

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

27 October 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 27th day of October 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 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; Roger Schuett, Office Manager 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., Attorney for the District. Attending by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Gobbell called the meeting to order.

MINUTES OF THE MEETING OF 22 SEPTEMBER 2022

The minutes of the meeting of the Board held on 22 September 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 22 September 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 Mr. Green, who presented Tax Assessor/Collector's Report on behalf of Wheeler & Associates, Inc. ("Wheeler"), the District's Tax Assessor/Collector. A copy of the Tax Assessor/Collector's Report is attached hereto. The Board noted that the District had collected 99.4% of its 2021 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Mr. Green 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 2022 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. Then, upon a motion duly made and seconded, the Board voted unanimously to adopt a debt service tax rate of \$0.26 per \$100 of assessed valuation. The Board then, upon a motion duly made and seconded, voted unanimously to adopt a maintenance tax rate of \$0.127 per \$100 of assessed valuation and to 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 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 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 the District's Engineer had notified Insituform by letter dated 21 October 2022 that the Phase 2 Rehabilitation was approximately 30 days behind schedule. A copy of the letter is included with the Engineer's Report. Ms. Madrigal stated that Insituform had provided Quiddity with an updated construction schedule for the Phase 2 Rehabilitation, a copy of which is included with the Engineer's Report. A discussion ensued regarding the Phase 2 Rehabilitation. In response to comments from the Board, Ms. Madrigal stated that the District's Engineer would discuss with Insituform the following matters to be addressed by the contractor: (1) the removal of the green spray dots on the curb lines within the District; (2) the removal of dirt and debris from the roadways following the point repairs; and (3) the overspray of cementitious material during the repair of the manholes.

Ms. Madrigal then reported that Insituform had submitted Pay Estimate No. 4 in the amount of \$97,114.05 in connection with the Phase 2 Rehabilitation project. A copy of Pay Estimate No. 4 is included with 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. She remarked that Quiddity was on schedule to submit the plans for the Electrical Improvements for agency review within the next week. She anticipated that the project would be ready to advertise for bids in early 2023.

Annual Water Plant Inspection. Ms. Madrigal discussed with the Board the need to perform the annual inspection of the District's Water Plants Nos. 1 and 2 (the "Inspection"). She reviewed with the Board a proposal from Quiddity to perform the Inspection (the "Proposal"), a copy of which is included with the Engineer's Report. Ms. Madrigal pointed out to the Board that the Proposal offered three options for the Scope of Services for the Inspection. She explained that Option A would provide the minimum checklist inspection as required by the Commission. Option B, she continued, would include a visual facility assessment of the Water Plants that exceeds the Commission's minimum requirements. She stated that Option C would include an inspection of the electrical components of the Water Plants by an electrical engineer in

addition to the services described in Option B. A discussion ensued regarding the Proposal. The Directors then deferred action on this matter to the Board's meeting on 1 December 2022.

Water Well Performance Testing. Ms. Madrigal reported that G-M Inspection Services, Inc. ("G-M") had completed the semiannual performance testing of the District's Water Wells Nos. 1, 2, and 3. According to G-M, she told the Board, Water Wells Nos. 2 and 3 were operating within acceptable parameters. Ms. Madrigal then stated that the performance tests indicated a decrease in the capacity and efficiency of Water Well No. 1.

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 noted that no water was produced from the Private Well during the period of 20 September to 24 October 2022. 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 24 October 2022, as detailed in the Engineer's Report.

Capital Improvement Plan / Five-Year Summary. Ms. Madrigal reviewed with the Board the Five-Year Summary of the Capital Improvement Plan for the District as prepared by Quiddity, a copy of which is included with the Engineer's Report.

Commission Order Authorizing the Issuance of Bonds. Ms. Madrigal recalled that on 20 April 2021 the Commission had adopted an Order Authorizing the Issuance of Bonds by the District in the amount of \$9,000,000. Pursuant to the Order, she continued, the District issued its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2021, in the amount of \$2,810,000. She explained that the Order was valid for one year from the date of its adoption and accordingly the authorization for the issuance of bonds had expired in April 2022. Ms. Madrigal inquired if the Board desired for the District's Engineer and Attorney to prepare an application to the Commission requesting an extension of the Order. The Directors replied in the affirmative.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize payment of Pay Estimate No. 4 to Insituform.

