

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

15 June 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 special session, open to the public, on the 15th day of June 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:

Joe Fratangelo	President
Sherry Allard	Vice President
Robert Ehmann	Secretary/Treasurer
David C. Guerrero	Assistant Vice President & Assistant Secretary
Jeff Gobbell	Assistant Secretary

and all of said persons were present with the exception of Director Guerrero, 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., 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; and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference Dick Yale of Coats Rose.

Director Fratangelo called the meeting to order.

**HEAR FROM THE PUBLIC**

Mr. Yale reviewed with the Board an electronic correspondence dated 30 May 2023 from Bobby Lieb of the Houston Northwest Chamber of Commerce regarding the unkept condition the landscaping on the commercial property located at 7224 Louetta Road in the District, the location of a former Fuddrucker's restaurant. A copy of the electronic correspondence is attached hereto. Ms. Madrigal stated that she would contact the office of the Harris County Precinct 3 Commissioner and report the condition of the property as a public nuisance and possible health issue.

## **MINUTES OF THE MEETING OF 25 MAY 2023**

The minutes of the meeting of the Board held on 25 May 2023, previously distributed to the Board, were presented for consideration and approval. Director Gobbell requested a revision to page 7 of the minutes regarding the distribution of the District's 2022 Drinking Water Quality Report. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 25 May 2023 as amended.

## **PEACE OFFICER'S REPORT**

Mr. Yale distributed copies of the Peace Officer's Report as prepared by the Harris County Precinct 4 Constable's Office (the "Constable's Office"). A copy of the Peace Officer's Report 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.

## **SECURITY SERVICE CONTRACT**

Mr. Yale submitted to and reviewed with the Board a letter dated 22 May 2023 from the Constable'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 letter is attached hereto as an exhibit to these minutes. According to the Constable's Office, 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.

## **DETENTION AND DRAINAGE FACILITIES REPORT**

Next, the Board reviewed the Detention and Drainage Facilities Report (the "Detention Facilities Report") prepared by Champions Hydro-Lawn, Inc. 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 97.1% of its 2022 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 six checks written on the District's tax account and the transfer by wire of \$7,745.20 in revenues from the tax for maintenance and operations to the District's Operating 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:

Lift Station No. 2 / Proposed Electrical Improvements. Ms. Madrigal reported that McDonald Municipal and Industrial ("McDonald") had submitted the sole bid received by the District's Engineer for the proposed electrical improvements for Lift Station No. 2 (the "Electrical Improvements"). She stated that the McDonald bid was in the amount of \$208,469, which was less than the estimated construction cost of \$220,000 for the Electrical Improvements. Although only a sole bid was received, said Ms. Madrigal, the District's Engineer recommends the award of the contract for the Electrical Improvements to McDonald on the basis of their work on previous projects for other water district clients of Quiddity. She called the Board's attention to the recommendation of award letter from Quiddity and the bid tabulation for the Electrical Improvements project, copies of which are included with the Engineer's Report.

Champion Woods Lift Station No. 3. Ms. Madrigal reported that Quiddity had initiated the design of the proposed rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation"). She recalled that Quiddity had calculated a preliminary estimated construction cost of approximately \$225,700 for the Lift Station Rehabilitation. Ms. Madrigal stated that the costs for the project could be paid partially from surplus construction funds and also from the District's Capital Improvement Allocation Account (a sub-account in the District's Operating Fund).

Annual Inspection Report for Water Plants Nos. 1 and 2 (the "Inspection Report"). Ms. Madrigal stated that she would review the Inspection Report in detail at a future meeting of the Board when Director Guerrero is in attendance.

5-Year Capital Improvement Plan (the "CIP") Update. Ms. Madrigal submitted to and reviewed with the Board the updated CIP, which has been revised to include the most recent project estimates and timelines for proposed projects at the District's Water Plants Nos. 1 and 2 (the "Water Plant Projects") as well as recent updates for future projects to be undertaken by the Kleinwood Joint Powers Board (the "KJPB"). A copy of the CIP is attached hereto as an exhibit to these minutes. She then reviewed with the Board the draft 5-Year Water Supply Facilities Schedule (the "Schedule") for the period of 1 January 2023 to 31 December 2027, which details the projected schedule for proposed Water Plant Projects. A copy of the Schedule is attached hereto as an exhibit.

