

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

28 April 2022

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 April 2022, 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:

Jeff Gobbell	President
Joe Fratangelo	Vice President
Sherry Allard	Secretary/Treasurer
Robert Ehmann	Assistant Vice President & Assistant Secretary
David C. Guerrero	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present were Darcé Ahlschlager of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Kelly Trebing representing Claudia Redden & Associates, L.L.C., Bookkeeper for the District; Jeffrey Bishop, P.E., and Pam Madrigal, P.E., of Quiddity Engineering, LLC ("Quiddity"), Engineer for the District; Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Sergeant M. Gonzales and Deputy L. Doria with Harris County Precinct 4 Constable's Office; and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference was Will Yale of Coats Rose.

Director Gobbell called the meeting to order.

**MINUTES OF THE MEETING OF 24 MARCH 2022**

The Directors first considered approval of the minutes of the meeting of the Board held on 24 March 2022. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 24 March 2022, as written.

## **PEACE OFFICER'S REPORT**

The President recognized Deputy Doria, who presented the Peace Officer's Report, a copy of which is attached hereto. The Board 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") 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 noted that a hole had formed next to the concrete box on a slope in the Detention Pond. He remarked that the hole may have been dug by an animal. Mr. Griffith stated that CHL will monitor the situation. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Detention Facilities Report.

## **TAX ASSESSOR/COLLECTOR'S REPORT**

Next, the President recognized Ms. Ahlschlager, 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 97.9% of its 2021 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Ahlschlager noted that Wheeler was requesting approval for 13 checks written on the District's tax account and two transfers by wire as follows: a transfer of \$8,638.52 in revenues from the tax for maintenance and operations to the District's Operating Fund and the transfer of \$20,000 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 Ms. Madrigal, who presented the Engineer's Report as follows:

Rehabilitation of Sanitary Sewer System – Phase 2 (the "Phase 2 Rehabilitation"). The Board discussed the contract with Insituform Technologies, LLC ("Insituform") for the Phase 2 Rehabilitation. Ms. Madrigal reported that Quiddity had received the contract submittals from Insituform, including the project schedule. She stated that the pre-televising work was expected to commence in early May 2022. Ms. Madrigal remarked that Insituform will issue the required door hangers and notices prior to accessing sanitary sewer facilities located on private property.

Lift Station No. 2 / Proposed Electrical Improvements. Ms. Madrigal discussed the proposed electrical improvements that the District's Engineer is recommending for Lift Station No. 2 (the "Electrical Improvements"). As discussed at the Board's meeting on 24 March 2022, she told the Board, the District's Engineer had conferred with EDP regarding the history of the replacement and repositioning of the components at Lift Station No. 2 that was performed by Electrical Field Services, Inc. in 2019 in response to the flooding event in the Houston area during Hurricane Harvey in August 2017 (the "Flood Mitigation Project"). As previously noted, said Ms. Madrigal, the work performed in the Flood Mitigation Project was not in compliance with the NEC Code.

Ms. Madrigal explained that the proposed Electrical Improvements would include the relocation of the electrical equipment at Lift Station No. 2 as well as the construction of a new platform that would be in compliance with the NEC Code. She called the Board's attention to the Engineer's Opinion of Probable Cost for Construction of the Electrical Improvements and a memorandum detailing the proposed Scope of Work for the project, copies of which are included with the Engineer's Report. The Board noted that the estimated cost for the Electrical Improvements, including engineering cost and contingencies, totaled \$279,700.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to proceed with the design for the Electrical Improvements.

Capital Improvement Plan / Five-Year Summary. Ms. Madrigal reviewed with the Board the Five-Year Summary of the Capital Improvement Plan for the District (the "Summary") as prepared by Quiddity, a copy of which is included with the Engineer's Report. She explained that the Summary contains only the major capital improvement projects and expenditures in excess of \$50,000 that are anticipated for the next five years.

Kleinwood Regional Wastewater Treatment Plant (the "Plant"). Ms. Madrigal reported on matters relating to the possible sale of available excess capacity in the Plant (the "Capacity") to Harris County Water Control & Improvement District No. 119 ("HCWCID 119"). She informed the Board that the engineer for the Plant had transmitted a letter to HCWCID 119 regarding the Capacity and was awaiting a response.

Ms. Madrigal then reported that the engineer for the KJPB is preparing a revised construction cost estimate for the proposed Phase 3 Electrical Modifications at the Plant. She stated that the KJPB was expected to request authorization for the Phase 3 Electrical Modifications from the member water districts in the Plant in June or July 2022. Ms. Madrigal noted that the District's participation in the Phase 3 Electrical Modifications is included in the District's Capital Improvement Plan.

