

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

28 July 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 July 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, with Director Guerrero attending by teleconference, thus constituting a quorum. The Board noted that Director Guerrero could participate in the discussions but could not vote on matters before the Board at this meeting, pursuant to Section 551.127 of the Texas Government Code.

Also present were René Andel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Pam Madrigal, P.E., of Quiddity Engineering, LLC ("Quiddity"), Engineer for the District; Suzanne Villareal of McCall Gibson Swedlund Barfoot, PLLC ("McCall"), Auditor for the District; Chris Zilko of Environmental Development Partners, L.L.C. ("EDP"), Operator for the District; Roger Schuett, Office Manager for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Deputy L. Doria with Harris County Precinct 4 Constable's Office; Tom Liewer, a resident of the District; and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Gobbell called the meeting to order.

**HEAR FROM THE PUBLIC**

The President recognized Mr. Liewer, who addressed the Board regarding the status of the proposed replacement of the existing water meters on service connections in the District with electronic water meters (the "Smart Meters"). The Board noted that Mr. Liewer was participating in the pilot program for the installation of 10 Smart Meters.

The Board discussed the Smart Meters again later in the meeting during the presentation of the Operator's Report.

### **MINUTES OF THE MEETING OF 30 JUNE 2022**

The minutes of the meeting of the Board held on 30 June 2022, 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 30 June 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 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 submitted to and reviewed with the Board 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. 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 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 98.9% of its 2021 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 10 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 Ms. Madrigal, who presented the Engineer's Report a copy of which is attached hereto:

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 is reviewing the pre-televising videos and reports as submitted by Insituform. She noted that Insituform had commenced the cured-in-place piping repairs (the "CIPP Repairs").

Ms. Madrigal then submitted to and reviewed with the Board Change Order No. 1 to the Phase 2 Rehabilitation project, which would provide for the increased cost of the resin and felt materials being used for the CIPP Repairs. She noted that Change Order No. 1 would increase the cost of the Phase 2 Rehabilitation contract by \$28,860.89.

The Falls at Champion Forest Property Owners Association, Inc. (the "Association") / Private Water Well. The Board discussed matters regarding the private water well (the "Private Well") at the stormwater detention facility maintained by the Association. Ms. Madrigal reported that Quiddity had notified the Harris-Galveston Subsidence District (the "HGSD") that the Association was not in compliance with the Water Well Permit issued by the HGSD because of the high water usage from the Private Well. She called the Board's attention to the status table detailing the Association's monthly water usage for the period of 27 December 2021 through 20 July 2022, as detailed in the Engineer's Report.

Lift Station No. 2 / Proposed Electrical Improvements. The Board discussed the proposed electrical improvements for Lift Station No. 2 (the "Electrical Improvements"). Ms. Madrigal stated that the design phase of the Electrical Improvements was continuing. To accommodate the Electrical Improvements, she told the Board, the fenced footprint of the existing Lift Station No. 2 site would need to be expanded slightly to the north. Ms. Madrigal stated that the District owns the property between Cypresswood Drive and the south side of the Lift Station No. 2 site and accordingly there will be room to expand the fenced area. She reviewed with the Board an exhibit denoting the proposed expansion of the fenced area at the Lift Station No. 2 site (the "Fence Expansion"). A copy of the exhibit is attached hereto.

Property Inquiry. Ms. Madrigal reported that the District's Engineer was contacted by a developer who was performing a due diligence evaluation for two vacant tracts of land located near Mintwood Lane and Stuebner Airline Road. She noted that one of the tracts was located outside the District's boundaries and would require a feasibility study if annexation of the property is pursued. Ms. Madrigal noted that Quiddity was providing the developer with general water and sanitary sewer information, as well as a copy of the District's Rate Order and an Application for Service.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) approve Change Order No. 1 to the contract for the Phase 2 Rehabilitation; and (3) authorize the District's Engineer to include the Fence Expansion in the scope of work for the Electrical Improvements project. A copy of Change Order No. 1 as approved by the Board is attached hereto as an exhibit to these minutes

## **ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED 31 MARCH 2022**

The President recognized Ms. Villarreal, who submitted to and reviewed with the Board the draft Annual Financial Report for the District (the "Report") for the fiscal year ended 31 March 2022 (the "Fiscal Year"). She reviewed with the Board (1) the District's combined fund balances as of the end of the Fiscal Year; (2) the District's total net assets; (3) the District's capital assets; (4) the amount of the District's bonded debt payable; (5) the Notes to Financial Statements; and (6) the Statement of Net Position and Governmental Funds Balance Sheet. Ms. Villarreal reviewed with the Board the draft Management Letter prepared in connection with the Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) approve the draft of the Annual Financial Report for the District for the fiscal year ended 31 March 2022, subject to review and comment by District's Directors and consultants; (2) authorize Ms. Villarreal to finalize the Annual Financial Report; (3) authorize execution of the Letter of Representations to McCall; and (4) authorize Coats Rose, P.C., to file the finalized Annual Financial Report with the Texas Commission on Environmental Quality and other governmental and regulatory agencies as required. A copy of the draft Annual Financial Report is filed in the permanent records of the District. Attached hereto as exhibits to these minutes are copies of (1) a letter dated 28 July 2022 from the District's Attorney in connection with the Annual Financial Report; and (2) the Letter of Representations.