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 May to 13 June 2023. She called the Board's attention to the status table detailing the Association's monthly water usage for the period of 1 January through 13 June 2023, as detailed in the Engineer's Report.

Proposed Utility Line Extensions to Serve the Champion Forest Center (the "Extensions"). Ms. Madrigal briefly discussed with the Board the proposed Extensions for the District to provide water and sanitary sewer service to the Champion Forest Center. She stated that Quiddity had provided Bill Blich of Blich Associates, Inc., the District's Financial Advisor, with copies of the Preliminary Cost estimates for the Extensions that were reviewed at the Board's meeting on 25 May 2023, as well as copies of (1) the historical tax revenue and the Agreement relating to Champion Forest Center; and (2) a cost-benefit analysis for providing water and sanitary sewer service to the Champion Forest Center.

Request for Annexation of and Service to 9.7-acre Tract / Cypresswood Drive and Stuebner Airline Road. Ms. Madrigal stated that she had nothing new to report at this time regarding the request from Makaan Parkview Apartments, LLC for annexation of and service to a certain 9.7-acre tract located at Cypresswood Drive and Stuebner Airline Road.

Harris County Sidewalk Connectivity and Improvements Project. Ms. Madrigal reported that Quiddity had been notified that the Harris County Engineering Department is applying to the Texas Department of Transportation 2023 Transportation Alternatives Set Aside grant for the Huffmeister Road and Champions Forest Drive Sidewalk Connectivity and Improvements Project (the "Sidewalk Project"). She stated that the proposed project scope for the Sidewalk Project includes sidewalk construction on Champions Forest Drive from FM 1960 to Louetta Road in order to provide connectivity to Yeager Elementary School. She called the Board's attention to a map depicting the location of the Sidewalk Project on Champions Forest Drive, a copy of which is included with the Engineer's Report. Ms. Madrigal stated that no action on the part of the Board was necessary with respect to the Sidewalk Project.

Kleb Middle School ("KMS"). Ms. Madrigal reported that KMS had notified Quiddity of certain interior remodeling to be undertaken at the campus (the "Remodeling"). She stated that Quiddity had directed KMS to place a deposit with the District for the cost of the plan review for the Remodeling by the District's Engineer.

Lead and Copper Service Line Inventory. Ms. Madrigal reported that Quiddity had commenced work on the initial inventory of the service lines in the District in order to comply with the revised Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) accept the sole bid and award the contract for the Electrical Improvements to McDonald

## ATTORNEY'S REPORT

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

Approval of Certified Agenda. The Directors considered approval of the certified agenda for the executive session of 27 April 2023. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the certified agenda for the executive session of 27 April 2023 as written.

Groundwater Credits / Harris-Galveston Subsidence District (the "Subsidence District"). Mr. Yale reported that the Subsidence District had recently issued Groundwater Credit Certificate GWB2023-113109 to the District in the amount of 10,332,000 gallons. A copy of the Groundwater Credit Certificate is attached hereto as an exhibit.

Security Service Contract. The Directors considered approval of the Security Service Contract with Harris County for the term of 1 October 2023 through 30 September 2024. Mr. Yale noted that Harris County was expected to provide the document in July or August 2023 and would require the District to sign and return it shortly thereafter. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Security Service Contract and to authorize execution of same, subject to review by the District's Attorney.

The Falls at Champion Forest Property Owners Association, Inc. (the "Association") / Maintenance of Restricted Reserve Tracts. The Board discussed matters relating to the request from the Association for the District assume the responsibility and cost for maintaining Restricted Reserves A, B, and E of Section 1 of The Falls at Champion Forest Subdivision (called "The Falls") and Restricted Reserve C of Section 2 of The Falls (collectively, the "Reserves"). Mr. Yale reported that the District's Attorney was drafting a letter to the Association as discussed at the Board's meeting on 25 May 2023. He added that the District's Attorney was continuing to research the District's records to confirm whether there were any written agreements between the District and the Association relating to the maintenance of the Reserves.

