

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

21 November 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 special session, open to the public, on the 21st day of November, 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:

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

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

Also present were: Jeffrey Bishop, P.E., and Ryan Schilhab, E.I.T., 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; Tom Dillard and T.J. Cloud representing Champions Hydro-Lawn, Inc. ("CHL"); Sergeant Jonathan Zitzmann with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Tom Liewer, a resident of the District; and Will Yale and David Green of Coats Rose, P.C., Attorney for the District.

Director Guerrero called the meeting to order.

**HEAR FROM THE PUBLIC**

The President recognized Mr. Liewer and welcomed him to the meeting.

**MINUTES OF THE MEETING OF 24 OCTOBER 2019**

The minutes of the meeting of the Board held on 24 October 2019, previously distributed to the Board, were presented for consideration and approval. After discussion, during which Director Ehmann stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of approving the minutes of the meeting of 24 October 2019, as written.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

The President recognized Mr. Dillard, 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; 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. He remarked that an armadillo was apparently disturbing the ground in the Walking Garden. Mr. Dillard then presented the Board with a proposal from CHL to install winter vegetation with mulch in all designated areas at the District Office site (the "Winter Planting") at a cost of \$1,441.00. A copy of the proposal is attached hereto as an exhibit to these minutes.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Detention Facilities Report; and (2) accept the proposal and authorize CHL to proceed with the Winter Planting.

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

The President recognized Mr. Green, who submitted to and reviewed with the Board the Tax Assessor/Collector's Report on behalf of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District. A copy of the Tax Assessor/Collector's Report is attached hereto. The Board noted that the District had collected 4.8% of its 2019 taxes and 99.4% of its 2018 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Mr. Green noted that Wheeler was requesting approval for six checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$20,577.68 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$15,000.00 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.

## **ENGINEER'S REPORT**

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

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 CSI was currently working on the sanitary sewer line segments in various locations in the District for re-completion items. He stated that, to date, the Televised Inspection project was approximately 98% complete, with video of 450 linear feet of sanitary sewer line segments and 27 manholes remaining to be submitted to J&C for review in order to

complete the project's scope of work. Mr. Bishop noted that CSI submitted video of approximately 7,600 linear feet of sanitary sewer line segments and 120 manholes for review during the past month. J&C is currently reviewing this submission and plans to present a recommendation for payment of acceptable work at the Board's meeting on 19 December 2019, he told the Board.

Mr. Bishop then reported that as of 1 November 2019 the Televised Inspection project had exceeded the Contract Period of Performance as established in the contract between the District and CSI. He stated that the District's Engineer issued a Behind Schedule Letter to CSI on 11 November 2019, requesting that CSI provide an updated construction schedule for the Televised Inspection that shows the project's legitimate completion dates. A copy of the Behind Schedule Letter is included with the Engineer's Report. Mr. Bishop pointed out to the Board that the District has not incurred any additional costs related to the delay in the completion of the Televised Inspection project.

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 the 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 Ollie Hilliard of Darby Real Estate Investments, L.P. 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 revised plans for the proposed multi-family residential development in the Darby Tract.

Request for Service / State Farm Insurance Office at 7702 Louetta Road. The Board discussed the request from Randy Reeves for water and sanitary sewer service to the tract of land located at 7702 Louetta Road (the "Reeves Tract"), in which his State Farm Insurance office is located. Mr. Bishop stated that, to date, J&C had not received the revised plans for the Reeves Tract.

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

### **LANDSCAPING AT U.S. POST OFFICE / 7717 LOUETTA ROAD**

The Board then discussed matters regarding the landscaping at the U.S. Postal Service ("USPS") facility located at 7717 Louetta Road in the District (the "Post Office"). Director Guerrero expressed his view that the landscaping at the Post Office site was in poor condition. He discussed with the Board the possibility of the District leading a cooperative effort with certain local homeowner associations and water districts in the vicinity to pursue a beautification project at the Post Office site (the "Beautification"). Mr. Yale remarked that the Post Office is an active federal facility and accordingly might

not allow access by contractors engaged by other entities to perform the Beautification. He suggested that the District's Attorney could possibly prepare a letter to the local Postmaster or the USPS supervisory officials in the Houston area, requesting that the USPS take actions to improve the condition of the landscaping at the Post Office. He continued that the letter could be signed by the Board and by representatives of local water districts and homeowner associations, and include photographs taken of the landscaping at the Post Office site. Director Fratangelo stated that he would discuss the proposed Beautification at the meeting of the Kleinwood Joint Powers Board (the "KJPB") to be held on 4 December 2019. The Directors then deferred further discussion on this matter to a future meeting of the Board.

### **ATTORNEY'S REPORT**

The President recognized Mr. Yale, who presented the Attorney's Report.

### **SECURITY SERVICE CONTRACT**

The Board discussed matters relating to the Security Service Contract between the District and Harris County (the "Contract"). Mr. Yale informed the Board that earlier this year the Harris County Commissioner's Court had approved a rate increase of 4.9% for the Contract, to be effective with the Contract term commencing on 1 March 2020 (the "2020 Contract Term"). He submitted to and reviewed with the Board a memorandum from the District's Attorney regarding the estimated rate schedule for the 2020 Contract Term. A copy of the memorandum is attached hereto as an exhibit to these minutes. With two Deputy Constables at the 70% rate, he told the Board, the annual cost to the District for the 2020 Contract Term will be \$145,106.

### **NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY ("NHCRWA")**

Mr. Yale distributed copies of a memorandum from the District's Attorney regarding the 4 November 2019 meeting of the NHCRWA board of directors. A copy of the memorandum is attached hereto. The Board discussed matters relating to the groundwater pumpage fee and surface water fee that are levied by the NHCRWA.

