

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

1 December 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 special session, open to the public, on the 1st day of December 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 the exception of Director Gobbell, thus constituting a quorum.

Also present were René Andel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Claudia Redden of Claudia Redden & Associates, L.L.C., Bookkeeper for the District; Pam Madrigal, P.E., of Quiddity Engineering, LLC ("Quiddity"), Engineer for the District; Bill Blitch of Blitch Associates, Inc. ("Blitch"), Financial Advisor 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 (the "Constable's Office"); David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; and Tom Liewer, a resident of the District. Attending the meeting by teleconference was Will Yale of Coats Rose.

Director Fratangelo called the meeting to order.

**MINUTES OF THE MEETING OF 27 OCTOBER 2022**

The minutes of the meeting of the Board held on 27 October 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 27 October 2022, as written.

## **PEACE OFFICER'S REPORT**

The Vice 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.

## **FINANCIAL ADVISOR'S REPORT**

The Vice President recognized Mr. Blich, who addressed the Board regarding the proposed sale of Series 2023 Bonds by the District to finance certain capital improvement projects. He submitted to and reviewed with the Board a set of schedules prepared by Blich for the Series 2023 Bonds (the "Bond Sale Schedules"), a copy of which is attached hereto as an exhibit to these minutes. A discussion ensued regarding the proposed sale of the Series 2023 Bonds. Ms. Madrigal proposed that the District use the proceeds from the sale of the Series 2023 Bonds to finance only the proposed improvements to the District's Water Plant No. 1 (the "Water Plant No. 1 Improvements") and use existing monies in the District's Operating Fund to finance the proposed replacement of the existing water meters on service connections in the District with electronic water meters (the "Smart Meters"). The Directors expressed their agreement with Ms. Madrigal's proposal.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

The Vice 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 Vice President recognized Ms. Anzel, 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 99.5% of its 2021 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 five 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.

## **BOOKKEEPER'S REPORT**

Ms. Redden distributed to the Board copies of the Bookkeeper's Report dated 1 December 2022, a copy of which is attached hereto as an exhibit to these minutes. Ms. Redden listed the balances in each of the District's accounts and reviewed the activity in each account. The Directors also 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.

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

The Vice President recognized Mr. Schuett, who presented the report concerning the District Office (the "Office Report"), a copy of which is attached hereto. He briefly discussed with the Board the status of certain ongoing projects at the District Office. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Office Report.

## **ENGINEER'S REPORT**

The Vice 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 Insituform had completed the cured-in-place piping installation and was currently working on the manhole rehabilitation. She stated that after conferring with Insituform on the project status, the District's Engineer is estimating that the remaining work on the Phase 2 Rehabilitation will not be completed until the end of January 2023. She added that Quiddity had requested an updated project schedule from the contractor that lists the anticipated completion date for the Phase 2 Rehabilitation. Director Guerrero expressed his concern regarding the appearance of certain roadways in the District because of debris, overspray, and spray paint relating to the Phase 2 Rehabilitation. Ms. Madrigal stated that she would inspect the roadways with Director Guerrero.

Ms. Madrigal then reported that Insituform had submitted Pay Estimate No. 5 in the amount of \$167,593.95 in connection with the Phase 2 Rehabilitation project. A copy of Pay Estimate No. 5 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 Quiddity had submitted the plans for the Electrical

Improvements for agency review and expects to receive comments in the near future. 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 Engineer Scope of Services in the Proposal was updated and the cost estimate for the Inspection has been broken out by task, pursuant to the discussion at the Board's meeting on 27 October 2022.

Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds. Ms. Madrigal stated that the District's Engineer would work with Blich to confirm the principal amount of the Series 2023 Bonds and revise the Bond Application Report accordingly. This matter was also discussed during the presentation of the Attorney's Report.

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 22 October to 20 November 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 22 November 2022, as detailed in the Engineer's Report.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) authorize payment of Pay Estimate No. 5 to Insituform; and (3) accept the Proposal and authorize the District's Engineer to proceed with the Inspection. A copy of the executed Proposal is attached hereto as an exhibit to these minutes.

## **ATTORNEY'S REPORT**

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

Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, continued. Mr. Yale presented the Board with a draft RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS. He explained that the Resolution would be revised pursuant to (1) the discussion earlier in this meeting regarding the project to be financed by the proceeds from the sale of the Series 2023 Bonds; and (2) confirmation from the District's Engineer and Financial Advisor regarding the principal amount of the Series 2023 Bonds.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, subject to revision as described above. A copy of the Resolution is attached hereto as an exhibit 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. Yale presented the Board with copies of (1) a memorandum from the District's Attorney regarding the selection by P3 of a retail electricity provider for the period of January 2023 through December 2025; (2) the Transaction Report dated 1 November 2022; and (3) the Forward Budget Report for the period of January 2023 through December 2025 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the cost for electric service. Copies of the memorandum, the Transaction Report, and the Forward Budget Report are attached hereto as exhibits to these minutes. Also attached hereto is a copy of the monthly P3 newsletter dated 8 November 2022.

Mr. Yale informed the Board that on 26 October 2022 P3 had executed on behalf of its membership an electricity supply agreement with MP2 Energy Texas LLC d/b/a Shell Energy Solutions ("MP2") with a three-year term. He noted that MP2 had submitted a winning bid with a fixed weighted three-year average price for the whole P3 group of \$0.574 per kilowatt hour, which represents a projected increase of approximately 33.9% from the electricity rates under P3's current contract. Mr. Yale remarked that District's cost for electric service under the contract with MP2 would be \$0.0673 per kilowatt hour, which represents a projected increase of approximately 82.2% from the electricity rates under P3's current contract.

Request for Information. Mr. Yale reviewed with the Board an electronic mail message dated 21 November 2022 from Sharaban Anica, a postdoctoral researcher at the Department of Urban Planning and Public Policy at the University of California – Irvine. A copy of the electronic mail message is attached hereto. Mr. Yale stated that Ms. Anica was requesting a shapefile of the wastewater collection system service areas for the Kleinwood Regional Wastewater Treatment Plant (the "Regional Plant") for inclusion in an ongoing study. Mr. Yale stated that the District's Attorney forwarded the electronic mail message to the engineer for the Regional Plant.

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

## **OPERATOR'S REPORT**

The Vice 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 92.7% 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 38% of the water distributed to the District's customers during the period ending 14 October 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 16 November 2022, a copy of which is included with the Operator's Report.

City of Houston / Boil Water Notice. The Board briefly discussed matters relating to the Boil Water Notice that was issued by the City of Houston (the "City") on 26 November 2022 in response to a drop in water pressure in the City's water distribution system that was caused by the loss of electric power at the City's East Water Purification Plant. Mr. Zilko remarked that neither the NHCRWA's water distribution system nor the District's water supply were affected by the situation involving the City's water distribution system.

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 Vice 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.

## **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 2 November 2022 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 November 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. 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.

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Secretary, Board of Directors

SEAL

Kleinwood Municipal Utility District  
Meeting of 1 December 2022  
Attachments

1. Peace Officer Report;
2. Debt Service Schedule for Series 2023 Bonds;
3. Detention Facilities Report;
4. Tax Assessor/Collector's Report;
5. Bookkeeper's Report;
6. District Office Report;
7. Engineer's Report;
8. Proposal for Annual Water Plant Inspections;
9. Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds;
10. Coats Rose memo / P3 selection of electricity provider;
11. P3 Transaction Report;
12. P3 Forward Budget Report for the District;
13. P3 Newsletter;
14. Email from Sharaban Anica;
15. Operator's Report;
16. Draft minutes of KJPB meeting; and
17. Sales Tax Report.