

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

23 April 2020

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 23rd day of April, 2020, 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 with the exception of Director Allard, and with Director Gobbell attending via telephonic conference, thus constituting a quorum.

Also present were René Andel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Roger Schuett, Office Manager for the District; and Sergeant Michael Gonzales with Harris County Precinct 4 Constable's Office (the "Constable's Office"). Attending the meeting by telephonic conference were Bill Blich with Blich Associates, Inc., the District's Financial Advisor; 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; Tom Dillard and T.J. Cloud representing Champions Hydro-Lawn, Inc. ("CHL"); and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District.

Director Guerrero called the meeting to order.

**MINUTES OF THE MEETING OF 26 MARCH 2020**

The minutes of the meeting of the Board held on 26 March 2020, 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 26 March 2020, as written.

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

## **FINANCIAL ADVISOR'S REPORT**

The President recognized Mr. Blitch, who presented a report regarding the possible sale of refunding bonds by the District (the "Refunding Bonds") in order to redeem and refund certain maturities of the District's Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2011 and Series 2012. Mr. Blitch stated that he was waiting for market conditions to improve and stabilize so that the sale of the Refunding Bonds would achieve a net present value savings of at least 3.0%. Then, after discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Financial Advisor's Report.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

The President recognized Mr. Cloud, 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. After discussion, 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. Andel, 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 97.1% of its 2019 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Andel noted that Wheeler was requesting approval for 15 checks written on the District's tax account.

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:

Proposed Rehabilitation of Sanitary Sewer System – Phase 1 (the "Sewer Rehabilitation"). Mr. Bishop reported that J&C had completed the design of Phase 1 of the Sewer Rehabilitation project and had prepared the bid package for same. He discussed with the Board the projected schedule for the Sewer Rehabilitation project. After discussion, upon a motion duly made and seconded, the Board voted 3 to 1, with Directors Guerrero, Gobbell, and Fratangelo opposed, and Director Ehmann in voting favor, to authorize the District's Engineer to advertise for bids on Phase 1 of the Sewer Rehabilitation project. The motion failed for lack of a majority. The Directors agreed to revisit this matter at a future meeting of the Board.

Then Mr. Bishop reviewed with the Board the proposed Policy Concerning Existing Facility Removal and Replacement (the "Policy") as prepared by the District's Engineer in connection with the Sewer Rehabilitation project. A copy of the Policy is included with the Engineer's Report. Mr. Bishop explained that the Policy addresses certain issues that may be encountered in the field by the contractor during the course of the Sewer Rehabilitation project. Adopting the Policy would assist the contractor with streamlining the construction activities and mitigating possible delays in the Sewer Rehabilitation project, said Mr. Bishop. Mr. Yale stated that the District's Attorney had reviewed the Policy and determined that it does not conflict with the provisions of the District's Consolidated Rate Order. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) adopt the Order; and (2) direct the District's Attorney to have the Order posted on the District's internet website.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report, a copy of which is attached hereto as an exhibit.

#### **ATTORNEY'S REPORT**

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

#### **CYBER SECURITY TRAINING**

Mr. Yale reminded the Board that House Bill 3834 as approved by the 86th Texas Legislature (Regular Session – 2019) requires that local government employees and public officials must complete a certified cyber security training program (the "Security Training") no later than 14 June 2020. He stated that the District's Attorney would send an electronic mail message to the Directors with an internet link for the Security Training.

#### **FORMAL APPROVAL / KLEIN HIGH SCHOOL BAND (the "Band") / FUNDRAISING PROJECT**

The Directors then considered formal approval of their action at their meeting of on 26 March 2020, at which they authorized the District's participation in the Band's

fundraising project. After discussion, upon a motion duly made and seconded, the Board voted unanimously to formally approve said action.

