

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

30 November 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 30th day of November 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 Ashlie Whittemore of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector for the District; Claudia Redden of Claudia Redden & Associates, L.L.C., the District's Bookkeeper; Bill Blich of Blich Associates, Inc., Financial Advisor for the District; 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; Sergeant M. Gonzales and Corporal L. Doria with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Tom Liewer, a resident of the District; and Will Yale and David Green of Coats Rose, P.C., Attorney for the District. Attending by teleconference were Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"), and Dick Yale of Coats Rose.

Director Fratangelo called the meeting to order.

HEAR FROM THE PUBLIC

The President recognized Mr. Liewer, who inquired about the schedule and location for the posting of the agendas for the meetings of the Board. Mr. Schuett responded that the meeting agendas are posted at the District's Water Plant No. 1 site at least three days prior to a meeting of the Board. Mr. Green noted that the meeting agendas are also available on the District's website. Mr. Liewer then inquired about the development occurring in a certain tract of land located outside the District's boundaries at 17047 Stuebner Airline Road, adjacent to the H-E-B supermarket (the "Tract").

Mr. Warner responded that an office/warehouse facility was being constructed in the Tract.

MINUTES OF THE MEETING OF 26 OCTOBER 2023

The minutes of the meeting of the Board held on 26 October 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 26 October 2023, as amended.

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 and reviewed a letter from Landon Reed, Assistant Director of Community Outreach for the office of Harris County Precinct 3 Commissioner Tom Ramsey, regarding possible changes to Harris County's Contract Deputy Program. A copy of the letter is attached hereto as an exhibit. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Peace Officer's Report.

SALE OF SERIES 2024 BONDS

The President recognized Mr. Blitch, who announced that six bids were received for the purchase of the District's \$6,190,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2024 (the "Bonds"). He informed the Board that Moody's Investors Service had assigned an underlying rating of "A2" to the District and the outstanding unenhanced debt of the District.

Mr. Blitch stated that he had received a "good faith" check in the amount of \$123,800 in connection with the sale of the Bonds. He explained that the good faith check will be held until the closing of the Bonds and returned to the purchaser once the sale is complete. In the event the purchaser fails to provide the necessary funding to purchase the Bonds at the closing, he continued, the District is entitled to retain these funds.

Mr. Blitch reported that the bids were received electronically. He then reviewed with the Board the official bid tabulation and read that the bidders listed as follows had offered the respective net effective interest rates indicated:

(1)	The Baker Group, LP	3.979804
(2)	Raymond James & Associates, Inc.	4.059037
(3)	Robert W. Baird & Co., Inc.	4.064431
(4)	Nicolaus Stifel	4.066438
(5)	SAMCO Capital Markets, Inc.	4.152447
(6)	Hilltop Securities	4.188812

A copy of the official bid tabulation is attached hereto and shall be considered part of these minutes. Mr. Blitch recommended that the Board accept the bid submitted by The Baker Group, LP. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the bid of The Baker Group, LP and to award the sale of the Bonds to same. A copy of the Official Bid Form submitted by The Baker Group, LP is attached hereto as an exhibit to these minutes.

Mr. Will Yale then reviewed with the Board the ORDER AUTHORIZING THE ISSUANCE OF \$6,190,000 WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2024 (the "Bond Order"). He explained that the Bond Order is a contract between the District and the bondholders which governs the relationship and contains numerous actions the District agrees to take to pay off the principal and interest on the Bonds. He explained further that the Bond Order stipulates that the District is required to provide financial information on an annual basis to each nationally recognized municipal securities information repository, as well as the State information depository, so that buyers or sellers of the Bonds can have access to the financial condition of the District. After discussion and further review of the Bond Order, upon a motion duly made and seconded, the Board voted unanimously to adopt the Bond Order. A certified copy of the Bond Order is included in the transcript of the proceedings of the sale of the Bonds. Next, the Board approved the Official Statement for the sale of the Bonds and adopted the RESOLUTION ADOPTING AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF OFFICIAL STATEMENT AND RATIFYING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT.

Next, Mr. Yale told the Board that it would be necessary for the Board to approve and execute a Paying Agent Agreement. He stated that the Paying Agent Agreement is between the District and UMB Bank, N.A. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve and execute the Paying Agent Agreement.

The Board then reviewed the General Certificate to be submitted to the Attorney General of Texas with the bound transcript for approval of the sale. Mr. Yale pointed out that the General Certificate provided a history of the District since the previous bond sale. Upon a motion duly made and seconded, the Board voted unanimously to approve the General Certificate and authorize Directors Fratangelo and Ehmann to execute same. The General Certificate will be included in the transcript of proceedings for the sale of the Bonds.

