

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

22 February 2024

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 22nd day of February 2024, 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 Director Guerrero attending by teleconference, thus constituting a quorum. The Board noted that Director Guerrero could participate in the discussions but could not vote on matters before the Board at this meeting, pursuant to Section 551.127 of the Texas Government Code.

Also present were Ashlie Whittemore 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"); Sergeant M. Gonzales and Corporal L. Doria with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Jennifer Almonte representing the Road & Bridge Department in Harris County Commissioner Precinct 3; Arif Amjad, president of The Falls at Champion Forest Property Owners Association, Inc. (the "Association"); Susan Blocher, vice president of the Association; Robin Gard of Chaparral Management Company, Inc.; Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; Tom Liewer, a resident of the District; and members of the public as listed on the attached Attendance Sheet. Attending the meeting by teleconference was Dick Yale of Coats Rose.

Director Fratangelo called the meeting to order.

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.

RESIDENTIAL ROADWAY REHABILITATION

The President recognized Ms. Almonte, who addressed the Board regarding the proposed street repairs in the District to be performed by Harris County (the "Street Repairs"). Ms. Almonte stated that the Street Repairs were scheduled to commence the following week. She then discussed with the Board the organization and functions of the Road and Bridge Department. Ms. Almonte then remarked that Harris County was reviewing the District's request for 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.

MAINTENANCE OF RESTRICTED RESERVE TRACT IN THE FALLS AT CHAMPION FOREST SUBDIVISION

The President recognized Mr. Amjad, who addressed the Board regarding the request from the Association for the District to assume the ownership of and cost for maintaining Restricted Reserve A of Section 1 of The Falls at Champion Forest Subdivision ("Reserve A"), on which property is located a wet stormwater detention facility with an amenity lake and waterfall. Mr. Arif explained to the Board that the attorney engaged by the Association had determined that the Association has owned the Reserve A Tract since 10 January 2005 pursuant to a Special Warranty Deed. He told the Board that the cost of operating the water well and the pump for the amenity lake and waterfall has become a financial burden for the Association. Of primary concern to the Association, he told the Board, is the potential liability exposure to the Association stemming from members of the public visiting the Reserve A tract. Mr. Will Yale remarked that the District's Attorney could confer with Arthur J. Gallagher & Co. ("Gallagher"), the District's insurance provider, regarding the additional cost to the District for insurance coverage if the District were to assume ownership of the Reserve A tract. He added that the District would also confer with CHL to determine the cost to maintain the detention facility in the Reserve A tract as either a dry detention facility or wet detention pond. In response to a question from Mr. Yale, Mr. Amjad and Ms. Blocher stated that they would represent the Association on matters relating to the Reserve A tract. The Directors then deferred further discussion of this matter to a future meeting of the Board.

Attached hereto as exhibits to these minutes are copies of (1) an electronic correspondence dated 21 February 2024 from Ms. Gard in which she transmitted Mr. Amjad's request for the transfer of the ownership of the Reserve A tract from the Association to the District; and (2) a letter dated 14 January 2024 to the District from Ms. Gard on behalf of the Association.

MINUTES OF THE MEETING OF 25 JANUARY 2024

The minutes of the meeting of the Board held on 25 January 2024, 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 3 to 0 in favor of approving the minutes of the meeting of 25 January 2024, as written.

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. 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 87.93% of its 2023 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 seven checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$393,806.64 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$800,000.00 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.

RESOLUTION CONCERNING TAX EXEMPTIONS FOR 2024

Next, Mr. Yale submitted a draft RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION for the Board's consideration. Mr. Yale noted that the Resolution had been prepared with the same exemptions that had been offered for 2023, that is \$25,000.00 for persons who are disabled or who are sixty-five years of age or older and a 20% general residential homestead exemption. After discussion, upon a motion duly made and seconded, the Board voted unanimously to grant the following Exemptions for 2024 and to adopt a RESOLUTION CONCERNING EXEMPTION OF RESIDENCE HOMESTEADS FROM TAXATION: (1) \$25,000.00 exemption for individuals who are disabled or sixty-five years of age or older; and (2) a 20% general residential homestead exemption. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

AGREEMENT FOR DELINQUENT TAX COLLECTION SERVICES

Mr. Yale then explained that the Board could impose a statutory charge (the "Collection Charge") of up to 20% on all 2023 taxes, penalties, and interest delinquent on 1 July 2024 for real property (and on 1 April 2024 for personal property), said Collection Charge to be used to finance the costs of collection of the delinquent taxes. In order to do so, he continued, the Board must first confirm its agreement (the "Agreement") for delinquent tax attorney services with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. He explained further that under the Agreement, the amount paid by the District to the District's Delinquent Tax Attorney for the collection of delinquent 2023 taxes would be equal to the additional collection charge as approved by the Board on all 2023 taxes, penalties, and interest delinquent on the applicable dates, up to the statutory maximum of 20%, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. After discussion, upon a motion duly made and seconded, the Board voted unanimously to confirm its Agreement with the District's Delinquent Tax Attorney.

