

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

26 March 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 26th day of March, 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 Directors Allard and Ehmann attending via telephonic conference), thus constituting a quorum.

Also present were Roger Schuett, Office Manager for the District; David Green of Coats Rose, P.C. ("Coats Rose"), Paralegal for the District; and Tom Liewer, a resident of the District. Attending the meeting via telephonic conference were René Anandel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Will Yale of Coats Rose, Attorney for the District; 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; and Tom Dillard and T.J. Cloud representing Champions Hydro-Lawn, Inc. ("CHL").

Director Guerrero called the meeting to order.

HEAR FROM THE PUBLIC

The President recognized Mr. Liewer, who addressed the Board on matters relating to the possible future sale of bonds and refunding bonds by the District.

MOTION TO CONDUCT MINIMIZED MEETING

Consideration was then given to conducting a minimized meeting of the Board in which only essential matters would be discussed at length or acted on (the "Minimized

Meeting"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to conduct a Minimized Meeting.

MINUTES OF THE MEETING OF 27 FEBRUARY 2020

The minutes of the meeting of the Board held on 27 February 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 27 February 2020, as written.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board then reviewed 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 96.6% 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 ten checks written on the District's tax account, said checks including the transfer of \$5,570.32 in revenues from the tax for maintenance and operations to the District's Operating 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.

TAX REVENUES DUE TO CYPRESS FOREST PUBLIC UTILITY DISTRICT ("Cypress Forest PUD") AND HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24 ("Harris County MUD No. 24")

Ms. Andel then reviewed with the Board the calculation of (1) the property tax revenue due to Cypress Forest PUD for the 2019 tax year; and (2) the property tax revenue due to Harris County MUD No. 24 for the 2019 tax year, pursuant to the respective contracts with those districts (collectively, the "Payments"). Attached hereto as exhibits to these minutes are copies of letters dated 24 March 2020 from Wheeler regarding the calculation of the Payments to Cypress Forest PUD and Harris County MUD No. 24. The Board noted that the Payments for the 2019 tax year totaled \$21,019.96 for Cypress Forest PUD and \$29,198.74 for Harris County MUD No. 24. Mr. Yale commented that the checks for the Payments would be drawn from the District's Operating Fund Checking Account and could be approved by the Board later in the meeting during the presentation of the Bookkeeper's Report.

DELINQUENT TAX REPORT

Then the Board reviewed 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 Board next reviewed the Engineer's Report, as follows:

Proposed Rehabilitation of Sanitary Sewer System (the "Sewer Rehabilitation"). Mr. Bishop reported that J&C was proceeding with the design services for Phase 1 of the Sewer Rehabilitation.

Drainage Issues on Feliciana Lane. Mr. Bishop stated that J&C had reported the storm water drainage issues on Feliciana Lane, discussed at the Board's meeting on 27 February 2020, to the Harris County Precinct 4 Community Assistance Department.

Fences at Champion Woods Estates Detention Pond and H-E-B Center Detention Ponds (the "Fences"). Mr. Bishop stated that the Engineer's Report includes an exhibit depicting the location and composition of the Fences. Also included in the Engineer's Report are photographs showing the current condition of certain sections of the Fences, said Mr. Bishop.

Annual Inspection of Water Plant Nos. 1 and 2 (the "Inspection"). Mr. Bishop noted that the Inspection reports were included with the Engineer's Report. No major issues were found during the Inspection, said Mr. Bishop.

Draft Bond Issue Summary of Costs. Mr. Bishop stated that the Engineer's Report included a Draft Bond Issue Summary of Costs prepared by J&C in connection with the possible sale of Series 2020 Bonds by the District to finance certain projects listed in the District's Five-year Capital Improvements Plan. The Directors deferred discussion of 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 Engineer's Report, a copy of which is attached hereto as an exhibit.

OPERATOR'S REPORT

The Board reviewed the Operator's Report as follows:

Water Plant Operations. Mr. Zilko reported that the billed to pumped ratio for the prior month was 102.0% and that the District has 893 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 98% of the water distributed to the District's customers during the period ending 15 February 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 16 March 2020, a copy of which is included with the Operator's Report.

