

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

18 September 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 special session, open to the public, on the 18th day of September, 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 Ehmann, thus constituting a quorum.

Also present (in person or by teleconference) were Bill Blich of Blich Associates, Inc. ("Blich"), Financial Advisor for the District; Jeffrey Bishop, P.E., and Ryan Schilhab, E.I.T., of Jones & Carter, Inc. ("J&C"), Engineer for the District; and Dick Yale, Will Yale, and David Green of Coats Rose, P.C., Attorney for the District.

Director Guerrero called the meeting to order.

KLEINWOOD JOINT POWERS PARD ("KJPB") / RECLAIMED WATER SYSTEM PROJECT (the "RWS Project")

The Board discussed matters relating to the RWS Project. Mr. Bishop reviewed with the Board the Engineer's Review of Bids on the RWS project as prepared by AEI Engineering, L.L.C. ("AEI"), engineer for the KJPB. A copy of the Engineer's Review of Bids is attached hereto as an exhibit to these minutes. The Board noted that N&S Construction Co. had submitted the apparent low base bid on the RWS Project in the amount of \$2,097,825. The Board then reviewed the Proposed Pro-Rata Project Cash Call table prepared by AEI (the "Table") that lists the respective pro-rata share of the capital cost for the RSW Project to be paid by the parties to the Reclaimed Water Supply Agreement (the "RWS Agreement") by and among the KJPB, the District, Champions Municipal Utility District ("Champions MUD"), Cypress Forest Public Utility District, Cy-Champ Public Utility District ("Cy-Champ PUD"), Harris County Water Control & Improvement District No. 114 ("HC WCID No. 114"), and Louetta North Public

Utility District. According to the Table, the Board noted, the probable project cost for the RWS System totals \$2,926,803.70, which includes: (1) the 12-inch reclaimed water line; (2) a 5% contingency; (3) construction management services; (4) field project representation costs; and (5) additional expenses. The Directors noted that the District's pro-rata share of the capital cost for the RWS Project, as calculated by AEI, totals \$453,654.57 (the "Capital Contribution").

A discussion ensued regarding the RWS Project and the Capital Contribution. Mr. Bishop commented that the tertiary treatment system to be constructed at the Kleinwood Regional Wastewater Treatment Plant as part of the RWS Project would likely have to be installed at some future date even in the absence of the RWS Project. Mr. Blitch stated that the District could pay the Capital Contribution from the District's Operating Fund. However, he continued, doing so would reduce the reserve in the Operating Fund that the Board was planning to use for funding certain capital projects. Mr. Dick Yale remarked that the District's Attorney did not foresee any negative tax implications for the District with regard to selling bonds to fund the Capital Contribution. Mr. Bishop discussed with the Board the possibility of including the Capital Contribution in a potential Bond Application Report for the future sale of the District's Bond Issue No. 9 (the "Bond Issue"). Mr. Yale stated that the Board could adopt a RESOLUTION DECLARING INTENT TO REIMBURSE PROJECT COSTS FROM BOND PROCEEDS in connection with the Capital Contribution if the District intends to issue bonds in the next three years. Mr. Blitch asked the Board to consider capital projects for the District that could be funded by the Bond Issue. Mr. Bishop remarked that the District's Engineer would prepare a draft Summary of Costs in connection with the Bond Issue for review by the Board.

Mr. Yale submitted for the Board's review an electronic mail message from Mark Brooks of Young & Brooks, attorney for the KJPB, a copy of which is attached hereto. According to Mr. Brooks, he told the Board, the following districts have, to date, expressed their approval for the KJPB to proceed with the RWS Project subject to approval and funding by all parties to the RWS Agreement: Champions MUD, Cy-Champ PUD, and HC WCID No. 114.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the KJPB to proceed with the RWS Project. Mr. Yale stated that the District's Attorney would prepare a Resolution expressing the District's authorization of the RWS Project for consideration at the Board's meeting on 24 September 2020.

AGREEMENT FOR LANDSCAPING SERVICES

The Board briefly discussed matters relating to the proposed agreement (the "Agreement") between the District and Brookway Horticultural Services, Inc. ("Brookway") to provide landscaping services at the District Office, the Walking Garden, and a vacant lot owned by the District at 7715 Kleingreen Lane. Mr. Will Yale stated that he was working with Brookway to revise and finalize the Agreement.

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



Secretary, Board of Directors

**Kleinwood Municipal Utility District
Meeting of 18 September 2020
Attachments**

1. Engineer's Review of Bids;
2. Proposed Pro-Rata Project Cash Call Table; and
3. Email from Mark Brooks.