

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

27 April 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 27th day of April 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:

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"), Tax Assessor/Collector for the District; Sarah Redden representing Claudia Redden & Associates, L.L.C., Bookkeeper for the District; Pam Madrigal, P.E., and Jayson Taylor, 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 Corporal 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 the following residents of the District: Wayne Goodrick and Tom Liewer. Attending the meeting by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Gobbell called the meeting to order.

MINUTES OF THE MEETING OF 23 MARCH 2023

The minutes of the meeting of the Board held on 23 March 2023, 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 23 February 2023, 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. Mr. Griffith remarked that the Storm Water Quality features in the Detention Pond were in good condition at this time. However, he continued, there were areas in the Detention Pond in which the turf was thinning out. Mr. Griffith recommended that the Detention Pond be fertilized at least once a year in order to maintain the turf.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Detention Facilities Report; and (2) authorize CHL to proceed with the fertilization and overseeding of the Detention Pond.

TAX ASSESSOR/COLLECTOR'S REPORT

The President recognized Ms. Anadel, 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 96.3% of its 2022 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Anadel noted that Wheeler was requesting approval for 10 checks written on the District's tax account.

Identity Theft Prevention Program / Annual Review. Ms. Anadel reviewed with the Board the annual report prepared by Wheeler in connection with its Identity Theft Prevention Program. A copy of the report is attached hereto as an exhibit to these minutes. Ms. Anadel stated that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Wheeler.

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 the Phase 2 Rehabilitation project was complete and that Insituform had submitted Pay Estimate No. 9 and FINAL in connection with same. A copy of the Pay Estimate No. 9 and FINAL is included with the Engineer's Report. Ms. Madrigal then submitted to and reviewed with the Board Change Order No. 2 to the Phase 2 Rehabilitation project, which would adjust the final quantities of work and bid items. She noted that Change Order No. 2 would increase the cost of the Insituform contract by \$8,063.50. Ms. Madrigal then submitted for the Board's review the Certificate of Acceptance for the Phase 2 Rehabilitation project as prepared by the District's Engineer.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize payment of Pay Estimate No. 9 and FINAL; (2) approve Change Order No. 2; and (3) authorize execution of the Certificate of Acceptance for the Phase 2 Rehabilitation. Copies of Change Order No. 2 and the Certificate of Acceptance as executed by the Board are attached hereto as exhibits to these minutes.

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 earlier this week Quiddity had received agency approval from Harris County and Harris County Flood Control District for the plans for the Electrical Improvements. She stated that agency approval of the plans by the City of Houston was pending at this time. Ms. Madrigal added that Quiddity intends to advertise the project in May 2023 and present the bid results at the Board's meeting on 15 June 2023.

Sanitary Sewer Station No. 3 (the "Lift Station"). Ms. Madrigal reported that the District's Operator recently notified Quiddity of a leak in the wet well of the Lift Station, which is located in the HEB commercial Center and serves the Champion Wood Estates Subdivision. On 20 April 2023, she told the Board, the District's Engineer met on-site with the District's Operator and observed settling around the wet well slab, which is an indication of ongoing erosion. Ms. Madrigal recalled that both of the District's lift stations were inspected and evaluated in 2021, at which time Quiddity recommended that the District plan for the removal and rehabilitation of the lift stations within five to seven years. Because of the leak at the Lift Station, she continued, Quiddity recommends moving up the rehabilitation project for this site to address the leakage, remove the liner, fill the voids around the concrete slab, and address the other rehabilitation items mentioned in the 2021 inspection. She stated that the preliminary estimated construction cost for the proposed repairs to the Lift Station (the "Lift Station Rehabilitation") was approximately \$200,000 to \$225,000.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare a scope of service memorandum and a proposal for the Lift Station Rehabilitation project.

Compliance with Revised Lead and Copper Rule. Ms. Madrigal recalled that, as previously discussed, the District is required to perform a lead service line inventory of

public and private water systems (the "Service Line Inventory") to be submitted to the Texas Commission on Environmental Quality (the "Commission") by 16 October 2024. She called the Board's attention to the Scope of Service Memorandum dated 21 April 2023 as prepared by Quiddity in connection with the Service Line Inventory. A copy of the Scope of Service Memorandum is included with the Engineer's Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare the Service Line Inventory and submit same to the Commission.

5-Year Capital Improvement Plan (the "CIP") Update and Funding Source Summary. Ms. Madrigal reported that Quiddity had updated the CIP to include the most recent project estimates and timelines and had prepared a Funding Source Summary for the Board's review. Copies of the updated CIP and the Funding Source Summary are included with the Engineer'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 20 March to 24 April 2023. She called the Board's attention to the status table detailing the Association's monthly water usage for the period of 24 October 2022 through 24 April 2023, as detailed in the Engineer's Report. Ms. Madrigal stated that the District's Engineer had scheduled a meeting with the Association this month to discuss the use of the Private Well.

