

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

19 November 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 19th day of November, 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, 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., and Ryan Schilhab, E.I.T., of Jones & Carter, Inc. ("J&C"), Engineer for the District; Roger Schuett, Office Manager for the District; and Sergeant Michael Gonzalez and Deputy Jennifer Gomez with Harris County Precinct 4 Constable's Office (the "Constable's Office"). Attending the meeting by teleconference were Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; T.J. Cloud representing Champions Hydro-Lawn, Inc. ("CHL"); and Will Yale and David Green of Coats Rose, P.C., Attorney for the District.

Director Guerrero called the meeting to order.

MINUTES OF THE MEETING OF 22 OCTOBER 2020

The minutes of the meeting of the Board held on 22 October 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 22 October 2020, as written.

PEACE OFFICER'S REPORT

The President recognized Deputy Gomez, 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.

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. Mr. Cloud noted that effective 1 December 2020, the maintenance of the landscaping at the Walking Garden and the District Office site would be handled by Brookway Horticultural Services, Inc. ("Brookway"). 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. Anandel, 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 99.3% of its 2019 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Anandel noted that Wheeler was requesting approval for six 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:

Rehabilitation of Sanitary Sewer System – Phase 1 (the "Sewer Rehabilitation"). The Board discussed the contract with T. Gray Utility & Rehab Co., LLC (called "TGU") for the Sewer Rehabilitation. Mr. Bishop reported that TGU had completed the cured-in-place-pipe lining and was proceeding with the lead repairs, point repairs, and the rehabilitation of certain sanitary sewer manholes. He called the Board's attention to photographs of the Sewer Rehabilitation project, copies of which are included with the Engineer's Report.

Bond Application Report (the "BAR") / Bond Issue No. 9. Mr. Bishop reported that preparation of the BAR by J&C was in progress. He stated that a draft BAR should be provided to the District's consultants for review by the end of December 2020.

Ground Storage Tank No. 1 at Water Plant No. 2 (the "GST"). Mr. Bishop reported on the one-year warranty inspection of the concrete GST constructed by DN Tanks, Inc. He informed the Board that the contractor had resolved all the punch list items that were noted during the warranty inspection. He noted that the GST had been returned to service.

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 explained to the Board that in concert with the development of the Champion Woods Estates Subdivision in 2006, a sanitary sewer line extension was constructed to serve the commercial tracts along the north side of Louetta Road, including the Reeves Tract. He recalled that at the Board's meeting on 22 October 2020 Mr. Reeves had inquired as to whether he could be reimbursed by the District for a portion of the cost for the service tap to the Reeves Tract (the "Tap Fee"). Mr. Bishop stated that J&C investigated the payments made to the District by Mr. Reeves and determined that the initial payment of \$3,750 was related to the annexation of the Reeves Tract pursuant to the Annexation Agreement between the District and Mr. Reeves. He continued that the subsequent payment of \$7,448.35 from Mr. Reeves to the District appears to cover the 30% developer contribution cost for construction of the utilities to serve the Reeves Tract, according to the minutes of the 27 April 2006 Board meeting. Mr. Bishop commented that the Board has generally not reimbursed developers for more than 70% of their eligible development costs relating to public water, sanitary sewer, and drainage infrastructure. The Board discussed the Tap Fee later in the meeting during the presentation of the Operator's Report.

Request for Service / Meyer Park at Champion Forest. Mr. Bishop reported that Ollie Hilliard of Darby Real Estate Investments, L.P. had withdrawn her request for service to and annexation of a 9.68-acre tract at 15919 Stuebner Airline Road. He called the Board's attention to a letter dated 11 November 2020 from Ms. Hilliard in which she requested the refund of the remaining balance of her developer deposit (the "Deposit Refund"). A copy of the letter is included with the Engineer's Report. Mr. Bishop stated that the balance of the developer deposit as of this date totals \$1,637.50. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of the Deposit Refund as requested by Ms. Hilliard.

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.

Agreement for Landscaping Services (the "Agreement"). Mr. Yale reported that the Agreement had been executed by Brookway and Director Guerrero. Accordingly, he

continued, on 1 December 2020 Brookway would assume the landscaping services at the District Office, the Walking Garden, and a vacant lot owned by the District at 7715 Kleingreen Lane (the "District Lot"). Mr. Yale reviewed with the Board an electronic mail message dated 6 November 2020 from James Amos of Brookway, a copy of which is attached hereto.

Power Supply Issues / Public Power Pool ("P3"). 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 10 November 2020, a copy of which is attached hereto.

Harris County Flood Control District (the "HCFCD"). Mr. Yale reviewed with the Board an electronic mail message from the HCFCD regarding the status of its T.C. Jester Stormwater Detention Basin construction project to reduce flood risks in the Cypress Creek watershed. A copy of the electronic mail message is attached hereto as an exhibit.

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 98.7% and that the District has 893 service connections, including two vacant single-family residences. He noted that surface water received from the North Harris County Regional Water Authority ("NHCRWA") accounted for 99% of the water distributed to the District's customers during the period ending 14 October 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 9 November 2020, a copy of which is included with the Operator's Report.

Request for Adjustment to Utility Service Account. Mr. Zilko reported that the customer at 7803 Oak Moss Drive had requested an adjustment to their service account for unusually high water usage in the September 2020 billing period that resulted from a leak in their irrigation system. The Board directed the District's Operator to offer the customer a payment plan on their service account.

Request for Tree Removal. Mr. Zilko reported that the customer at 16930 Barretts Crossing had requested the removal of a dying tree located on the Detention Pond site near their residence. He reviewed with the Board a cost estimate from CHL to remove the tree and a smaller adjacent tree at a cost of \$1,500 (the "Tree Removal"). A copy of the cost estimate is included with the Operator's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator to notify CHL to proceed with the Tree Removal.

Tap Fee for Reeves Tract. Mr. Zilko reviewed with the Board the Tap Fee Letter dated 19 October 2020 from EDP to Mr. Reeves for water service to the Reeves Tract. A copy of the Tap Fee Letter is included with the Operator's Report. He stated that the Tap Fee for the Reeves Tract totaled \$21,3872.50.

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.

REPORT ON OPERATION OF DISTRICT OFFICE

The President recognized Mr. Schuett, who presented the report concerning the District Office (the "Office Report"). He stated that he met with the Brookway representative earlier this month to walk the District Office site, the Walking Garden, and the District Lot. Mr. Schuett then discussed with the Board the condition of the Walking Garden. 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 payments of \$24,272.96 and \$24,950.40 from the City of Houston (the "City") for the District's share of sales tax collections during July and August 2020, 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 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.

EXECUTIVE SESSION

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, at 7:16 p.m. to discuss matters relating to possible litigation. The Board returned to open session at 7:30 p.m.

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



Secretary, Board of Directors

Kleinwood Municipal Utility District
Meeting of 19 November 2020
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Email from Brookway Horticultural Services, Inc.;
6. P3 Newsletter;
7. Email from Harris County Flood Control District;
8. Operator's Report; and
9. Bookkeeper's Report.