

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

24 August 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 24th day of August 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, 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., Jeffrey Bishop, P.E., and David Warner, 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"); Derek Michael of Sales Revenue, Inc. ("SRI"); Sergeant M. Rodriguez 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 Tom Liewer, a resident of the District. Attending the meeting by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Fratangelo called the meeting to order.

**MINUTES OF THE MEETING OF 27 July 2023**

The minutes of the meeting of the Board held on 27 July 2023, previously distributed to the Board, were presented for consideration and approval. After discussion, during which Director Ehmann stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 to approve the minutes of the meeting of 27 July 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, including the Security Service Contract between the District and Harris County. 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. 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 99.1% 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 14 checks written on the District's tax account, as well as the transfer of \$6,144.24 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.

## **DEVELOPMENT STATUS OF THE DISTRICT**

Mr. Will Yale informed the Board that pursuant to Section 49.236 of the Texas Water Code as amended by Senate Bill 2 ("SB 2") as approved by the 86th Texas Legislature – Regular Session (2019), the District must determine whether it is a "developed district" or a "developing district" with regard to the Truth-In-Taxation requirements promulgated by SB 2. He stated that the District's Engineer had confirmed that the District was a developed district because to date the District has financed, completed, and issued bonds to pay for all land, works improvements, and appliances necessary to serve at least 95% of the projected build-out of the District. Mr. Yale submitted for the Board's review and approval a RESOLUTION DECLARING DEVELOPMENT STATUS OF DISTRICT FOR 2023 TAX YEAR. He explained that the Resolution states that the Board has declared the District to be a developed district as defined by Section 49.23602 of the Texas Water Code for the 2023 tax year. After discussion, upon a motion duly made and seconded, the Board voted unanimously to

adopt the Resolution, a copy of which is attached hereto and shall be considered to be part of these minutes.

## **ENGINEER'S REPORT**

The President then recognized Ms. Madrigal, who presented the Engineer's Report as follows:

Lift Station No. 2 / Electrical Improvements. The Board discussed the contract with McDonald Municipal and Industrial ("McDonald") for the electrical improvements for Lift Station No. 2 (the "Electrical Improvements"). Ms. Madrigal reported that Quiddity had issued the Notice to Proceed for the contract and held the preconstruction meeting with McDonald. She stated that McDonald plans to mobilize for the Electrical Improvements project in September 2023. Ms. Madrigal added that the Electrical Improvements project is scheduled to be completed in December 2023.

Champion Woods Lift Station No. 3. Ms. Madrigal reported that the design of the proposed rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation") was continuing. She reviewed with the Board the proposed schedule for the Lift Station Rehabilitation as detailed in the Engineer's Report, and noted that the recommendation for the award of the contract would be presented at the Board's meeting in November 2023.

5-Year Capital Improvement Plan (the "CIP") Update. Ms. Madrigal called the Board's attention to the updated CIP, a copy of which is included with the Engineer's Report. She noted that the CIP had been provided to the Blich Associates, Inc. ("Blich"), District's Financial Advisor. Ms. Madrigal then reviewed with the Board copies of the bond summary, debt service schedule, cash flow analysis, and general operating funds history as prepared by Blich, copies of which are included with the Engineer's Report.

Water Plant No. 1 / Proposed Improvements. Ms. Madrigal reported that Quiddity is evaluating the options for the proposed major improvements required at Water Plant No. 1 and will present an update at the Board's meeting on 28 September 2023.

Request for Annexation of and Service to 9.2-acre Tract / Cypresswood Drive and Stuebner Airline Road. Ms. Madrigal stated that she had nothing new to report with regard to the request from Makaan Parkview Apartments, LLC for annexation of and service to a certain 9.2-acre tract located at Cypresswood Drive and Stuebner Airline Road.

Lead and Copper Service Line Inventory. Ms. Madrigal reported that Quiddity was continuing with the initial inventory of the service lines in the District (the "Inventory") in order to comply with the revised Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency. She stated that Quiddity was currently reviewing the field verification records provided by the District's Operator. She called the Board's attention to the project schedule for the Inventory as detailed in the Engineer's Report.

Proposed Rehabilitation of Residential Roadways in the District (the "Roadways"). Ms. Madrigal reported that the District's Engineer had contacted a representative in the Harris County Precinct 3 Road and Bridge Department ("Precinct 3 RBD") to request their consideration to perform repairs to various Roadways. She stated that Quiddity forwarded to Precinct 3 RBD a copy of the recent summary of the condition of the Roadways which includes the location and photographs of the sections that are of the greatest concern.

Water Line on Theiss Mail Route. Ms. Madrigal reported that Quiddity is coordinating with the District's Operator to submit a request to Harris County for the reimbursement of certain expenses related to the repair of a 1.5-inch water service line on the north side of Theiss Mail Route which was damaged in late summer 2022 by a Harris County crew that was regrading the roadside drainage ditch. Mr. Zilko explained that in order to repair the leak in the water service line a portion of the roadway had to be cut and removed to access the District's main water line. He stated that the cost for the street repair totaled \$33,932.33, for which the District is seeking reimbursement from Harris County.

Kleb Middle School ("KMS"). Ms. Madrigal reported that Quiddity had reviewed the plans for the interior remodeling to be undertaken at the KMS campus (the "Remodeling"). She noted that the Remodeling includes certain upgrades to the school building as well as an additional gymnasium space, and will not require any additional water supply or sanitary sewer capacity from the District.

HteaO Commercial Development. Ms. Madrigal reported on matters relating to the proposed HteaO commercial development to be located at 8217 Louetta Road. She stated that Quiddity had completed the first review of the plans for the commercial development and had provided comments to the developer's engineer.

