

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

21 December 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 21st day of December 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 Ehmann, thus constituting a quorum.

Also present were Dona Washington of Wheeler & Associates, Inc. ("Wheeler"), the Tax Assessor/Collector 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; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Derek Michael representing Sales Revenue, Inc. ("SRI"); Will Yale and 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 Shannon Waugh of Off Cinco and Dick Yale of Coats Rose.

Director Fratangelo called the meeting to order.

**MINUTES OF THE MEETING OF 30 NOVEMBER 2023**

The minutes of the meeting of the Board held on 30 November 2023, previously distributed to the Board, were presented for consideration and approval. Director Gobbell requested certain revisions to page 5 of the minutes. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 30 November 2023, as amended.

## **DISTRICT WEBSITE**

The Board discussed matters relating to the District's website (the "Website"). Ms. Waugh reviewed with the Board a proposal from Off Cinco to redesign and host the Website, which was previously reviewed at the Board's meeting on 30 November 2023. A discussion ensued regarding the options available through Off Cinco for rebuilding the Website as well as options for the monthly hosting and maintenance of same. The Board then directed the District's Attorney to ask The Texas Network, LLC ("Texas Network"), the District's Webmaster, to provide a list of services that Texas Network is currently providing to the District as regards the Website as well as the number of visits the Website is receiving. Mr. Yale then reviewed with the Board a letter from Russell Lambert of The Texas Network, LLC ("Texas Network") outlining the reasons for an increase in the monthly charge to the District for hosting the Website from \$62.50 to \$85.00. A copy of the letter is attached hereto and shall be considered to be part of these minutes. The Directors then deferred further discussion regarding the Website to a future meeting of the Board.

## **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. 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.

## **SALE OF SERIES 2024 BONDS**

The Directors next discussed the sale of the District's Series 2024 Bonds (the "Bonds"). Mr. Yale reported that the transcript of proceedings for the sale of the Bonds had been transmitted electronically to the Office of the Texas Attorney General (the "AG Office") for review on 5 December 2023. Earlier this date, he continued, the AG Office transmitted to Coats Rose the Preliminary Approval Letter for the sale of the Bonds. He reminded the Board that the closing of the sale of the Bonds was scheduled to take place on Thursday, 4 January 2024. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the disbursement of funds from the proceeds of the sale of the Series 2024 Bonds, contingent on the successful closing of the Bond sale.

## **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. Washington, 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 4.8% of its 2023 taxes. The Directors also reviewed and discussed the Delinquent Collections Listing, a copy of which is attached hereto. Ms. Washington 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 \$28,234.72 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$30,000.00 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.

## **DELINQUENT TAX REPORT**

Ms. Washington then submitted for the Board's review the Delinquent Tax Report as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Report is attached hereto.

## **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 generator platform and is continuing with the Electrical Improvements. He stated that an updated schedule for completion of the Electrical Improvements had been requested from the contractor. Mr. Warner added that bypass pumping operations are tentatively scheduled for the week following the New Year holiday. He then reported that McDonald had submitted Pay Estimate No. 3 in the amount of \$41,850.00 in connection with the Electrical Improvements project. A copy of Pay Estimate No. 3 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.

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 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 progress of 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. 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"). The Board discussed the proposed street repairs in the District to be performed by Harris County. Mr. Warner reported that street repairs along Squyres Road were in progress. He stated that the Road & Bridge Department in Harris County Commissioner Precinct 3 is investigating the remaining areas of concern on certain Roadways as listed by Quiddity and plans to perform the various street repairs as soon as possible.

Water Line on Theiss Mail Route. Mr. Warner reported that Quiddity was continuing to contact Harris County 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.

Kleb Middle School ("KMS"). Mr. Warner reported that Quiddity had approved the final plans for the interior remodeling to be undertaken at the KMS campus.

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. He added that earlier this date the developer's engineer submitted the final drawings for review.

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. He added that Quiddity had contacted the developer's engineer regarding the construction work taking place in the IDS Tract. Photographs of the construction activity are included in the Engineer's Report.

Possible Request for Service / KFC Restaurant. Mr. Warner reported that Quiddity had provided adjacent water, sanitary sewer, and drainage record drawings to the developer of a certain tract located at the southwest corner of Mintwood Lane and Stuebner Airline Road. He stated that the planned development for the tract is supposed to consist of a KFC restaurant. To date, he continued, Quiddity has not received a formal capacity request from the developer.

