

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

27 June 2019

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 the 27th day of June, 2019, 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:

Robert Ehmann	President
David C. Guerrero	Vice President
Jeff Gobbell	Secretary/Treasurer
Joe Fratangelo	Assistant Vice President & Assistant Secretary
Sherry Allard	Assistant Secretary

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

Also present were: René Andel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Jeffrey Bishop, P.E., of Jones & Carter, Inc. ("J&C"), Engineer for the District; Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Roger Schuett, Office Manager for the District; Lenny Hardoin representing Champions Hydro-Lawn, Inc. ("CHL"); Sergeant Michael Gonzales with the Harris County Precinct 4 Constable's Office (the "Constable's Office"); Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; Randy Reeves and Cindy Reeves, an interested party; and Clarence Estes, a resident of the District.

Director Ehmann called the meeting to order.

**OATH OF OFFICE**

The Board considered approval of the Oath of Office and the Statement of Officer as executed and submitted by Director Guerrero. The Board noted that the Oaths of Office and Statements of Officer for Directors Fratangelo and Gobbell were approved at the Board's meeting on 23 May 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Oath and Statement. Mr. Yale told the Board that the Public Employee Blanket Bond covering the five positions of Director of the District would continue in force and effect. Copies of the executed Oath and Statement for Director Guerrero are attached to these minutes as exhibits.

## **ELECTION OF OFFICERS**

The Directors next considered the need to reconstitute the Board of Directors, pursuant to the requirements of Section 49.054(b), Texas Water Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to elect the Directors to the offices indicated:

David C. Guerrero	President
Jeff Gobbell	Vice President
Joe Fratangelo	Secretary/Treasurer
Sherry Allard	Assistant Vice President & Assistant Secretary
Robert Ehmann	Assistant Secretary

Then, upon a motion duly made and seconded, the Board voted unanimously to authorize Coats Rose to prepare a revised District Registration Form and file same with the Texas Commission on Environmental Quality.

## **HEAR FROM THE PUBLIC**

The President recognized Mr. Reeves, who addressed the Board regarding his request for the District to provide utility service to the tract of land located at 7702 Louetta Road, in which his State Farm Insurance office is located (the "Tract"). The Tract has been platted, Mr. Reeves told the Board, and the plat had been submitted to the District's Engineer. Mr. Bishop confirmed that the Tract was located within the boundaries of the District and was eligible to receive water and sanitary sewer service from the District. He went on to say that J&C would work with Mr. Reeves on the application process for obtaining utility service from the District.

## **MINUTES OF THE MEETING OF 23 MAY 2019**

The minutes of the meeting of the Board held on 23 May 2019, previously distributed to the Board, were presented for consideration and approval. Mr. Bishop requested a revision to page 3 of the minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 23 May 2019, as amended.

## **PEACE OFFICER'S REPORT**

The President recognized Sergeant Gonzales, who presented the Peace Officer's Report, a copy of which is attached hereto. The Directors then discussed security related issues with Sergeant Gonzales. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Peace Officer's Report.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

The President recognized Mr. Hardoin, who submitted to and reviewed with the Board the Detention and Drainage Facilities Report (the "Detention Facilities Report") prepared by CHL in connection with (1) the maintenance of the Champion Woods Estates Detention Pond (the "Detention Pond"); and (2) the maintenance of the landscaping at the Walking Garden and the District Office site. A copy of the Detention Facilities Report is attached hereto as an exhibit to these minutes.

Mr. Zilko informed the Board that the resident at 16902 Barretts Crossing Drive had informed EDP that the branches of trees located in the Detention Pond site were overhanging the backyard property line of several residences on Barretts Crossing Drive (the "Overhanging Branches"). Director Fratangelo observed that the owners of the properties adjacent to the Detention Pond site may trim the Overhanging Branches at their own expense. After discussion, upon a motion duly made by Director Allard and seconded, the Board voted 3 to 2, with Directors Gobbell, Allard, and Ehmann voting in favor, and Directors Guerrero and Fratangelo opposed, to authorize CHL to trim the Overhanging Branches at 16902 Barretts Crossing Drive and assess the condition of the other Overhanging Branches at a cost not to exceed \$1,000. Director Allard then expressed her desire to amend her motion with respect to the limit on the cost for the actions relating to the Overhanging Branches. After discussion, upon an amended motion duly made and seconded, the Board voted unanimously to authorize CHL to trim the Overhanging Branches at 16902 Barretts Crossing Drive and assess the condition of the other Overhanging Branches at a cost not to exceed \$750.