Request for Service / IDS Car Wash. Ms. Madrigal reported that the District's Engineer had received an Application for Service for the proposed IDS Car Wash to be located at 8101 Louetta Road. Ms. Madrigal stated that the District has sufficient water supply and sanitary sewer capacity to serve the proposed development.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) approve the Application for Service for the ISD Car Wash. A copy of the Engineer's Report is attached hereto as an exhibit.

## **ATTORNEY'S REPORT**

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

Resolution Authorizing Action by a Kleinwood Joint Powers Board Member. Mr. Yale focused the Board's attention on an electronic correspondence from Mark Brooks of Young & Brooks, Attorneys at Law, the attorney for the Kleinwood Joint Powers Board (the "KJPB"), regarding the proposed thickener rehabilitation project at the Kleinwood Regional Wastewater Treatment Plant (the "Thickener Rehabilitation"). A

copy of the electronic correspondence is attached hereto as an exhibit to these minutes. The Board noted that the preliminary cost estimate for the Thickener Rehabilitation is \$437,000. Mr. Yale remarked that pursuant to the Agreement for the Ownership, Operation, Maintenance and Expansion of the Kleinwood Regional Wastewater Facilities (the "Plant Agreement"), as amended, each party to the Plant Agreement would be required to provide written authorization for the Thickener Modification. Mr. Yale then submitted for the Board's review and approval a RESOLUTION AUTHORIZING ACTION BY A KLEINWOOD JOINT POWERS BOARD MEMBER (the "Resolution"). He pointed out to the Board that the Resolution includes a provision stating that the District would pay no more than its pro rata share for the cost of the Thickener Modification, pursuant to the terms of the Plant Agreement.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize the Thickener Modification; and (2) adopt the Resolution. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

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 8 August 2023, a copy of which is attached hereto.

The Falls at Champion Forest Property Owners Association, Inc. (the "Association") / Maintenance of Restricted Reserve Tracts. Mr. Yale reviewed with the Board a letter dated 31 July 2023 from Robin Gard of Chaparral Management Company, Inc., a copy of which is attached hereto as an exhibit to these minutes. In the letter, Mr. Yale told the Board, Ms. Gard reiterated the Association's request for the District to 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 stated that he had drafted a response letter to Ms. Gard explaining that the Directors had agreed at the Board's meeting held on 25 May 2023 to decline the Association's request for the District to assume the maintenance of the Reserves tracts and the Detention Pond therein (the "Request"). After discussion, the Board directed the District's Attorney to transmit the letter to the Association declining the Association's Request.

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% 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 53% of the water distributed to the District's customers during the period ending 14 July 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 9 August 2023, a copy of which is included with the Operator's Report.

NHCRWA / Drought Contingency Plan. Mr. Zilko reported that on 15 August 2023 the NHCRWA had implemented Stage 1 of its Drought Contingency Plan. He noted that the statement from the NHCRWA regarding implementation of Stage 1 had been posted on the District's internet website. Mr. Zilko added that signage regarding the implementation of Stage 1 had been posted in the District. He then informed that Board that earlier this date the NHCRWA had implemented Stage 2 of its Drought Contingency Plan.

Customer Appeal. Mr. Zilko reported that a property management company had submitted a request for an adjustment to the service account for a certain property on Cypresswood Drive in the District. According to the supplicant, he told the Board, in June 2023 vandals removed copper water lines, electrical wiring, and a backflow prevention device from the vacant building on the property, which resulted in water usage totaling 231,000 gallons. The Board declined to take any action on this matter.

Write-Off Report. Mr. Zilko reported that that there were eight closed service accounts with balances due to the District totaling \$7,227.13 that would be written off and turned over to a collection agency.

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 a verbal report concerning 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.

## **CAPITAL IMPROVEMENTS ALLOCATION ACCOUNT**

Consideration was then given to transferring funds from the District's Operating Fund to the District's Capital Improvements Allocation Account (a sub-account in the District's Operating Fund for the purpose of funding certain capital expenditure items). After discussion, the Directors declined to take any action on this matter.

A discussion then ensued regarding the possible future sale of bonds by the District. Director Fratangelo expressed his view that the District should strive to pay for future improvements and repairs to the District's facilities (the "Improvements") out of the District's Operating Fund rather than from the proceeds of future bond sales. The Board directed the District's Engineer, Attorney, and Financial Advisor to investigate options for funding the Improvements apart from the sale of bonds.

## **SALES AND USE TAX ALLOCATION REPORT**

Mr. Michael submitted to and reviewed with the Board the Sales and Use Tax Allocation Report dated August 2023 (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.

## **HARRIS COUNTY PRECINCT 3**

Director Guerrero presented a report on his attendance at the "Meet The Commissioner" event held on 16 August 2023 by Harris County Precinct 3 Commissioner Tom Ramsey. Among the topics discussed at the event, he told the Board, was the repair of public streets and roads located within the boundaries of Precinct 3. He noted that a telephone number for reporting sections of streets and roads in need of repair (the "Repair Number") had been provided at the meeting. After

discussion, the Board agreed to place the Repair Number on the District's website and on the water bills that are distributed to the District's customers.

**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 August 2023 is attached hereto as an exhibit.

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

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

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 24 August 2023  
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Resolution Declaring Development Status;
5. Engineer's Report;
6. Email from Young & Brooks;
7. Resolution Authorizing Action by KJPB Member;
8. P3 Newsletter;
9. Letter from Robin Gard / The Falls at Champion Forest POA;
10. Operator's Report;
11. Bookkeeper's Report;
12. Sales Tax Report; and
13. Minutes of KJPB meeting.