

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

28 January 2021

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 28th day of January, 2021, 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., of Jones & Carter, Inc. ("J&C"), Engineer for the District; Roger Schuett, Office Manager for the District; Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; and Lieutenant Michael Cohen and Deputy Jennifer Gomez with Harris County Precinct 4 Constable's Office (the "Constable's Office"). Attending the meeting by teleconference were 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.

**MINUTES OF THE MEETING OF 17 DECEMBER 2020**

The minutes of the meeting of the Board held on 17 December 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 17 December 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. Griffith, who presented the Detention and Drainage Facilities Report (the "Detention Facilities Report") prepared by CHL in connection with the maintenance of the Champion Woods Estates Detention Pond. A copy of the Detention Facilities Report is attached hereto as an exhibit to these minutes. Mr. Griffith reported to the Board that the Detention Pond was in good condition at this time. 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 presented 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 40.6% of its 2020 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 four checks written on the District's tax account and two transfers by wire as follows: a transfer of \$188,004.77 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$345,000 to the Debt Service 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.

### **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 continuing with the lead repairs, point repairs, and the rehabilitation of certain sanitary sewer manholes (the "Manholes"). He called the Board's attention to photographs of the Sewer Rehabilitation project, copies of which are included with the Engineer's Report. Mr. Bishop stated that multiple Manholes along the Squyres Road trunk line were found to have excessive deterioration that will require additional grout to be applied above the specified 1-inch thickness. He added that TGU had requested 30 additional days to the period of contract performance.

Mr. Bishop then submitted to and reviewed with the Board Change Order No. 1 to the Sewer Rehabilitation project, which would provide for the additional work on the

Manholes and the addition of 30 days to the period of contract performance. He noted that Change Order No. 1 would increase the cost of the TGU contract by \$3,600. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve Change Order No. 1. A copy of Change Order No. 1 as approved by the Board is attached hereto as an exhibit to these minutes.

Bond Application Report (the "BAR") / Bond Issue No. 9. Mr. Bishop reported that J&C had completed the preparation of the BAR and had addressed all comments from the District's Attorney and Financial Advisor. He called the Board's attention to the final Summary of Costs for Bond Issue No. 9, a copy of which is included with the Engineer's Report. Mr. Bishop recommended that the Board approve the BAR and authorize submission of same to the Texas Commission on Environmental Quality (the "Commission") for approval on a 45-day expedited review. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the BAR and authorize submission of same to the Commission for approval on a 45-day expedited review.

Then Mr. Yale submitted for the Board's review and approval a RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS. He pointed out to the Board that the Commission's authorization for the sale of bonds could be extended for up to three years and the sale of the bonds so authorized could be divided among two or more issues. 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 part of these minutes.

Condition of Public Roadways in the District (the "Roadways") / Squyres Road near 7802 Kleingreen Lane. Mr. Bishop reported that Director Fratangelo had informed him of settling pavement on the western side of Squyres Road near 7802 Kleingreen Lane. He called the Board's attention to photographs taken of the affected section of Squyres Road. Copies of the photographs are included with the Engineer's Report. Mr. Bishop stated that J&C inspected the affected section of Squyres Road and submitted a work request to the Harris County Precinct 4 Community Assistance Department (the "Assistance Department").

Discussion continued regarding the condition of the Roadways. The Board authorized Director Fratangelo and an additional Director to view the Roadways and present a report on the condition of same to the Assistance Department.

America's Water Infrastructure Act of 2018 (the "AWIA"). Mr. Bishop discussed with the Board certain reporting requirements for public water systems under the AWIA. He stated that public water systems that serve 3,301 to 49,999 customers must (1) prepare a Risk and Resilience Assessment (the "Risk Assessment") and certify completion of same to the U.S. Environmental Protection Agency (the "EPA") by 30 June 2021; and (2) prepare an Emergency Response Plan and certify completion of same to the EPA by 31 December 2021. He explained that the Risk Assessment will be

used to evaluate a public water system's vulnerabilities, threats, and consequences from potential hazards. The Risk Assessment will be used to enhance the Emergency Response Plan, he told the Board. Mr. Bishop reviewed with the Board a memorandum from J&C describing the scope of work to be performed by the District's Engineer in connection with the Risk Assessment. A copy of the memorandum is included with the Engineer's Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare the Risk Assessment and Emergency Response Plan.

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. Will Yale, who presented the Attorney's Report.

Directors Election. The Board discussed matters relating to the 1 May 2021 Directors Election required for the District. Mr. Yale distributed a draft ORDER CALLING DIRECTORS ELECTION FOR A MUNICIPAL UTILITY DISTRICT. He explained that the Board was required to adopt the Order prior to 12 February 2021 pursuant to the requirements of the Texas Election Code. He told the Board that the deadline for submission of an application for a position on the ballot was 5:00 p.m. on 12 February 2021 and that the deadline for filing as a write-in candidate was 5:00 p.m. on 16 February 2021. If there are no contested positions after 16 February 2021, then the Board can cancel the Directors Election, Mr. Yale continued. He added that the Order Calling Directors Election would have to be completed if the District was required to hold the Directors Election. Mr. Yale then recommended that the Board authorize execution of an agreement with Harris County to conduct a joint election (the "Election Agreement") in the event that the District was required to hold the Directors Election. He then reviewed with the Board a memorandum regarding the key dates for the Directors Election, a copy of which is attached hereto as an exhibit to these minutes.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) adopt the Order Calling Directors Election, subject to completion if the election is required; and (2) authorize execution of the Election Agreement, as needed. A copy of the Order Calling Directors Election thus adopted is attached to these minutes as an exhibit.