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 January 2024.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity had provided Blich Associates, Inc., the District's Financial Advisor, with a Letter of Representation relating to the Rebuilding project in connection with the Official Statement for the Series 2024 Bonds. A copy of the Letter of Representation is included with the Engineer's Report. He then stated that Quiddity is preparing a proposal for the design of the Rebuilding project.

Champion Woods Estates Detention Pond. Mr. Warner reported that the owner of the tract adjacent to the Detention Pond (the "Adjacent Tract") had removed the dirt that had been pushed into the interceptor swale system that serves the Detention Pond.

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. 3 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 reported on the status of the proposed Fourth Addendum to the Water Supply Agreement between the District and Klein Independent School District ("Klein ISD") that was approved at the Board's meeting on 30 November 2023. He stated that the Fourth Addendum had been transmitted to Rogers Morris & Grover, LLP, the attorney for Klein ISD, for review.

Eminent Domain Reporting. Mr. Yale reported that on 13 December 2023 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.

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 12 December 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 98.1% 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 59% of the water distributed to the District's customers during the period ending 10 November 2023.

Lift Station No. 2 / Lift Pump No. 2 (the "Lift Pump"). Mr. Zilko reviewed with the Board a cost estimate from Inframark LLC for the repair or replacement of the Lift Pump. A copy of the cost estimate is included with the Operator's Report. The Board noted that the estimated cost to repair the Lift Pump was \$11,967.00 and the estimated cost to replace the Lift Pump was approximately \$16,462.00. The Directors expressed their preference to replace the Lift Pump.

Customer Appeal. Mr. Zilko reviewed with the Board a letter dated 20 December 2022 from EYM Group, Inc. ("EYM"), regarding the District's billing to the Panera Bread restaurant located at 8203 Louetta Road for water service during the October and November 2023 billing periods. A copy of the letter is attached hereto as an exhibit. Mr. Zilko explained that the water usage at the Panera Bread restaurant totaled 632,000 gallons for the October 2023 billing period and 1,060,000 gallons for the November 2023 billing period. As noted in the letter from EYM, he continued, the higher-than-normal water usage resulted from a leak in one of the service lines for the Panera Bread restaurant. Mr. Zilko remarked that the leak was located on the customer's side of the water meter. He noted that the total amount due from EYM for the two billing periods was \$12,350.22. Mr. Zilko stated that EDP would negotiate with EYM if a payment plan is requested.

Installation of Electronic Water Meters (the "Smart Meters"). Mr. Zilko reported on the installation of the Badger Bronze E-Series Smart Meters on water service connections in the District.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operator's Report; and (2) authorize the District's Operator to replace the Lift Pump with a new unit. A copy of the Operator's Report is attached hereto as an exhibit to these minutes.

## **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 the District Office had been pressure washed and the old bulletin board located near the tennis courts had been removed. He then discussed the possibility of installing electronic key access to the gate for the bathrooms near the tennis courts. The Board then commended Mr. Schuett on the installation of exterior Christmas lighting at 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.

## **FLOOD PREVENTION**

Director Guerrero discussed with the Board the possibility of the District undertaking certain measures to prevent storm water flooding in the District. He expressed his desire for representatives of Dutch Water Prevention to attend a future meeting of the Board to discuss possible flood prevention measures.

## **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 6 December 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. Michael submitted to and reviewed with the Board the Sales and Use Tax Allocation Report dated December 2023 (the "Sales Tax Report") prepared by SRI 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.

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Secretary, Board of Directors

SEAL



Kleinwood Municipal Utility District  
Meeting of 21 December 2023  
Attachments

1. Letter from The Texas Network;
2. Peace Officer Report;
3. Detention Facilities Report;
4. Tax Assessor/Collector's Report;
5. Delinquent Tax Report;
6. Engineer's Report;
7. Eminent Domain Filing;
8. P3 Newsletter;
9. Operator's Report;
10. Letter from EYM Group, Inc.;
11. District Office Report;
12. Bookkeeper's Report;
13. Draft minutes of KJPB meeting; and
14. Sales Tax Report.