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

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

The President recognized Ms. Anadel, who submitted to and reviewed with the Board the Tax Assessor/Collector's Report. A copy of the Tax Assessor/Collector's Report is attached hereto. The Board noted that the District had collected 98.4% of its 2018 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Anadel noted that Wheeler was requesting approval for eight checks written on the District's tax account, said checks including the transfer of \$1,881.57 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$7,500.00 to the Debt Service Fund.

Then, 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. Andel then submitted for the Board's review 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.

## ENGINEER'S REPORT

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

Water Plant No. 2 / Ground Storage Tank No. 2 (the "GST"). The Board discussed the contract between the District and DN Tanks, Inc. (called "DN Tanks") for construction of the concrete GST at Water Plant No. 2. Mr. Bishop reported that the inspection on the GST project was conducted on 20 June 2019. He noted that J&C presented the contractor with a punch list of minor deficiencies to be addressed. Mr. Bishop remarked that J&C was not satisfied with the progress of the site restoration work at the Water Plant No. 2 site.

Mr. Bishop then reported that DN Tanks had submitted Pay Estimate No. 11 in the amount of \$12,689.80 in connection with the GST project. A copy of Pay Estimate No. 11 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 11.

Water Plant Improvements. The Directors discussed the contract with DSP Industrial, Inc. (called "DSP") to perform (1) the recoating of the interior of hydropneumatic tank Nos. 1 and 2 at Water Plant No. 1; and (2) the touch-up recoating of the exterior of the ground storage tank No. 1 at Water Plant No. 2. Mr. Bishop reported that DSP had mobilized at the Water Plant No. 1 site and was working to complete the recoating of hydropneumatic tanks Nos. 1 and 2.

Cleaning and Televised Inspection of Sanitary Sewer System (the "Televised Inspection"). The Board discussed the contract with CSI Consolidated, LLC dba AIMS Companies (called "CSI") for the Televised Inspection. Mr. Bishop reported that J&C had conducted the pre-construction meeting with CSI on 4 June 2019. The contractor mobilized on 24 June 2019, he continued, and is currently performing the Televised Inspection near the H-E-B commercial area and the Champion Woods Estates Subdivision.

Request for Service / Eggcellent Restaurant & Banquet Hall (the "Restaurant & Banquet Hall") at 8033 Louetta Road. Mr. Bishop discussed with the Board the request for service from Mohammad Amin in connection with the proposed development of the Restaurant & Banquet Hall. He reported that, to date, J&C had not received revised plans for the Restaurant and Banquet Hall.

Request for Service / Meyer Park at Champion Forest. Mr. Bishop discussed with the Board the request from Darby Real Estate Investments, L.P. ("Darby") for service to and annexation of a 9.68-acre tract at 15919 Stuebner Airline Road (the "Darby Tract"). He reported that, to date, J&C had not received the required \$5,000 deposit from Darby for the review of the proposed development plan for Meyer Park at Champion Forest. Mr. Bishop stated that he had conducted a teleconference with the attorney for Darby to clarify certain points of discussion from the Board's meeting on 23 May 2019 concerning the proposed development of the Darby Tract.