Mr. Yale then submitted the Signature Identification and No-Litigation Certificate in connection with the Bonds. He explained that the signatures of the President and Secretary of the Board would be verified for the Attorney General by notarization. Mr. Yale also submitted other certificates and letters for execution by Directors Fratangelo and Ehmann. Mr. Yale then said it would be necessary for the Board to authorize the officers and agents of the District to perform whatever actions are required to accomplish the bond sale transaction. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the Directors and District's

consultants to execute documents and take all additional actions necessary to complete the sale and delivery of the Bonds.

INVESTMENT STRATEGIES OF THE DISTRICT

The Board then entered into a discussion regarding the District's Investment Policy and investment strategies. Director Guerrero expressed his view that the Board should consider diversifying the District's investments to include Certificates of Deposits rather than relying solely on deposits with the TexPool governmental investment pool. Director Fratangelo suggested that Director Guerrero confer with the District's Financial Advisor regarding the District's investment strategies.

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. He informed the Board that certain trees in the Detention Pond had branches that were overhanging the back yard of a residence that is adjacent to the Detention Pond. The Board authorized Mr. Griffith to take actions deemed necessary with regard to the overhanging branches.

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. Whittemore, 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 99.3% of its 2022 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Whittemore noted that Wheeler was requesting approval for nine checks written on the District's tax account and the transfer by wire of \$50,000.00 to the District's Debt Service 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.

ENGINEER'S REPORT

The President then recognized Mr. Warner, 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"). Mr. Warner reported that McDonald

had completed the installation of the perimeter fencing, onsite concrete slabs, and is continuing with the Electrical Improvements. He then reported that McDonald had submitted Pay Estimate No. 2 in the amount of \$21,069.00 in connection with the Electrical Improvements project. A copy of Pay Estimate No. 2 is included with the Engineer's Report.

Champion Woods Lift Station No. 3. Mr. Warner reported that Quiddity was finalizing the design for the proposed rehabilitation of Lift Station No. 3. He stated that advertising for bids on the project was scheduled for January 2024 with construction projected to commence in April 2024.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). Mr. Warner reported that Quiddity plans to commence the design of the proposed HPT Addition in December 2023. He noted that the HPT Addition project would be paid out of the District's General Operating Account.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity had provided the District's Financial Advisor with comments on the Rebuilding project for inclusion in the Preliminary Official Statement for the Series 2024 Bonds. He noted that the Rebuilding project would be funded from the proceeds from the sale of the Series 2024 Bonds.

Request for Annexation of and Service to 9.2-acre Tract / Cypresswood Drive and Stuebner Airline Road. Mr. Warner stated that he had nothing new to report with regard to the request from Makaan Parkview Apartments, LLC ("MPA") 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. Mr. Warner reported on the inventory of the service lines in the District pursuant to the revised Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency. He noted that the records research and compilation of the District's service lines was 95% complete. Quiddity provided the District's Operator with a list of service lines requiring field verification, he told the Board.

Proposed Rehabilitation of Residential Roadways in the District (the "Roadways"). Mr. Warner stated that he had nothing new to report at this time regarding the proposed street repairs in the District to be performed by Harris County. He stated that the Road & Bridge Department in Harris County Commissioner Precinct 3 ("Road & Bridge") was expected to be investigating the areas of concern on the Roadways as listed by Quiddity.

Water Line on Theiss Mail Route. Mr. Warner reported that earlier this week Quiddity transmitted a letter to Jennifer Almonte, P.E. of Road & Bridge regarding the possible reimbursement to the District 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. A copy of the letter included with the Engineer's Report.

Champion Woods Estates Detention Pond. Mr. Warner reported that the owner of the tract adjacent to the Detention Pond (the "Adjacent Tract") had pushed dirt into the interceptor swale system that serves the Detention Pond. On 27 November 2023, he continued, the District's Engineer met with the owner of the Adjacent Tract to discuss this matter. He went on to say that the owner of the Adjacent Tract plans to remove the dirt from the interceptor swale system.

Kleb Middle School ("KMS"). Mr. Warner reported that Quiddity had completed the review of plans for the interior remodeling to be undertaken at the KMS campus, and is awaiting the final plans for approval.

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

Request for Service / IDS Car Wash. Mr. Warner reported that Quiddity had completed the second review of the plans for the proposed IDS Car Wash to be located at 8101 Louetta Road (the "IDS Tract") and had provided comments to the developer's engineer. Director Fratangelo remarked that he had recently observed possible construction activity in the IDS Tract. Mr. Warner stated that Quiddity would contact the developer regarding this matter.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize payment of Pay Estimate No. 2 to McDonald. 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.

