

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

22 October 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 22nd day of October, 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:

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| 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; Roger Schuett, Office Manager for the District; Sergeant Michael Gonzalez with the Harris County Precinct 4 Constable's Office (the "Constable's Office"); Jeffrey Bishop, P.E., and Ryan Schilhab, E.I.T., of Jones & Carter, Inc. ("J&C"), Engineer for the District; and Randal Reed, an interested party. Attending the meeting by teleconference were Bill Blich of Blich Associates, Inc., Financial Advisor for the District; Eric Thiry of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); and Dick Yale, 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. Reed, who addressed the Board regarding his request 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. Reed 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. He pointed out to the Board that for many years he had paid property taxes to the District on the Reeves Tract while operating a private water well and septic system to serve the property. Mr. Will Yale stated that the District's Attorney would review the Development and Annexation Agreement dated 22 May 2006

between the District and Mr. Reeves. The Directors deferred further discussion on this matter to a future meeting of the Board.

MINUTES OF THE MEETINGS OF 18 AND 24 SEPTEMBER 2020

The minutes of the meetings of the Board held on 18 September 2020 and 24 September 2020, previously distributed to the Board, were presented for consideration and approval. Director Guerrero requested a minor revision to page 1 of the minutes of the meeting of 18 September 2020.

After discussion, during which Director Ehmann Stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 to approve the minutes of the meeting of 18 September 2020, as amended. Then, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of 24 September 2020, as written.

PEACE OFFICER'S REPORT

The President recognized Sergeant Gonzalez, 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. Griffith, who reviewed 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 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 99.2% 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 seven 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.

HEARING ON PROPOSED TAX RATE

The Board then convened a public hearing to discuss the proposed tax rate for the 2020 tax year (the "Tax Rate"). The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

ADOPT ORDER LEVYING TAXES

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by Coats Rose, P.C., the District's Attorney. A motion was presented to (1) adopt a debt service tax rate of \$0.276 per \$100 of assessed valuation; and (2) adopt a maintenance tax rate of \$0.154 per \$100 of assessed valuation. Said motion died for lack of a second. A discussion then ensued between the Board and Mr. Blich regarding the proposed maintenance tax rate for the 2020 tax year.

After further discussion, upon a motion duly made and seconded, the Board voted 3 to 2, with Directors Fratangelo, Allard, and Ehmann voting in favor, and Directors Guerrero and Gobbell opposed, to (1) adopt a debt service tax rate of \$0.276 per \$100 of assessed valuation; (2) adopt a maintenance tax rate of \$0.143 per \$100 of assessed valuation; and (3) adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes.

AMENDMENT TO INFORMATION FORM

The Board then considered an Amendment to the District's Information Form (the "Amendment") that states the District's most recent tax rate and which will be filed with the Texas Commission on Environmental Quality (the "Commission") and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered part of these minutes.

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 was distributing the required door hangers and notices prior to accessing the sanitary sewer lines located on residential property in the District. He added that TGU was expected to have commenced construction activity on the Sewer Rehabilitation on 19 October 2020.

Summary of Costs and Proposal to Prepare Bond Application Report / Bond Issue No. 9. Mr. Bishop reviewed with the Board (1) the Summary of Costs dated

October 2020 for a potential bond application report (the "BAR") to be prepared by J&C for submission to the Commission; and (2) the proposal from J&C to prepare the BAR and submit same to the Commission (the "Proposal"). Copies of the Summary of Costs and the Proposal are included with the Engineer's Report. A discussion ensued regarding the projects listed in the Summary of Costs. Mr. Bishop explained that upon approval of the BAR by the Commission, the projects listed therein would likely be financed through the multiple sale of bonds over several years rather than through a single large bond issue.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Proposal and authorize the District's Engineer to prepare the BAR for the proposed sale of bonds in multiple issues in the maximum total amount of \$9,000,000.

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 is working to resolve the punch list items that were noted during the warranty inspection.

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 to these minutes.

OPERATOR'S REPORT

The President recognized Mr. Thiry, who submitted to and reviewed with the Board the Operator's Report as follows:

Water Plant Operations. Mr. Thiry reported that the billed to pumped ratio for the prior month was 96.6% 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 (the "NHCRWA") accounted for 86% of the water distributed to the District's customers during the period ending 17 September 2020.

Utility Operator's Report. Mr. Thiry 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. Thiry reviewed with the Board the EDP Invoice and Bill Direct Statement dated 12 October 2020, a copy of which is included with the Operator's Report.

Water Well Performance Testing. Mr. Thiry reported that G-M Inspection Services, Inc. ("G-M") had completed its scheduled performance testing of the District's Water Well 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. Copies of the Performance Testing Reports on the Wells as prepared by G-M are 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. Thiry, 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.

ATTORNEY'S REPORT

The President recognized Mr. Will Yale, who presented the Attorney's Report, as follows:

Agreement for Landscaping Services (the "Agreement"). Mr. Yale reported that the District's Attorney was working with Brookway Horticultural Services, Inc. ("Brookway") to revise and finalize the Agreement between Brookway and the District to provide landscaping services at the District Office, the Walking Garden, and a vacant lot owned by the District at 7715 Kleingreen Lane. According to James Amos of Brookway, he told the Board, the revised Agreement had been sent by electronic mail earlier this month. He added that he had asked Mr. Amos to re-transmit the revised Agreement to the District's Attorney. [Subsequent to this meeting, the revised Agreement was received and executed by the District and Brookway. A copy of the executed Agreement is attached hereto as an exhibit to these minutes.]

Resolution Declaring Intent to Reimburse Project Costs from Bond Proceeds. Mr. Yale then submitted for the Board's review a draft RESOLUTION DECLARING INTENT TO REIMBURSE PROJECT COSTS FROM BOND PROCEEDS in connection with the payment by the District of its pro-rata share of the capital cost for the Reclaimed Water System Project being undertaken by the Kleinwood Joint Powers Board (the "KJPB"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered to be part of these minutes.

NHCRWA. Mr. Yale distributed copies of a memorandum from the District's Attorney regarding the 12 October 2020 meeting of the NHCRWA board of directors. A copy of the memorandum 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 13 October 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.

REPORT ON OPERATION OF DISTRICT OFFICE

The President recognized Mr. Schuett, who presented the report concerning the District Office (the "Office Report").

Conference Telephone for District Office. Mr. Schuett reported that he had purchased and installed at the District Office a conference telephone to be used for meetings of the Board in which certain Directors or District consultants attend by teleconference (the "Conference Telephone"), as authorized at the Board's meeting on 24 September 2020. The Directors commented favorably on the audio quality of the Conference Telephone.

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. 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.

KJPB

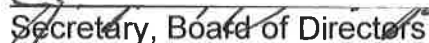
Director Fratangelo presented a report on the activities of the KJPB.

KLEINWOOD MAINTENANCE FUND ("KMF")

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

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




Secretary, Board of Directors

Kleinwood Municipal Utility District
Meeting of 22 October 2020
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. ORDER LEVYING TAXES;
5. Amendment to Information Form;
6. Engineer's Report;
7. Operator's Report;
8. Landscape Maintenance Agreement;
9. RESOLUTION DECLARING INTENT TO REIMBURSE PROJECT COSTS FROM BOND PROCEEDS;
10. Memo / NHCRWA;
11. P3 Newsletter; and
12. Bookkeeper's Report.