### **REVIEW OF DISTRICT'S INVESTMENT POLICY**

Next, the Board reviewed the District's investment strategies, pursuant to the requirements of the Public Funds Investment Act. The Board reviewed the strategies for each of the District's accounts. The Board also reviewed the List of Authorized Brokers included as Exhibit "A" to the RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

### **ATTORNEY'S REPORT**

The President recognized Mr. Dick Yale, who presented the Attorney's Report.

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 12 July 2022, a copy of which is attached hereto. He then submitted for the Board's review the Preliminary Budget Report for the period of January 2023 through December 2023 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the cost for electric service. A copy of the Preliminary Budget Report is attached hereto as an exhibit to these minutes.

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 94.1% 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 82% of the water distributed to the District's customers during the period ending 14 June 2022. He informed the Board that earlier this month a NHCRWA 48-inch main water line had experienced a break, which necessitated a temporary shutdown in the delivery of surface water to the area.

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 18 July 2022, a copy of which is included with the Operator's Report.

Write-Off Report. Mr. Zilko reported that that there were 10 closed service accounts with balances due to the District totaling \$1,203.18 that would be turned over to a collection agency.

Fire Hydrant Survey. Mr. Zilko reported that the annual survey of fire hydrants in the District was conducted during the week of 18 July 2022. He stated that the District's Operator will present a list of recommended repairs to the fire hydrants at the Board's meeting on 25 August 2022.

Stage 1 of Drought Contingency Plan. Mr. Zilko reported that the NHCRWA had implemented Stage 1 of its Drought Contingency Plan in view of the observed decline in annual rainfall amounts and higher-than-normal temperatures in Harris County. Because the District is located within the boundaries of the NHCRWA, he continued, it is required to initiate its Stage 1 voluntary water conservation measures. Mr. Zilko stated that notices regarding the implementation of Stage 1 of the District's Drought Contingency Plan (the "DCP") had been posted on the District's internet website and that signs have been posted in the District regarding the implementation of Stage 1 of the DCP.

Smart Meters, continued. The Directors returned to their earlier discussion regarding the Smart Meters. Mr. Zilko remarked that the Smart Meters would register

the flow of water more accurately than standard mechanical water meters and have a projected lifespan of 20 to 25 years. Ms. Madrigal noted that the proposed replacement of water meters in the District with Smart Meters is included in the Five-Year Capital Improvement Plan for the District.

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"), a copy of which is attached hereto.

Bridge in Walking Garden. Mr. Schuett reported that the contractor who was engaged to rebuild the Bridge had canceled his appointment because of an injury. Mr. Schuett stated that he would work on rebuilding the Bridge himself in late August or early September 2022.

Implementation of Fuel Surcharge / Brookway Horticultural Services, Inc. ("Brookway"). The Board discussed the implementation by Brookway of a fuel surcharge on the amount being billed to the District for the landscaping services being provided by Brookway. Mr. Schuett recalled that according to the letter from Brookway as discussed at the Board's meeting on 30 June 2022, the fuel surcharge will be implemented when the Texas average price of unleaded gasoline and diesel fuel exceeds \$2.50 per gallon. Mr. Schuett remarked that the amount of the most recent invoice from Brookway represented an increase of approximately 6.6% over the cost of the invoice for the previous billing period. He stated that he would discuss this matter with Brookway.

Then, 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. Mr. Schuett 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. 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. A copy of the draft minutes of the KJPB meeting held on 6 July is attached hereto as an exhibit

## **SALES AND USE TAX ALLOCATION REPORT**

Mr. Yale submitted to and reviewed with the Board the Sales and Use Tax Allocation Report dated July 2022 (the "Sales Tax Report") prepared by Sales Revenue, Inc. in connection with the limited purpose annexation of commercial property in the District under the Strategic Partnership Agreement between the District and the City of Houston. A copy of the Sales Tax Report is attached hereto as an exhibit to these minutes.

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 28 July 2022  
Attachments

1. Peace Officer Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Change Order No. 1 / Phase 2 Rehabilitation;
6. Exhibit map / proposed fence expansion;
7. Audit Letter from Coats Rose, P.C.;
8. Letter of Representations;
9. RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES;
10. P3 Newsletter;
11. P3 Preliminary Budget Report;
12. Operator's Report;
13. District Office Report;
14. Bookkeeper's Report;
15. KJPB Minutes; and
16. Sales and Use Tax Allocation Report.