Oath of Office / Director Guerrero. Mr. Yale reported that the District's Attorney had transmitted to Director Guerrero for execution the Oath of Office and the Statement of Director for his term commencing 6 May 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. Yale distributed copies of a newsletter from P3 dated 13 June 2023, a copy of which is attached hereto.

Proposed Depository Pledge Agreement / Frost Bank. The Board next considered a Depository Pledge Agreement between the District and Frost Bank for the District's Tax Accounts (the "Agreement"). Mr. Will Yale reviewed with the Board the Agreement as prepared by Frost Bank (called the "Bank Depository Agreement"), which was previously discussed at the Board's meeting on 25 May 2023. He reiterated his

concerns regarding certain provisions in the Agreement that the District's Attorney considers to be unequal and disadvantageous to the District. Mr. Dick Yale stated that the District would need for Wheeler to monitor the actions of Frost Bank under the Agreement and ensure that inadequate securities were not substituted. Ms. Andel stated that Darce Ahlschlager of Wheeler would contact Mr. Will Yale in the following week to discuss this matter.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Agreement and authorize execution of same, conditionally subject to the conference between Ms. Ahlschlager and the District's Attorney.

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 93.1% 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 83% of the water distributed to the District's customers during the period ending 15 May 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 2 June 2023, a copy of which is included with the Operator's Report.

Annual Fire Hydrant Inspection and Flushing. Mr. Zilko reported that the scheduled annual inspection and flushing of the fire hydrants in the District (the "Hydrant Inspection") was scheduled for the week of 17 July 2023. He called the Board's attention to a copy of a notice regarding the Hydrant Inspection that will be included as an insert with the bills that are distributed to the District's customers.

Water Plant No. 1. Mr. Zilko reported that on 15 May 2023 a large oak tree located inside the perimeter fence of the District's Water Plant No. 1 was struck by lightning. The contractor who mows the Water Plant No. 1 site was engaged to remove the fallen tree, said Mr. Zilko.

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 that he had completed repairs to the toilet in the men's restroom and had scheduled an air conditioning contractor to examine the air conditioning system in the District Office. 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.

## **KJPB**

Director Fratangelo presented a report on the activities of the KJPB. A copy of the draft minutes of the KJPB meeting held on 7 June 2023 is attached hereto as an exhibit.

## **KLEINWOOD MAINTENANCE FUND ("KMF")**

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

## **ITEMS FOR DISCUSSION AT FUTURE BOARD MEETINGS**

Director Fratangelo proposed that the Board investigate the possibility of the District partnering with Harris County to undertake a project to rehabilitate certain residential roadways in the District.

Mr. Will Yale reported that the 88th Texas Legislature had approved House Bill 2815 ("HB 2815"), which would allow for the Directors of the District to be paid a fee of office in an amount equal to the amount set by the Texas Ethics Commission for members of the Texas Legislature, which is currently \$221 per day. He noted that the annual limit for fees of office that may be paid to the Directors would remain at \$7,200. If HB 2815 is not vetoed by the Texas Governor, he continued, the District's Attorney will prepare a RESOLUTION REGARDING FEES OF OFFICE for consideration at a future meeting of the Board.

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 15 June 2023  
Attachments

1. Email from Houston Northwest Chamber of Commerce;
2. Peace Officer's Report;
3. Letter from Precinct 4 Constable's Office;
4. Detention and Drainage Facilities Report;
5. Tax Assessor/Collector's Report;
6. Engineer's Report;
7. 5-Year Capital Improvement Plan and 5-Year Water Supply Facilities Schedule;
8. Groundwater Credit Certificate;
9. P3 newsletter;
10. Operator's Report;
11. District Office Report;
12. Bookkeeper's Report; and
13. Draft minutes of KJPB meeting.