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

### **ATTORNEY'S REPORT**

The President recognized Mr. Yale, who 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) that could affect water district operations. A copy of the memorandum is attached to and shall be considered to be part of these minutes. Mr. Yale discussed in detail the actions that would need to be taken by the District and its consultants with respect to Senate Bill 239; House Bill 305; House Bill 3001; Senate Bill 943; Senate Bill 944; Senate Bill 2; House Bill 933; House Bill 1048; and House Bill 1850. He called the Board's attention to House Bill 1640, which modifies the Texas Government Code regarding open meetings. Mr. Yale commented that the definition of "deliberation" has been modified to include a written exchange as well as a verbal exchange. He added that the law now states that a member of a governmental body commits an offense if the member "knowingly engages in at least one communication among a series of communications that occur outside of a meeting" that concern an issue related to the governmental body in which the individual communications involve fewer than a quorum of Directors but the series of communications involves a quorum.

### **INTERLOCAL AGREEMENT / HARRIS-GALVESTON SUBSIDENCE DISTRICT**

Next, the Board considered approval of a proposed Interlocal Agreement between the District and the Harris-Galveston Subsidence District (the "Subsidence District") for District sponsorship of the "Learning to be Water Wise and Energy Efficient" program ("Water Wise") for fifth grade students at Greenwood Forest Elementary School (the "School") in Klein Independent School District for the 2019-2020 school year (the "HGSD Agreement"). Mr. Yale pointed out to the Board that the listed cost under the HGSD Agreement for sponsoring the Water Wise program for up to 160 students would be \$5,833.60 during the 2019-2020 school year. He stated that pursuant to the HGSD Agreement, the Subsidence District would issue to the District a groundwater credit equal to 84,000 gallons of water for each student

sponsored by the District. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the HGSD Agreement and to authorize Director Guerrero to execute same. A copy of the HGSD Agreement is attached hereto as an exhibit to these minutes.

### **POWER SUPPLY ISSUES / PUBLIC POWER POOL ("P3")**

Next, the Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the P3. Mr. Yale distributed copies of a newsletter from P3 dated 11 June 2019, a copy of which is attached hereto.

### **HOUSE BILL 3693 COMPLIANCE / ELECTRICITY CONSUMPTION**

Mr. Yale reminded the Board that Chapter 2265 of the Texas Government Code requires Texas political subdivisions to record and make available their utility usage and costs pursuant to House Bill 3693 ("HB 3693") as approved by the 80th Texas Legislature in 2007. He then submitted for the Board's review the HB 3693 Report for the District for calendar year 2018 as prepared by P3. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes.

### **RECLAIMED WATER SUPPLY PROJECT (the "Supply Project") / KLEINWOOD JOINT POWERS BOARD (the "KJPB")**

The Board briefly discussed the status of the Supply Project. Director Fratangelo reported that Raveneaux Country Club would not be a purchaser of the reclaimed water from the Supply Project. He noted that Champions Golf Club would be a purchaser of the reclaimed water. Director Fratangelo stated that the KJPB was also looking into supplying reclaimed water to Harris County.

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

### **OPERATOR'S REPORT**

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

Water Plant Operations. Mr. Zilko reported that the billed to pumped ratio for the prior month was 85.5% and that the District has 890 service connections, including four vacant single-family residences. He noted that surface water received from the North Harris County Regional Water Authority (the "NHCRWA") accounted for 59% of the water distributed to the District's customers during the period ending 15 May 2019.

Utility Operator's Report. Mr. Zilko reviewed with the Board the utility billing summary, accountability report, subsidence district report, NHCRWA fee report, and the 60-day delinquent list, as shown in the Operator's Report attached hereto.

Substantial System Repairs. Mr. Zilko reviewed with the Board the EDP Invoice and Bill Direct Statement dated 17 June 2019, a copy of which is included with the Operator's Report.

Lift Station No. 2. Mr. Zilko reported that lift pump No. 1 at Lift Station No. 2 (the "Lift Pump") had been removed from service. An inspection of the Lift Pump indicated shaft and bearing damage, he told the Board, as well as water in the pump motor housing and a burned out motor stator. Mr. Zilko stated that EDP had obtained a cost estimate of \$8,075.00 to repair the Lift Pump, including a 1-year warranty; and a cost estimate of \$12,651.70 for a new Lift Pump, including a 3-year warranty.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to proceed with the replacement of the Lift Pump with a new unit. Mr. Zilko stated that EDP would file a claim with the District's insurance agent for the replacement of the Lift Pump.