Fourth Addendum to Water Supply Agreement (the "Fourth Addendum"). Mr. Yale submitted for the Board's review and approval the Fourth Addendum to the Water Supply Agreement between the District and Klein Independent School District ("Klein ISD"). He explained that the Fourth Addendum would amend Section 3.01 of the Water Supply Agreement so as to extend the term of the Water Supply Agreement by 20 years to September 18, 2042.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) approve the Fourth Addendum and authorize execution of same; and (2) authorize the District's Attorney to transmit the Fourth Addendum to Klein ISD for approval. A copy of the Fourth Addendum as approved by the Board is attached hereto as an exhibit to 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 14 November 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 87.7% and that the District has 895 service connections, including two vacant single-family residences. He noted that surface water received from the North Harris County Regional Water Authority (the "NHCRWA") accounted for 29% of the water distributed to the District's customers during the period ending 13 October 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 dated 16 November 2023, a copy of which is included with the Operator's Report.

Installation of Electronic Water Meters (the "Smart Meters"). Mr. Zilko reported that EDP was continuing the installation of the Badger Bronze E-Series Smart Meters on water service connections in the District. He noted that 34 Smart Meters had been installed during the past month.

Security Deposits for District Customers (the "Deposits"). The Directors then discussed the proposed implementation of Deposits that the District's customers would be required to place with the District's Operator when a service account is established. Mr. Zilko distributed to the Board a 23-Month Survey of Accounts (the "Survey of Accounts") as prepared by EDP that lists (1) the number of service accounts in the District that have been included on the list of delinquent accounts (from once to nine times during the 23-month period); and (2) the delinquent service account balances that were written off by the District for the periods of 9 June 2021 through 30 June 2021, 13 October 2021 through 21 March 2022, 26 April 2022 through 8 August 2022, and 3 October 2022 through 7 March 2023. A copy of the Survey of Accounts is attached hereto as an exhibit to these minutes. After discussion, the Board declined to take any action at this time regarding the implementation of Deposits and agreed to discuss this matter again in early 2024.

NHCRWA / Drought Contingency Plan. Mr. Zilko reported that on 7 November 2023 the NHCRWA had rescinded Stage 1 of its Drought Contingency Plan. He informed the Board that a statement from the NHCRWA regarding the rescission of Stage 1 had been posted on the District's internet website and that EDP had removed the signage in the District regarding Stage 1.

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

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 called the Board's attention to a proposal from Brookway Horticultural Services, Inc. to (1) remove the dead Asian jasmine, junipers, and shrubbery (collectively, the "Landscaping") from the District Office property and replace them with Asian jasmine and dianella; and (2) remove a dead magnolia tree from the District Office property. A copy of the proposal is included with the Office Report. Mr. Schuett recommended that the removal and replacement of the Landscaping as described above be postponed until spring 2024. The Board agreed with said recommendation.

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

BOOKKEEPER'S REPORT

Ms. Redden presented the Bookkeeper's Report, a copy 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. 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 1 November 2023 is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND ("KMF")

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

DISTRICT WEBSITE

The Board discussed matters relating to the District's website (the "Website"). Director Guerrero commented that The Texas Network, LLC ("Texas Network") had given notice of its intent to increase the monthly charge to the District for hosting the Website from \$62.50 to \$85.00. He then called the Board's attention to a proposal from Off Cinco to redesign and host the Website, a copy of which is attached hereto as an exhibit. Mr. Yale stated that the District's Attorney would ask Texas Network to prepare a letter to the Board outlining the reasons for the rate increase. He recommended that the Board take no action on the Website pending receipt of the letter from Texas Network. The Directors then deferred further discussion of the matter to a future meeting of the Board.

OTHER MATTERS

Director Guerrero briefly reported on matters relating to the Cypress Creek Drainage Improvement District and the Harris County Flood Control District.

SALES AND USE TAX ALLOCATION REPORT

Finally, Mr. Yale submitted to and reviewed with the Board the Sales and Use Tax Allocation Report for November 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.

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 30 November 2023
Attachments

1. Peace Officer's Report;
2. Letter from Precinct 3 Commissioner's Office;
3. Bid Tabulation / Sale of Bonds
4. Official Bid Form / The Baker Group, LP
5. Detention Facilities Report;
6. Tax Assessor/Collector's Report;
7. Engineer's Report;
8. Fourth Addendum to Water Supply Agreement;
9. P3 Newsletter;
10. Operator's Report;
11. 23-Month Survey of Accounts;
12. District Office Report;
13. Bookkeeper's Report;
14. Draft minutes of KJPB meeting;
15. Proposal from Off Cinco; and
16. Sales Tax Report.