### **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 12 November 2019, a copy of which is attached hereto.

### **HARRIS COUNTY APPRAISAL DISTRICT BOARD OF DIRECTORS ELECTION**

The Board then considered casting a ballot to elect a candidate to the board of directors of the Harris County Appraisal District. After discussion, the Directors declined to take any action in connection with this matter.

## **EMINENT DOMAIN REPORTING**

Mr. Yale reported that prior to 1 February 2020 the District's Attorney would file with the Texas Comptroller the annual report for the District containing certain information relating to the District's eminent domain authority pursuant to Senate Bill 1812 as approved by the 84th Texas Legislature – Regular Session 2015 (the "Annual Report"). He reviewed with the Board an electronic mail message dated 1 November 2018 from the office of the Texas Comptroller regarding the requirement for filing the Annual Report. A copy of the electronic mail message is attached hereto.

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

## **PEACE OFFICER'S REPORT**

The President recognized Sergeant Zitzmann, who presented the Peace Officer's Report, a copy of which is attached hereto. The Directors then discussed security related issues. Director Gobbell commented that several motorists were not observing the stop sign at the intersection of Kleinwood Drive and Heathrow Lane. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Peace Officer'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 97.3% and that the District has 893 service connections, including two vacant single-family residences. He noted that surface water received from the NHCRWA accounted for 85% of the water distributed to the District's customers during the period ending 15 October 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.

Significant System Repairs. Mr. Zilko reviewed with the Board the EDP Invoice and Bill Direct Statement dated 13 November 2019, a copy of which is included with the Operator's Report.

Lift Pump Replacement / Lift Station No. 2. Mr. Zilko reported that the replacement of lift pump No. 1 at the District's Lift Station No. 2, authorized at the Board's meeting on 27 June 2019, was complete.

Landscaping at Water Plant No. 1 Site. Mr. Zilko recalled that EDP recently repaired the irrigation system that serves the frontage area of the Water Plant No. 1 site. He explained that the shrubberies located at the entrance to the Water Plant No. 1 site died when the irrigation system was out of service. The District's Operator is scheduling the replacement of the shrubberies at no cost to the District, he told the Board.

Recommended Amendments to Rate Order. Mr. Zilko presented the Board with a schedule prepared by EDP (the "Rate Order Schedule") that lists the recommended amendments to the District's Consolidated Rate Order (the "Rate Order") with regard to certain fees charged to the District's customers for services provided by the District's Operator. A copy of the Rate Order Schedule is attached hereto as an exhibit to these minutes. The Directors agreed to consider amending the Rate Order at a future meeting of the Board.

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.

### **AMENDMENT TO OPERATING SERVICE AGREEMENT / REVISED SCHEDULE OF RATES**

Next, the Board then discussed matters relating to the Operating Service Agreement between the District and EDP for the operation of the District's facilities. Mr. Yale submitted for the Board's review and approval the Second Amendment to the Operating Service Agreement between the District and EDP (the "Second Amendment") as prepared by EDP. He called the Board's attention to the revised Schedule of Rates to be effective as of 21 November 2019 that is incorporated in the Second Amendment. Mr. Zilko submitted to and reviewed with the Board a schedule that lists EDP's costs to provide service and compares EDP's current billing rates to the District with the proposed billing rates under the Second Amendment. A copy of the schedule is attached hereto as an exhibit.

After review, upon a motion duly made and seconded, the Board voted unanimously to approve the Second Amendment and to authorize Director Guerrero to

execute same. A copy of the Second Amendment as approved by the Board is attached hereto as an exhibit to these minutes.

### **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. Mr. Schuett stated that he would obtain price quotes for rehabilitating the shutters on the District Office. He then informed the Board that the laptop computer in the District Office was not operating satisfactorily. He recommended that diagnostic testing be performed on the laptop computer (the "Diagnostic Testing").

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Office Report; and (2) authorize Mr. Schuett to proceed with the Diagnostic Testing.

### **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 payments of \$22,566.69 and \$24,230.86 from the City of Houston (the "City") for the District's share of sales tax collections during July and August 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.

### **WEBSITE FOR DISTRICT**

Then the Directors discussed matters relating to the operation of the District's internet website (the "Website"). Mr. Yale reviewed with the Board the new Website as prepared by The Texas Network (the "New Website"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to notify The Texas Network to activate the New Website.

### **KJPB**

Director Fratangelo presented a report on the activities of the KJPB.

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

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

**PUBLIC FUNDS INVESTMENT ACT TRAINING**

Finally, Director Guerrero presented the District's Attorney with his Certificate of Completion for successfully completing the Texas Public Funds Investment Act training on 26 October 2019. A copy of the Certificate of Completion is attached hereto as an exhibit to these minutes.

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

  
Secretary, Board of Directors





Kleinwood Municipal Utility District  
Meeting of 21 November 2019  
Attachments

1. Detention and Drainage Facilities Report
2. Proposal / winter planting;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Coats Rose memo / Security Service Contract rates;
6. Coats Rose memo / NHCRWA;
7. P3 Newsletter;
8. Email from Texas Comptroller / Eminent Domain Reporting;
9. Peace Officer's Report;
10. Operator's Report;
11. Schedule of recommended Rate Order Amendments;
12. Schedule of EDP costs and billing rates;
13. Second Amendment to Operating Service Agreement;
14. District Office Report;
15. Bookkeeper's Report; and
16. Certificate of Completion / Public Funds Investment Act training.