

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

26 January 2023

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 26th day of January 2023, 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:

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| 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: René Andel of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Pam Madrigal, P.E., and Jayson Taylor, E.I.T., 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 Corporal L. Doria with Harris County Precinct 4 Constable's Office; Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; and the following residents of the District: Tom Liewer, Wayne Goodrick, and Tim Fratangelo. Attending by teleconference was Dick Yale of Coats Rose.

Director Gobbell called the meeting to order.

HEAR FROM THE PUBLIC

The President recognized Mr. Goodrick, who addressed the Board regarding a situation in which the flushing of a fire hydrant by the District's Operator caused an excavation to form in his yard. Mr. Zilko stated that he would look into this matter.

The President then recognized Mr. Liewer, who briefly discussed with the Board matters relating to the 6 May 2023 Directors Election to be held by the District (the

"Election"). The Election was discussed further during the presentation of the Attorney's Report later in the meeting.

MINUTES OF THE MEETING OF 22 DECEMBER 2022

The minutes of the meeting of the Board held on 22 December 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 December 2022, as written.

PEACE OFFICER'S REPORT

The President recognized Corporal 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. Anandel, 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 42% of its 2022 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Anandel noted that Wheeler was requesting approval for five checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$194,343.63 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$395,000 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 during this month Insituform had completed the rehabilitation on the majority of the manholes, with only five locations now outstanding. She stated that Insituform had addressed the clean-up items in the District including the removal of the curb painting. Quiddity is reviewing the post-manhole rehabilitation submittal from the contractor and expects the remaining work on the Phase 2 Rehabilitation to be completed within the next week, she told the Board.

Ms. Madrigal then reported that Insituform had submitted Pay Estimate No. 7 in the amount of \$70,563.60 in connection with the Phase 2 Rehabilitation project. A copy of Pay Estimate No. 7 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 received comments from the District's Operator on the plans for the Electrical Improvements and is finalizing the revised plans for resubmittal in February 2023. Once the plans have received agency approval, she continued, Quiddity will request Board authorization to advertise and bid the project.

Annual Water Plant Inspections. Ms. Madrigal reported that Quiddity had coordinated with the District's Operator to schedule the annual inspection of the District's Water Plants Nos. 1 and 2 (the "Inspections"). At this time, she told the Board, the Inspections are scheduled for 8 February and 15 February 2023.

Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds. Ms. Madrigal recalled that the Bond Application Report (the "BAR") for the District's Series 2023 Bonds was submitted to the Texas Commission on Environmental Quality (the "Commission") on 19 December 2022. She remarked that the Commission's review of the BAR was expected to take approximately 60 days.

Compliance with Revised Lead and Copper Rule. Ms. Madrigal reported that Quiddity had participated in the Commission's Drinking Water Advisory Work Group meeting held on 10 January 2023 for a status update on guidance documents for public water systems to comply with the revised Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency.

Request for Annexation of and Service to 9.7-acre Tract / Cypresswood Drive and Stuebner Airline Road. Ms. Madrigal reviewed with the Board the Application For Service from Makaan Parkview Apartments, LLC ("Makaan") in connection with a certain 9.7-acre tract located at Cypresswood Drive and Stuebner Airline Road (the "Makaan Tract"). A copy of the Application For Service is included with the Engineer's Report. She told the Board that Makaan plans to construct a multi-family development with 224 units in the Makaan Tract (the "Development"). She called the Board's attention to the preliminary site plan for the Development, a copy of which is included

with the Engineer's Report. If the Board is interested in providing service to and annexing the Makaan Tract, she continued, the District's Engineer would need to prepare a Feasibility Study. Ms. Madrigal noted that Makaan had placed an initial developer deposit of \$7,500 with the District. A discussion ensued regarding the proposed Development. Mr. Dick Yale stated that authorizing the District's Engineer to prepare the Feasibility Study would not obligate the District to pursue the annexation of the Makaan Tract. Ms. Madrigal presented the Board with a proposal from Quiddity to prepare the Feasibility Study (the "Proposal").

Service Inquiry / Tract on Louetta Road. Ms. Madrigal reported that Quiddity was recently contacted by a developer regarding possible utility service to a certain vacant tract on Louetta Road (the "IDS Express Tract"), located to the east of the Zaxby's restaurant. She reviewed with the Board a preliminary site plan for the proposed development of the IDS Express Tract, a copy of which is included with the Engineer's Report. Ms. Madrigal stated that the site plan indicates that the developer plans to construct an IDS Express Car Wash on the property.

