 2007 Bonds.** Mr. Ozuna reported that the Texas Commission on Environmental Quality (the "TCEQ") has authorized the release of escrowed funds from the proceeds of the Series 2007 Bonds in connection with (1) the Champion Woods Utilities; and (2) the Champion Woods Estates detention pond.

Attached hereto as an exhibit to these minutes are (1) a letter dated April 1, 2008, from the TCEQ, authorizing the release of the escrowed funds; and (2) a letter dated April 1, 2008, from the TCEQ, authorizing the purchase of the Utilities and the developer reimbursement for [a] the Champion Woods detention pond and [b] clearing and grubbing to serve Champion Woods Estates.

11. **Ground Storage Tank No. 1.** Mr. Ozuna reported on the condition of the interior of Ground Storage Tank No. 1 ("GST No. 1") at Water Plant No. 1. Jones & Carter conferred with Corrpro regarding possible methods for repairing the leaks in GST No. 1 (the "Repairs"). Corrpro has not yet confirmed the cause of the corrosion and leaks. The estimated cost for the Repairs is \$50,000 for construction, plus \$10,000 for engineering. The Repairs will require that GST No. 1 be removed from service for several months. Mr. Ozuna noted that according to Superior Tank, GST No. 1 is no longer covered by warranty.

After discussion, the Board directed the District's Engineer to submit an insurance claim in connection with GST No. 1 to AquaSurance, LLC, the District's insurance agent.

## **OPERATOR'S REPORT**

The President recognized Mr. Broadway, who submitted to and reviewed with the Board the Operator's Report as follows:

1. **Water Plant Operations.** Mr. Broadway reported that the billed to pumped ratio for the prior month was 92.3% and that the District has a total connection count of 780.

2. **2007 Drinking Water Quality Report.** Mr. Broadway submitted to and reviewed with the Board a draft of the District's 2007 Drinking Water Quality Report (the "Report"), as prepared by Southwest. He noted that the Report would need to be approved by the Board and distributed to the District's customers by July 1, 2008. Ms. Parker discussed with the Board certain revisions to be made to the Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the 2007 Drinking Water Quality Report as amended, a copy of which is attached hereto.

3. **Water Well Performance Testing.** Mr. Broadway submitted to and reviewed with the Board the Performance Testing Report as prepared by G-M Services, Inc., in connection with testing conducted on Water Well No. 1 and Water Well No. 3 on March 17, 2008, a copy of which is included with the Operator's Report.

4. **Storm Sewer Repairs.** Mr. Broadway submitted to and reviewed with the Board a cost estimate from Southwest to repair the damaged bell joint on the storm sewer line located in the Walking Garden/Detention Pond (the "Storm Sewer Repairs"). A copy of the cost estimate is attached hereto.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Southwest to perform the Storm Sewer Repairs at a cost not to exceed \$1,000.

Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Operator's Report, a copy of which is attached hereto.

## **TERMINATION OF SERVICE**

Consideration was then given to the termination of water and sewer service to certain accounts. The President recognized Mr. Broadway, 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 meeting which they may 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 attached hereto.

## **REPORT ON OPERATION OF DISTRICT OFFICE**

The President recognized Mr. Schuett, who submitted to and reviewed with the Board the report concerning the District Office (the "Office Report"), a copy of which is attached hereto.

1. **Use of District Office.** Mr. Schuett reported on recent requests for use of the District Office. Discussion ensued regarding the District's guidelines regarding the use of the District Office (the "Guidelines").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to review and clarify the Guidelines.

2. **Walking Garden/Detention Pond Signs.** Mr. Schuett reported that the signs at the Walking Garden/Detention Pond (the "Signs") had been damaged.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Mr. Schuett to replace the Signs.

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

## **BOOKKEEPER'S REPORT**

Mr. Schuett then reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto, and certain invoices for payment by the Board. The Board also reviewed the Investment Report.

Then, upon a motion duly made and seconded, the Board voted unanimously to approve the Bookkeeper's Report as presented, and to authorize payment of the checks listed therein.

## **NHCRWA**

The President recognized Ms. Parker, who reported that the District's Attorney transmitted a letter to the NHCRWA requesting more detailed information regarding the schedule by which the District would be required to convert to a chloramine disinfection system. A copy of the letter is attached hereto as an exhibit to these minutes.

Mr. Green distributed copies of a memorandum from Coats|Rose regarding the April 7, 2008, meeting of the NHCRWA board of directors. A copy of the memorandum is attached hereto.

**KLEINWOOD MAINTENANCE FUND ("KMF")**

Director Ehmann reported on the activities of the KMF.

**KLEINWOOD JOINT POWERS BOARD ("KJPB")**

Director Williams reported on the activities of the KJPB.

**NEWSLETTER WITH PAYNE COMMUNICATIONS**

The President recognized Director Allard, who stated that she had prepared articles for use in future editions of the "Water Works" newsletter to be distributed to the District's customers.

**REGION H WATER PLANNING GROUP ("REGION H")**

Mr. Green distributed copies of a Notice of Public Meeting in connection with the public hearing to be conducted by Region H on May 28, 2008, in connection with the proposed scope of work for the update of the Regional Water Plan. A copy of the Notice is attached hereto.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

Approved this May 22, 2008

Vic Fowler  
Secretary, Board of Directors