Request for Annexation of and Service to 9.7-acre Tract / Cypresswood Drive and Stuebner Airline Road. Ms. Madrigal discussed with the Board matters relating to the request from Makaan Parkview Apartments, LLC ("Makaan") for annexation of and service to a certain 9.7-acre tract located at Cypresswood Drive and Stuebner Airline Road (the "Makaan Tract"). She reviewed with the Board the draft Feasibility Study prepared by Quiddity in connection with the request for service to the Makaan Tract. A copy of the draft Feasibility Study is attached hereto as an exhibit. Ms. Madrigal stated that the District has adequate water and wastewater treatment capacity to serve the proposed development in the Makaan Tract. Additionally, she continued, there are water and sanitary sewer lines in proximity to the Makaan Tract and no additional public improvements would be required to serve the property. Due to the stormwater drainage issues encountered under the current development scenarios as presented, she told the Board, Quiddity recommends that the District take no further action on this matter until the following actions are performed by the owner of the Makaan Tract and updates are provided to the District for consideration: (1) the owner engages a civil engineer, licensed in Texas, to perform a topographic survey of the site and perform a detailed review of the stormwater drainage impacts, including both mitigation and detention; (2) the owner provides a detailed review of the storm sewer connection into the existing Harris County system including a determination of adequate depth to avoid the necessity of constructing a pumped detention pond; and (3) the owner provides an

updated development site plan and potential yield of apartments, including an updated assessed value at full build-out (collectively, the "Recommended Actions").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to (1) transmit the Feasibility Study to Makaan with the list of Recommended Actions that must be taken before the Board will consider annexation of the Makaan tract; and (2) request that Makaan place an additional developer deposit with the District to cover the engineering and legal fees being incurred by the District in connection with this matter.

Annual Water Plant Inspection. Ms. Madrigal reported that Quiddity was finalizing the Evaluation Reports in connection with the annual inspections performed on the District's Water Plants Nos. 1 and 2. She stated that the Evaluation Reports would be presented at the Board's meeting on 25 May 2023.

Proposed Use of Surplus Construction Funds. Ms. Madrigal recommended that the District submit an application to the Commission for the reallocation of surplus construction funds from the proceeds of the Series 2021 Bonds to help finance the proposed Lift Station Rehabilitation Project (the "Surplus Funds Application"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to prepare the Surplus Funds Application.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

ATTORNEY'S REPORT

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

Reschedule Board of Directors Meeting. Consideration was given to rescheduling the meeting of the Board on 22 June 2023 in view of the Annual Conference of the Association of Water Board Directors – Texas to be held in Corpus Christi on 22 to 24 June 2023. After discussion, the Directors agreed to meet on Thursday, 15 June 2023.

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. Green distributed copies of a newsletter from P3 dated 11 April 2023, a copy of which is attached hereto.

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 86.8% 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 56% of the water distributed to the District's customers during the period ending 15 March 2023.

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 14 April 2023, a copy of which is included with the Operator's Report.

Request for Adjustment to Water Bill. Mr. Zilko reviewed with the Board a request letter from the Uptown Salons at 7850 Louetta Road for an adjustment to the water service account. A copy of the request letter is included with the District's Operator Report. According to the letter, said Mr. Zilko, the backflow prevention device at the Uptown Salons was stolen on 29 December 2022, which resulted in a significant water leak. He noted that Uptown Salon was requesting that the District pay the cost for the replacement backflow prevention device and the tools used to install same, in addition to the cost of the lost water, for a total reimbursement of \$529.31. The Board declined to take any action on this matter.

Water Well Performance Testing. Mr. Zilko reviewed with the Board the Performance Testing Reports dated 17 March 2023 as prepared by G-M Inspection Services, Inc. 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.

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 Ms. Redden, who presented the report concerning the District Office on behalf of Roger Schuett, the Office Manager for the District. A

discussion ensued regarding the Wi-Fi service at the District Office. Mr. Yale recommended that Mr. Schuett prepare a proposal for updating the Wi-Fi service and electronic presentation technology at the District Office.

BOOKKEEPER'S REPORT

Ms. Redden presented the Bookkeeper's Report, a copy of which is attached hereto as an exhibit to these minutes. She 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. Ms. Redden also distributed to the Board copies of the Operating Budget for the District for the fiscal year ending 31 March 2024, a copy of which is attached hereto as an exhibit. 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 5 April 2023 is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND ("KMF")

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

EXECUTIVE SESSION

The Board went into executive session, pursuant to the Open Meetings Act, Section 551.071, Government Code, 7:50 p.m. to discuss matters relating to potential litigation. The Board returned to open session at 8:10 p.m. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Engineer to act as discussed in executive session.

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 April 2023
Attachments

1. Peace Officer's Report;
2. Detention and Drainage Facilities Report;
3. Tax Assessor/Collector's Report;
4. Identity Theft Prevention Program / Wheeler & Associates;
5. Engineer's Report;
6. Change Order No. 2;
7. Certificate of Acceptance;
8. Draft Feasibility Study;
9. Public Power Pool Newsletter;
10. Operator's Report;
11. Bookkeeper's Report;
12. Operating Budget for FYE 3/31/2024; and
13. Minutes of Kleinwood Joint Powers Board meeting.