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 34,800 gallons water were produced from the Private Well during the period of 20 December 2022 to 23 January 2023. 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 to 23 January 2023, as detailed in the Engineer's Report. Ms. Madrigal stated that the District's Engineer contacted the Association and is coordinating a meeting between the Association, the District's Operator, and Quiddity to discuss the use of the Private Well.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report; (2) authorize payment of Pay Estimate No. 7 to Insituform; (3) authorize the District's Engineer to prepare the Feasibility Study for the Makaan Tract; and (4) approve the Quiddity Proposal and authorize execution of same. Copies of the Engineer's Report and the Quiddity Proposal are attached hereto exhibits to these minutes.

ATTORNEY'S REPORT

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

Directors Election. The Board discussed matters relating to the 6 May 2023 Directors Election required for the District. Mr. Yale distributed a draft ORDER CALLING DIRECTORS ELECTION FOR A MUNICIPAL UTILITY DISTRICT. He explained that the Board was required to adopt the Order prior to 17 February 2023 pursuant to the requirements of the Texas Election Code. He told the Board that the deadline for submission of an application for a position on the ballot was 5:00 p.m. on 17 February 2023 and that the deadline for filing as a write-in candidate was 5:00 p.m. on

21 February 2023. If there are no contested positions after 21 February 2023, then the Board can cancel the Directors Election, Mr. Yale continued. He added that the Order Calling Directors Election would have to be completed if the District were required to hold the Directors Election. Mr. Yale then recommended that the Board authorize execution of an agreement with Harris County to conduct a joint election (the "Election Agreement") in the event that the District was required to hold the Directors Election.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) adopt the Order Calling Directors Election, subject to completion if the election is required; and (2) authorize execution of the Election Agreement, as needed. A copy of the Order Calling Directors Election thus adopted is attached to these minutes as an exhibit.

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 10 January 2023, a copy of which is attached hereto.

Eminent Domain Reporting. Mr. Yale reported that on 29 December 2022 the District's Attorney had filed 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. A copy of the eminent domain filing is attached hereto.

North Harris County Regional Water Authority (the "NHCRWA") / Updated Pricing Policy. Mr. Yale reviewed with the Board a correspondence dated 10 January 2023 from the NHCRWA, a copy of which is attached hereto as an exhibit. He stated that on 9 January 2023 the board of directors of the NHCRWA had voted to reduce the well pumpage fee and the surface water delivery fee that are levied on the water districts in the NHCRWA's jurisdiction. Effective 1 February 2023, he told the Board, the surface water fee would be reduced from \$5.05 per 1,000 gallons ("k/gal") to \$4.55 per k/gal; and the groundwater pumpage fee would be reduced from \$4.60 per k/gal to \$4.10 per k/gal.

Security Service Contract. Mr. Yale submitted to and reviewed with the Board an electronic mail message dated 4 January 2023 from Sergeant Walter Stensland of the Harris County Sheriff's Office regarding the increase in the rates to be charged to entities that enter into a Security Service Contract with Harris County (the "Contract"). A copy of the electronic mail message is attached hereto as an exhibit to these minutes. According to Sergeant Stensland, he told the Board, the Harris County Commissioners Court had approved a 5% increase in the rates to be charged under the Contract, to be effective 1 October 2023. He explained that the rate increase would affect Contracts for both Deputy Constables and Sheriff's Deputies.

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 91% and that the District has 895 service connections, including four vacant single-family residences. He noted that surface water received from the NHCRWA accounted for 41% of the water distributed to the District's customers during the period ending 15 December 2022.

A discussion ensued regarding the provision of surface water from the NHCRWA. In response to a question from Director Guerrero, Ms. Madrigal stated that she would research whether a disincentive fee or penalty would be assessed on a water district that declined to accept surface water from the NHCRWA.

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 13 January 2023, a copy of which is included with the Operator's Report.

Ultrasonic Water Meters. The Board discussed the status of the replacement of the existing water meters on the service connections in the District with Badger ultrasonic water meters (the "Badger Meters"). Mr. Zilko reported that delivery of the Badger Meters was expected in March or April 2023.

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. Mr. Schuett reported on the replacement of water lines in the District Office that were damaged during the hard freeze that occurred in late December 2022. 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 4 January 2023 is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND ("KMF")

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

SALES AND USE TAX ALLOCATION REPORT

Mr. Yale submitted to and reviewed with the Board the Sales and Use Tax Allocation Report dated December 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 26 January 2023
Attachments

1. Peace Officer's Report;
2. Detention and Drainage Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Proposal / Feasibility Study;
6. Draft Order Calling Directors Election;
7. P3 Newsletter;
8. Eminent Domain Filing;
9. NHCRWA / Updated Pricing Policy;
10. Email / Security Contract Rates;
11. Operator's Report;
12. District Office Report;
13. Bookkeeper's Report;
14. KJPB minutes; and
15. Sales Tax Report.