Badger Smart Meter Pilot Program / Accurate Meter & Supply ("AMS"). Mr. Zilko reported the AMS had completed the installation of ten Smart Meters at the predetermined addresses in the District. He added that EDP hand-delivered letters to the ten customers that describe how to register for the "Eye on Water" program to track their water usage.

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 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. Mr. Zilko remarked that on 16 March 2020 Harris County Judge Lina Hidalgo had issued a letter to the municipal utility districts in Harris County (the "MUDs"), requesting that the directors of the MUDs suspend the termination of water service and the implementation of late payment fees (the "Fees") on delinquent service accounts through 1 May 2020 or later in view of the economic hardship being experienced by many Harris County residents as a result of the ongoing Coronavirus pandemic. After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) suspend the termination of water service to those accounts on the termination list; and (2) waive the implementation of the Fees.

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.

Proposals for Landscaping Services. The Board 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. A discussion ensued regarding the Vendors. The Directors expressed their desire for Mr. Schuett to further examine one of the Vendors. 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

Next, the Board reviewed the Bookkeeper's Report prepared by 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. 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.

OPERATING BUDGET FOR FISCAL YEAR ENDING 31 MARCH 2021

Then the Board reviewed the draft Operating Budget for the District for the fiscal year ending 31 March 2021 (the "Budget"), a copy of which is attached hereto as an exhibit. Mr. Schuett stated that the draft Budget had been revised pursuant to the discussion at the Board's meeting on 27 February 2020. After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the Budget as presented.

KLEINWOOD DOLPHINS SWIM TEAM (the "Swim Team")

The Board then considered purchasing a sponsorship for the Swim Team for the 2020 season (the "Sponsorship"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to purchase a Sponsorship at a cost of \$500.

KLEIN HIGH SCHOOL BAND (the "Band") / FUNDRAISING PROJECT

Consideration was then given to participating in a fundraising project by the Band involving the temporary placement of United States flags during certain holidays at the entrances to the District (the "Fundraising Project"). The Board noted that the Kleinwood Maintenance Fund (the "KMF") had expressed its desire to participate with the District in the cost for the Fundraising Project. The Directors then agreed that the District and the KMF would each contribute \$200 for their respective share of the cost for the Fundraising Project.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment to the Band in the amount of \$200 for the Fundraising Project.

PROPOSAL FOR INSURANCE COVERAGE

Next, the Board reviewed the Proposal for Insurance Coverage (the "Proposal") for the policy term of 30 April 2020 through 30 April 2021 as submitted by Arthur J. Gallagher & Co. ("Gallagher"). The Board noted that the premium for the insurance coverage to be provided under the Proposal would total \$32,599, which represents an 11% decrease from the premium for the current policy term. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposal.

A copy of the Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Mr. Yale noted that the insurance policies being provided to the District under the Proposal would be forwarded to the District's Attorney at a later date.

ADDITIONAL REPORTS AND CORRESPONDENCE

Also attached as exhibits to these minutes are copies of the following reports and correspondence: (1) the Peace Officer's Report prepared by the Harris County Precinct 4 Constable's Office; (2) the Detention and Drainage Facilities Report prepared by CHL; (3) a memorandum from Coats Rose regarding the 2 March 2020 meeting of the NHCRWA; (4) the monthly newsletter from Public Power Pool; and (5) the Special Purpose District Report for the District as filed with the Texas Comptroller pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017).

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

Secretary, Board of Directors



Kleinwood Municipal Utility District
Meeting of 26 March 2020
Attachments

1. Tax Assessor/Collector's Report;
2. Letters from Wheeler & Associates – calculation of property tax revenue due to Cypress Forest PUD and Harris County MUD No. 24;
3. Delinquent Tax Report;
4. Engineer's Report;
5. Operator's Report;
6. District Office Report;
7. Bookkeeper's Report;
8. Operating Budget for FYE 3/31/2021;
9. Proposal for Insurance Coverage – Arthur J. Gallagher & Co.;
10. Peace Officer's Report;
11. Detention and Drainage Facilities Report;
12. Coats Rose Memo – NHCRWA;
13. P3 Newsletter; and
14. Special Purpose District Report.