Groundwater Credits / Harris-Galveston Subsidence District (the "Subsidence District"). The Board discussed the status of the District's groundwater credits (the

"Credits"). Ms. Madrigal reported that the District's Engineer had confirmed that the Subsidence District has an active program for the sale and purchase by water districts of Series B Credit certificates (the "Certificates"). She noted that, according to the District's Attorney, the Board in October 2013 had established an asking price of \$2.75 per 1,000 gallons ("k/gal") for the sale of the District's surplus Certificates. Mr. Green presented the Board with a table listing the District's Series B Certificates that are currently available for sale. A copy of the table is attached hereto.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) establish an initial asking price of \$1.25 per k/gal for the Certificates; and (2) authorize the District's Attorney to contact the Subsidence District regarding the possible sale of the Certificates.

The Falls at Champion Forest Property Owners Association, Inc. (the "Association") / Private Water Well. The Board briefly discussed matters regarding the private water well (the "Private Well") at the stormwater detention facility maintained by the Association. Ms. Madrigal reported that the District's Operator will monitor the usage of the Private Well by the Association. She added that the management company for the Association was notified of the rules promulgated by the Subsidence District as they apply to the Private Well.

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 to these minutes.

## **ATTORNEY'S REPORT**

Mr. Yale presented the Attorney's Report.

Identity Theft Prevention Program. The Board discussed the District's Identity Theft Prevention Program that was adopted 28 May 2009 and was effective 1 May 2009. Mr. Yale presented letters from Wheeler and EDP stating that both Wheeler and EDP had implemented procedures and controls that provide for the security of accounts as required under the District's Identity Theft Program and under the Identity Theft Rules adopted by the Federal Trade Commission. He stated that, based on the reports, it appeared that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Wheeler and EDP. Copies of the letters are attached hereto as exhibits to these minutes.

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. Green distributed copies of a newsletter from P3 dated 12 April 2022, a copy of which is attached hereto.

Reschedule Board of Directors Meeting. Consideration was given to rescheduling the meeting of the Board on 23 June 2022 in view of the Annual Conference of the

Association of Water Board Directors – Texas to be held in Fort Worth on 23 to 25 June 2022. After discussion, the Directors agreed to meet on Thursday, 30 June 2022.

After discussion, 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 93.6% and that the District has 895 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 66% of the water distributed to the District's customers during the period ending 14 March 2022.

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.

Water Well Performance Testing. Mr. Zilko reviewed with the Board the Performance Testing Reports dated 11 March 2022 as prepared by G-M Inspection Services, Inc. ("G-M") in connection with testing conducted on the District's Water Wells Nos. 1, 2, and 3. Copies of the Performance Testing Reports are included with the Operator's Report. Mr. Zilko stated that, according to G-M, all of the water wells were operating satisfactorily at this time.

Inspection at Water Plant No. 1 (the "Water Plant Inspection"). Mr. Zilko reported on the actions taken by EDP at Water Plant No. 1 in response to the Water Plant Inspection conducted on 13 January 2022 by the Texas Commission on Environmental Quality, including the modifications to the perimeter fence at the Water Plant No. 1 site (the "Fence"). He noted that the northern section of the Fence was in poor condition and that trees were growing into the Fence structure. Mr. Zilko stated that EDP will order a survey to confirm the location of the property line on the north side of the Water Plant No. 1 site and will present a recommendation for the replacement and repositioning of the northern section of the Fence.

Status of Invoices for Telecommunication Service. The Board briefly discussed matters regarding the invoices received from AT&T Texas for telecommunication service at the District's facilities. Mr. Zilko stated that he will present a proposal for using cellular telephone service for the autodialing units at the District's facilities at the Board's meeting on 26 May 2022.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Operator's Report.

### **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 Ms. Trebing, who presented a report concerning the condition of the District Office and the Walking Garden (the "Office Report") on behalf of Roger Schuett. A copy of the Office Report is attached hereto.

Paving Projects. Ms. Trebing reported that A&L Asphalt had completed (1) the repaving and striping of the parking lot at the District Office; and (2) the repaving of the trail in the Walking Garden.

Fence on North Side of Parking Lot. Ms. Trebing reported that the deteriorated pickets in the fence had been replaced. She added that the entire fence had been pressure-washed and stained.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Office Report.

### **BOOKKEEPER'S REPORT**

Ms. Trebing presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit to these minutes. Ms. Trebing listed the balances in each of the District's accounts and reviewed the activity in each account. The Directors reviewed certain invoices for payment by the Board, as well as the Investment Report. A discussion ensued regarding Check No. 1226, payable to G&A Boring Directional, LLC (called "G&A") in the amount of \$2,086.29. In response to a question from the Board, Mr. Zilko stated that he would investigate the billing from G&A. He recommended that the Board withhold Check No. 1226 pending the investigation.

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 as discussed above.

**KJPB**

Director Fratangelo presented a report on the activities of the KJPB. A copy of the draft minutes of the KJPB meeting held on 6 April 2022 is attached hereto as an exhibit.

**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 April 2022  
Attachments

1. Peace Officer Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Table – Groundwater Credit Certificates;
6. ID Theft Prevention Reports from Wheeler & Associates and Environmental Development Partners, L.L.C.;
7. P3 Newsletter;
8. Operator's Report;
9. District Office Report;
10. Bookkeeper's Report; and
11. Draft minutes of KJPB meeting.