North Harris County Regional Water Authority (the "NHCRWA"). The Board briefly discussed matters relating to the NHCRWA. Director Fratangelo proposed that the District's Operator distribute to the District's customers informational material regarding the creation, history, and purpose of the NHCRWA (the "Informational Material"). After discussion, the Board directed the District's Operator to prepare and disseminate the Informational Material to the District's customers; and directed the

District's Attorney to have the Informational Material posted on the District's internet website.

Power Supply Issues / Public Power Pool. The Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"). Mr. Yale distributed copies of a newsletter from P3 dated 12 January 2021, a copy of which is attached hereto.

Eminent Domain Reporting. Mr. Yale reported that on 14 January 2021 the District's Attorney had filed with the Texas Comptroller the annual report for the District containing certain information relating to the District's eminent domain authority pursuant to Senate Bill 1812 as approved by the 84th Texas Legislature – Regular Session 2015.

Financial Advisor / Annual G-10 Notification. Mr. Yale submitted for the Board's review an electronic mail message dated 21 December 2020 from Bill Blitch of Blitch Associates, Inc. ("Blitch"), the District's Financial Advisor, a copy of which is attached hereto as an exhibit to these minutes. Mr. Yale explained that pursuant to certain amendments to Rule G-10 as promulgated by the Municipal Securities Rulemaking Board ("MSRB"), municipal financial advisors are required to present certain written disclosures to their clients with respect to Investor and Municipal Advisory Client Education and Protection. Accordingly, he continued, the electronic mail message states that (1) Blitch is currently registered as a Municipal Advisor with the Securities & Exchange Commission and the MSRB; and (2) within the MSRB website the District may obtain the Municipal Advisory client brochure that describes the protections that may be provided by the MSRB Rules, along with the procedures for filing a complaint with financial regulatory authorities.

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 96.6% and that the District has 893 service connections, including two vacant single-family residences. He noted that surface water received from the NHCRWA accounted for 98% of the water distributed to the District's customers during the period ending 17 December 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, a copy of which is included with the Operator's Report.

Customer Write-Off Report. Mr. Zilko reviewed with the Board the Customer Write-Off Report as prepared by the District's Operator. A copy of the Customer Write-Off Report is included with the Operations Report. The Directors noted that there were six delinquent service accounts in the total amount of \$800.92 through 6 August 2020 that would be written off and turned over to a collection agency. After review, upon a motion duly made and seconded, the Board voted unanimously to direct the District's Operator to engage a collection agency to pursue collection of the amounts owed to the District by the delinquent utility service accounts listed in the Customer Write-Off Report.

Request for Late Fee Removal / Klein Independent School District ("Klein ISD"). Mr. Zilko reviewed with the Board a letter dated 19 January 2021 from Melissa Crizer of Klein ISD, who requested the waiver of the late fee on three service accounts for Klein ISD totaling \$1,269.21 due to delivery issues with the U.S. Postal Service (the "USPS"). A copy of the letter is included with the Operator's Report. Mr. Zilko stated that since receipt of the letter, another billing cycle occurred and additional late fees of \$1,160.95 were added to the Klein ISD service accounts. He recalled that in October 2020 EDP approved the removal of late fees on Klein ISD's service accounts because of USPS delivery issues. On the written recommendation of EDP, he continued, Ms. Crizer is working to establish an auto-pay arrangement with EDP (the "Auto-Pay") for the Klein ISD service accounts to prevent a recurrence of the late payment of the invoices from the District for water and sanitary sewer service.

After discussion, upon a motion duly made and seconded, the Board voted 3 to 2, with Directors Guerrero, Gobbell, and Ehmann voting in favor, and Directors Allard and Fratangelo opposed, to authorize the District's Operator to (1) work with Klein ISD to establish the Auto-Pay; and (2) waive the late fees on the Klein ISD service accounts, contingent on establishment of the Auto-Pay and confirmation of same by EDP.

## **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.

## **REPORT ON OPERATION OF DISTRICT OFFICE**

The President recognized Mr. Schuett, who presented the report concerning the District Office and the Walking Garden (the "Office Report"). A discussion ensued regarding the condition of the sidewalk near the tennis courts at the District Office (the "Sidewalk"). In response to a question from Director Gobbell, Mr. Zilko estimated the cost to repair and level the Sidewalk at \$1,600. After review, upon a motion duly made and seconded, the Board voted unanimously to accept the Office Report.

## **BOOKKEEPER'S REPORT**

Mr. Schuett presented 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. The Directors 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 payment of \$24,336.19 from the City of Houston (the "City") for the District's share of sales tax collections during October 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 (the "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

SEAL

Kleinwood Municipal Utility District  
Meeting of 28 January 2021  
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report
3. Tax Assessor/Collector's Report
4. Engineer's Report;
5. Change Order No. 1;
6. RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS;
7. Coats Rose memo / key dates for Directors Election;
8. ORDER CALLING DIRECTORS ELECTION;
9. P3 Newsletter;
10. Rule G-10 Letter from District's Financial Advisor;
11. Operator's Report; and
12. Bookkeeper's Report.