ATTORNEY'S REPORT

The President recognized Mr. Will 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 Public Power Pool ("P3"). Mr. Yale distributed copies of newsletters from P3 dated 11 and 26 October 2022, copies of which are attached hereto. He pointed out to the

Board that on 26 October 2022 the P3 board of directors had received executable pricing offers from the four short-listed retail electric providers.

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 94.3% and that the District has 895 service connections, including three vacant single-family residences. He noted that surface water received from the North Harris County Regional Water Authority (the "NHCRWA") accounted for 81% of the water distributed to the District's customers during the period ending 14 September 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 dated 12 October 2022, a copy of which is included with the Operator's Report.

Water Plant No. 1 / Perimeter Fence. Mr. Zilko reported on the replacement and repositioning of the northern section of the perimeter fence at the Water Plant No. 1 site by Wright Solutions, LLC ("Wright"). He informed the Board that Wright had completed the installation of the green privacy slats northern section of the fence.

Request for Adjustment to Service Account. Mr. Zilko reported that the meat market located at 16215 Stuebner Airline Road was requesting an adjustment to its service account for water usage from August to September 2022 because of a water leak in the backflow prevention device (the "Device") on their water service line. He stated that the Device might have been stolen, which would have resulted in the increased water usage. A discussion ensued regarding the request for the adjustment. The Board reviewed the Account History for the customer as prepared by the District's Operator. The Board then declined to take any action on this matter.

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 he had completed the rebuilding of the Bridge.

Concrete Bench for Walking Garden. Mr. Schuett reported that a concrete bench (the "Bench") could be purchased at a cost of \$80.

Refrigerator at District Office. Mr. Schuett reported on the condition of the Refrigerator. He stated that a new refrigerator with an ice maker could be purchased at an approximate cost of \$1,198. The Directors expressed their preference for Mr. Schuett to arrange for repairs to the ice machine at the District Office (the "Ice Machine Repairs") rather than purchase a new Refrigerator.

Kitchen Sink at District Office. Mr. Schuett noted that the hot water dispenser in the Kitchen Sink was not functioning. He proposed that the hot water dispenser be replaced with a hand soap dispenser (the "Soap Dispenser").

Internet Service at District Office. Mr. Schuett reported that AT&T was installing a fiber optic cable for internet service along Kleinwood Drive. He noted that obtaining fiber optic internet service for the District Office would require AT&T to install a connection with the fiber optic cable near 16522 Kleinwood Drive.

Access to District Office. The Board discussed matters relating to the individuals who have authorized access to the District Office and keys to the building. Mr. Schuett proposed the installation of a Nest or Ring camera-equipped doorbell that would allow him to view the individuals who are entering the District Office (the "Camera Doorbell").

Landscaping at District Office. The Board discussed the condition of the landscaping at the District Office. Mr. Schuett reviewed with the Board a proposal (the "Brookway Proposal") from Brookway Horticultural Services, Inc. for the installation of flower beds at the District Office, a copy of which is included with the Office Report. The

Board noted that the cost for the flower beds under the Brookway Proposal was \$12,902.75. Director Fratangelo expressed his view that the flower beds as described in the Brookway Proposal were more extensive than what the Board desired.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Office Report; (2) authorize Mr. Schuett to purchase the Bench; (3) authorize Mr. Schuett to carry out the Ice Machine Repairs; (4) authorize Mr. Schuett to replace the hot water dispenser with a Soap Dispenser; (5) authorize Mr. Schuett to purchase the Video Doorbell; and (6) authorize Director Fratangelo and Mr. Schuett to investigate options at the Houston Garden Center for the landscaping at the District Office and the Walking Garden.

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 (the "KJPB")

Director Fratangelo presented a report on the activities of the KJPB. A copy of the draft minutes of the KJPB meeting held on 5 October 2022 is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND (the "KMF")

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

SALES AND USE TAX ALLOCATION REPORT

Mr. Green presented the Board with the Sales and Use Tax Allocation Report dated October 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 27 October 2022
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. P3 Newsletter (10/11/22);
8. P3 Newsletter (10/26/22);
9. Operator's Report;
10. District Office Report;
11. Bookkeeper's Report;
12. Draft minutes of KJPB meeting; and
13. Sales Tax Report.