COLLECTION CHARGE ON ALL DELINQUENT 2023 TAXES, PENALTIES, AND INTEREST

Consideration was then given to imposing the Collection Charge as described above. After discussion, upon a motion duly made and seconded, the Board voted unanimously to impose a 20% Collection Charge on all 2023 taxes, penalties, and interest that are due and remain delinquent as of the applicable dates, pursuant to Sections 33.07, 33.08, and 33.11 of the Texas Tax Code. A copy of the CERTIFICATE OF BOARD ACTION related to this matter is attached hereto as an exhibit to these minutes.

ENGINEER'S REPORT

The President then recognized Mr. Warner, who presented the Engineer's Report, a copy of which is attached hereto as an exhibit to these minutes.

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. Mr. Warner reported that the substantial completion inspection was conducted on 19 February 2024. McDonald is working to complete the punch list items for the project, he told the Board.

Champion Woods Lift Station No. 3 / Proposed Rehabilitation. Mr. Warner reported that no bids were received on 19 February 2024 for the proposed rehabilitation of Lift Station No. 3, likely because the contractors in the Houston area are fully committed to other projects at this time. Accordingly, he continued, Quiddity will need to re-bid the project.

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 (the "Inventory") pursuant to the revised Lead and Copper Rule promulgated by the U.S. Environmental Protection Agency. Quiddity is currently finalizing the Inventory, he told the Board.

Request for Service / 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 is awaiting the recorded plat from the developer's engineer prior to providing approval for the construction drawings.

Request for Service / IDS Car Wash. Mr. Warner stated that he had nothing new to report this month regarding the proposed IDS Car Wash to be located at 8101 Louetta.

Request For Service / Kidney Dialysis Clinic / FKC Klein. Mr. Warner reported that the District's Engineer recently met with the developer and engineer for the proposed development of a 1.27-acre tract located at the southwest corner of Mintwood Lane and Stuebner Airline Road (the "FKC Tract"). He stated that FKC Klein had submitted an Application for Service relating to the FKC Tract, a copy of which is included with the Engineer's Report. Mr. Warner remarked that the District has adequate water and sanitary sewer capacity to serve the proposed development in the FKC Tract.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). Mr. Warner reported that Quiddity is proceeding with the design of the proposed HPT Addition.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity had initiated the surveying work and had commenced the design of the Rebuilding.

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 relating to the FKC Tract.

ATTORNEY'S REPORT

Fourth Addendum to Water Supply Agreement (the "Fourth Addendum"). Mr. Will 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 Klein ISD had not yet provided the District's Attorney and Engineer with estimates of the current water and sanitary sewer demand for the facilities owned by Klein ISD that are receiving water and sanitary sewer service from the District.

Renewal of Insurance Coverage. The Board briefly discussed matters relating to the renewal of the District's insurance policies (the "Insurance Policies"), which expire on 30 April 2024. Mr. Yale reported that the District's Attorney was working with Gallagher to obtain a proposal for the renewal of the Insurance Policies.

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 103.6% 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 49% of the water distributed to the District's customers during the period ending 11 January 2024.

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.

Kleinwood Regional Wastewater Treatment Plant (the "Plant"). Mr. Zilko reviewed with the Board the cover page from the Operator's Report for the Plant dated 5 February 2024, a copy of which is included with the Operator's Report.

Significant System Repairs. Mr. Zilko reviewed with the Board the EDP Invoice and Bill Direct Statement dated 7 February 2024, a copy of which is included with the Operator's Report.

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. He informed the Board that 266 Smart Meters had been installed since October 2023, with 141 Smart Meters being installed since the Board's meeting on 25 January 2024.

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. He reported on the maintenance and repair work performed at the District Office during the past month as detailed in the Office Report. 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.

OPERATING BUDGET FOR FISCAL YEAR ENDING 31 MARCH 2025

Mr. Schuett distributed copies of the draft Operating Budget for the District for the fiscal year ending 31 March 2025 (the "Budget"). He pointed out certain Expense items in the Budget to be reviewed by the District's Operator, Engineer, and Attorney. The Directors then deferred adoption of the Budget to a future meeting of the Board.

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 7 February 2024 is attached hereto as an exhibit.

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 22 February 2024
Attachments

1. Attendance Sheet;
2. Peace Officer Report;
3. Email from Chaparral Management Company;
4. Letter from The Falls at Champion Forest Property Owners Association, Inc.;
5. Detention Facilities Report;
6. Tax Assessor/Collector's Report;
7. Resolution Concerning Exemption of Residence Homesteads From Taxation;
8. Certificate of Board Action;
9. Engineer's Report;
10. Operator's Report;
11. District Office Report;
12. Bookkeeper's Report; and
13. Draft minutes of KJPB meeting.