Tap Fee Letter / Hat Creek Burger. Mr. Zilko called the Board's attention to the letter dated 21 May 2019 from the District's Operator to Hat Creek Burger, LLC, regarding the tap fee for water and sanitary sewer service to the Hat Creek Burger restaurant located at 8215 Louetta Road (the "Tap Fee Letter"). A copy of the Tap Fee Letter is included with the Operator's Report. Mr. Zilko remarked that the tap fee was paid on 4 June 2019 and the District's Operator had completed the installation of the service taps.

District Facilities / Hurricane Harvey. The Board discussed the condition of the District's facilities following the landfall of Hurricane Harvey on the Texas coast in August 2017 and the subsequent flooding event that occurred in the greater Houston area. Mr. Zilko reported that the Federal Emergency Management Agency ("FEMA") had approved the District's proposed flood mitigation project at Lift Station No. 2 and the contractor has been notified. At this time, he continued, all work including administrative costs is undergoing final FEMA review.

Critical Load Facility Spreadsheet (the "Spreadsheet"). Mr. Zilko reviewed with the Board the updated Spreadsheet, a copy of which is included with the Operator's Report. He stated that the Spreadsheet had been forwarded to the District's retail electric provider; the State Department of Emergency Management; the Harris County Office of Emergency Management; the Harris County Health Department; and the Public Utility Commission of Texas.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept 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 delinquent accounts. The President recognized Mr. Zilko, 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 attached hereto.

### **CUSTOMER WRITE-OFF REPORT**

Mr. Zilko reviewed with the Board the Customer Write-Off Report as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. The Directors noted that there were seven delinquent service accounts in the total amount of \$797.43 through 29 March 2019 that would be written off and turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to write-off the delinquent utility service accounts and direct the District's Operator to engage a collection agency to pursue collection of the amounts owed to the District by the delinquent utility service accounts listed in the Customer Write-Off Report.

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

The President recognized Mr. Schuett, who presented the report concerning the District Office (the "Office Report"), a copy of which is attached hereto.

Request for Proposal / Landscaping Services. Mr. Schuett reviewed with the Board the Request for Proposal form (the "RFP Form") for landscaping services at the District Office and the Walking Garden (the "Landscaping Services"). A copy of the RFP Form is attached hereto as an exhibit. The Directors expressed their desire to review the proposals for Landscaping Services at the Board's meeting on 22 August 2019. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Mr. Schuett to distribute the RFP Form to landscaping contractors.

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

### **BOOKKEEPER'S REPORT**

Mr. Schuett distributed to the Board copies of the Bookkeeper's Report on behalf of Claudia Redden & Associates, L.L.C., the District's Bookkeeper, a copy of which is attached hereto as an exhibit to these minutes. The Directors also reviewed certain invoices for payment by the Board, as well as the Investment Report. Mr. Schuett informed the Board that the District had received a payment of \$24,820.48 from the City of Houston (the "City") for the District's share of sales tax collections during March 2019, pursuant to the Strategic Partnership Agreement with the City for limited purpose annexation of commercial property in the District.



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

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

Director Gobbell presented a report on the activities of the KMF.

There being no further business to come before the Board, the meeting was adjourned.



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Secretary, Board of Directors

Kleinwood MUD Municipal Utility District  
Meeting of 27 June 2019  
Attachments

1. Attendance Sheet;
2. Oath of Office and Statement of Director for David Guerrero;
3. Security Patrol Report;
4. Detention and Drainage Facilities Report;
5. Tax Assessor/Collector's Report;
6. Delinquent Tax Report;
7. Engineer's Report;
8. Pay Estimate No. 11 / Concrete GST at Water Plant No. 2;
9. Coats Rose Memo / 86th Texas Legislature;
10. Interlocal Agreement / Sponsorship of Water Wise program;
11. P3 Newsletter;
12. HB 3693 Report;
13. Operator's Report;
14. District Office Report;
15. RFP Form / Landscaping Services; and
16. Bookkeeper's Report.