

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

17 December 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 17th day of December, 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 Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District. Attending the meeting by teleconference were 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 19 NOVEMBER 2020

The minutes of the meeting of the Board held on 19 November 2020, previously distributed to the Board, were presented for consideration and approval. After discussion, during which Director Ehmann stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of approving the minutes of 19 November 2020, as written.

PEACE OFFICER'S REPORT

Next, the Directors reviewed the Peace Officer's Report as prepared by the Harris County Precinct 4 Constable's Office. A copy of the Peace Officer's Report is

attached hereto as an exhibit. 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 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. Cloud 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. Anzel, 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 99.4% of its 2019 taxes and 7.1% of its 2020 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Anzel noted that Wheeler was requesting approval for seven checks written on the District's tax account and two transfers by wire as follows: a transfer of \$37,814.54 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$80,000 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.

DELINQUENT TAX REPORT

Ms. Anzel then presented for the Board's review 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 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. 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 reported that TGU had submitted Pay Estimate No. 1 in the amount of \$175,194.90 in connection with the Sewer Rehabilitation project. A copy of Pay Estimate No. 1 is attached hereto as an exhibit to these minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize payment of Pay Estimate No. 1.

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 would be provided to the District's consultants for review in the coming weeks.

Schedule of Hourly Rates and Reimbursable Expenses (the "Schedule"). Mr. Bishop informed the Board that J&C had updated its Schedule for 2021 pursuant to the Engineering Agreement between the District and J&C dated 28 February 2019. A copy of the updated Schedule attached hereto as an exhibit to these minutes. A discussion ensued regarding the Schedule. The Board directed the District's Attorney to review the Engineering Agreement with regard to the Schedule.

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.

Security Service Contract. The Board discussed matters relating the Security Service Contract with Harris County for the term of 1 March 2021 through 28 February 2022 (the "Contract"). Mr. Yale remarked that the form of the Contract, except for the price, was the same as for the previous Contract term. Mr. Yale called the Board's attention to Section 3.1 of the Contract. He pointed out to the Board that the annual cost to the District for the assignment of two Deputy Constables on a 70% basis under the Contract would total \$148,734, which represents an increase of 2.5% from the previous Contract term.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Contract and authorize Director Guerrero to execute same. A copy of the Contract as executed by the Board is attached hereto as an exhibit to these minutes.

Directors Election. The Board discussed matters relating to the 1 May 2021 Directors Election required for the District. Mr. Yale remarked that Directors Allard and Ehmman have terms of office that would expire in 2021. He stated that the District's Attorney was preparing a memorandum regarding the key dates for the Directors

Election. Mr. Yale added that the Board would need to adopt an order calling the Directors Election at the 28 January 2021 Board of Directors meeting

Eminent Domain Reporting. Mr. Yale reported that prior to 1 February 2021 the District's Attorney would file 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.

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 8 December 2020, a copy of which is attached hereto.

Kleinwood Joint Powers Board (the "KJPB") / Reclaimed Water Supply Agreement (the "Supply Agreement"). The Directors discussed matters relating to the Supply Agreement. The Board took no action on this matter.

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 95.5% 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 97% of the water distributed to the District's customers during the period ending 12 November 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 7 December 2020, a copy of which is included with the Operator's Report.

Tree Removal Request. Mr. Zilko reported that the removal of the dying tree located on the Detention Pond site near the residence at 16930 Barretts Crossing was complete.

Homeland Security Contact Information. Mr. Zilko reported that EDP had provided the Texas Commission on Environmental Quality with the Annual Homeland

Security Contact Update and Information Form (the "Information Form") which lists the Homeland Security contact information for the District's water distribution system. A copy of the Information Form is 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. 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 (the "Office Report"). 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 \$32,619.55 from the City of Houston (the "City") for the District's share of sales tax collections during September 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.

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.

Secretary, Board of Directors

SEAL

Kleinwood Municipal Utility District
Meeting of 17 December 2020
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Delinquent Tax Report;
5. Engineer's Report;
6. Pay Estimate No. 1 / Sanitary Sewer Rehabilitation;
7. Schedule of Hourly Rates and Reimbursable Expenses (Engineer);
8. Security Service Contract / Harris County;
9. P3 Newsletter;
10. Operator's Report; and
11. Bookkeeper's Report.