### **KLEINWOOD DOLPHINS SWIM TEAM (the "Swim Team")**

Then the Board discussed matters relating to the Swim Team. Director Fratangelo reported that the Swim Team's 2020 season had been cancelled because of the ongoing Coronavirus pandemic. He proposed that the District's purchase of a \$500 sponsorship for the 2020 season, authorized earlier this year, be applied instead to the Swim Team's scholarship program. The Board agreed with Director Fratangelo's proposal.

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

Mr. Yale distributed copies of a memorandum from the District's Attorney regarding the 6 April 2020 meeting of the NHCRWA board of directors (the "NHCRWA Board"). A copy of the memorandum is attached hereto. Mr. Yale reported that the NHCRWA Board had voted during a teleconference meeting on 20 April 2020 to postpone from 1 April to 1 July 2020 the annual increase in the fees charged for groundwater pumpage and the purchase of surface water.

### **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 14 April 2020, a copy of which is attached hereto.

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 99.9% and that the District has 893 service connections, including four vacant single-family residences. He noted that surface water received from the NHCRWA accounted for 97% of the water distributed to the District's customers during the period ending 17 March 2020.

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 April 2020, a copy of which is included with the Operator's Report.

EDP Update – Coronavirus. Mr. Zilko reported that EDP was continuing to provide full service to its water district clients with certain modifications to comply with recommendations and requirements from local, state, and federal agencies relating to the ongoing Coronavirus pandemic. He informed the Board that EDP had activated its Emergency Response Plan and had assembled a COVID-19 Emergency Response Team to meet daily and review the most recent information on the pandemic.

Water Well Performance Testing. Mr. Zilko reported that G-M Inspection Services ("G-M") had completed its scheduled performance testing of the District's Water Wells Nos. 1, 2, and 3 (the "Wells"). According to G-M, he told the Board, the Wells appear to be operating within the acceptable parameters.

Critical Load Status. Mr. Zilko reported that the District's Operator had updated and submitted to Harris County, the Public Utility Commission of Texas, and other regulatory agencies a list of the District's facilities that qualify for critical load status (the "Critical Load List") pursuant to Senate Bill 361 as passed by the 81st Texas Legislature (2009). A copy of the Critical Load List 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, 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.

The Directors recalled that at the 26 March 2020 Board meeting they had voted to (1) temporarily suspend the termination of water service to those accounts on the termination list; and (2) temporarily forgo the implementation of late payment fees on the delinquent service accounts in view of the economic hardship being experienced by many Harris County residents as a result of the ongoing Coronavirus pandemic. After discussion, the Directors agreed to continue the actions described above for an additional month.

## **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.

Maintenance of District Office. Mr. Schuett reported that he plans to pressure wash (1) the front of the District Office; (2) certain concrete areas on the District Office site; and (3) the bleacher area by the tennis courts. Mr. Schuett then reported that he is looking into the possible replacement of the shutters on the District Office.

Proposals for Landscaping Services. The Board briefly discussed with Mr. Schuett the proposals received earlier this year from six vendors (the "Vendors") to provide landscaping services at the District Office, the Walking Garden, and a vacant lot owned by the District. Mr. Schuett reported that he had not been able to contact one of the Vendors because of the ongoing Coronavirus pandemic. The Directors then deferred further discussion on this matter to a future meeting of the Board.

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

### **BOOKKEEPER'S REPORT**

Mr. Schuett reviewed with the Board the Bookkeeper's Report on behalf of Claudia Redden & Associates, L.L.C., the District's Bookkeeper. A copy of the Bookkeeper's Report is attached hereto as an exhibit to these minutes. He listed the balances in each of the District's accounts and noted the investments in each account. Mr. Schuett reviewed the activity in each account. The Directors also reviewed certain invoices for payment by the Board, as well as the Investment Report.

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 JOINT POWERS BOARD ("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.

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



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Secretary, Board of Directors

Kleinwood Municipal Utility District  
Meeting of 23 April 2020  
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Coats Rose memo / NHCRWA;
6. P3 Newsletter;
7. Operator's Report;
8. District Office Report; and
9. Bookkeeper's Report.