

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

28 March 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 28th day of March 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; Jeffrey Bishop, P.E., of Quiddity Engineering, LLC ("Quiddity"), Engineer for the District; Chris Zilko and Johnson Ashcraft of Inframark, LLC (formerly Environmental Development Partners, L.L.C., hereinafter "Inframark"), Operator for the District; Roger Schuett, Office Manager for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Sergeant M. Gonzales and Deputy 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. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference was Dick Yale of Coats Rose.

Director Fratangelo called the meeting to order.

MINUTES OF THE MEETING OF 22 FEBRUARY 2024

The minutes of the meeting of the Board held on 22 February 2024, previously distributed to the Board, were presented for consideration and approval. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 22 February 2024, as written.

PEACE OFFICER'S REPORT

The President recognized Deputy 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.

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 94.3% 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 26 checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$37,983.21 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$250,000.00 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.

ENGINEER'S REPORT

The President then recognized Mr. Bishop, 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. Mr. Bishop reported that McDonald had achieved substantial completion on the project and had addressed most of the punch list items noted by the District's Engineer.

Champion Woods Lift Station No. 3 / Proposed Rehabilitation. Mr. Bishop reported that three bids were received by the District's Engineer for the proposed rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation"). He stated that the apparent low base bid plus supplemental bid item for the Lift Station Rehabilitation was submitted by AR Turnkey Construction Company, Inc. (called "AR Turnkey"), in the amount of \$205,000.00. A copy of the bid tabulation for the Lift Station Rehabilitation project is

included with the Engineer's Report. Mr. Bishop explained that the supplemental bid item is for an additional 1/2-inch of concrete repair mortar within the wet well, as needed.

Request for Annexation of and Service to 9.2-acre Tract / Cypresswood Drive and Stuebner Airline Road. Mr. Bishop 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. Bishop 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.

Rehabilitation of Residential Roadways in the District. The Board discussed the street repairs in the District to be performed by Harris County. Mr. Bishop reported that Quiddity is continuing to coordinate with Jennifer Almonte of the Road & Bridge Department in Harris County Commissioner Precinct 3 regarding the street repairs. He added that Quiddity recently provided Ms. Almonte with additional documentation regarding the 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.

Request for Service / HteaO Commercial Development. Mr. Bishop reported on matters relating to the proposed HteaO commercial development to be located at 8217 Louetta Road. He stated that Quiddity recently approved the final construction drawings for the commercial development. He called the Board's attention to the approval letter dated 22 March 2024 from Quiddity to Cody Rogers of ALJ Lindsey, a copy of which is included with the Engineer's Report.

Request for Service / IDS Car Wash. Mr. Bishop reported that Quiddity recently received and is reviewing the revised drawings for the proposed IDS Car Wash to be located at 8101 Louetta.

Request For Service / Kidney Dialysis Clinic / FKC Klein. Mr. Bishop reported that the District's Engineer is awaiting receipt of the drawings for the proposed development of a 1.27-acre tract located at the southwest corner of Mintwood Lane and Stuebner Airline Road.

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

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Bishop reported that Quiddity had completed the survey work and was continuing with the design of the Rebuilding.

Maps of the District. Mr. Bishop then presented the Board with an updated Land Use Map of the District and an updated District Boundary Map as prepared by Quiddity

(collectively, the "Maps"). Copies of the Maps are attached hereto as exhibits to these minutes.

Restricted Reserve A of Section 1 of The Falls at Champion Forest Subdivision ("Reserve A"). The Board then discussed matters relating to the request from The Falls at Champion Forest Property Owners Association, Inc. for the District to assume the ownership of and cost for maintaining the Reserve. Responding to questions from the Board, Mr. Bishop stated that converting the wet stormwater detention facility in the Reserve to a dry stormwater detention facility would likely be cost-prohibitive because of the significant amount of fill that would be required to raise the bottom of the pond and reposition the stormwater outfall. He noted that most detention facilities in Harris County are owned and maintained by water districts rather than by homeowner associations. The Board discussed matters relating to the Reserve again later in the meeting.

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 low bid and award the contract for the Lift Station Rehabilitation project to AR Turnkey.

ATTORNEY'S REPORT

Texas Comptroller / Special Purpose District Report. Mr. Yale reported that on 13 February 2024 the District's Attorney had filed the Special Purpose District Report (the "SPD Report") with the Texas Comptroller's Office pursuant to Senate Bill 625 as approved by the 85th Texas Legislature (Regular Session – 2017). He reviewed with the Board the SPD Report Confirmation and Summary, copies of which are attached hereto as exhibits to these minutes.

House Bill 3693 Compliance / Electricity Consumption. Mr. Yale reminded the Board that Chapter 2265 of the Texas Government Code requires Texas political subdivisions to record and make available their utility usage and costs pursuant to House Bill 3693 ("HB 3693") as approved by the 80th Texas Legislature in 2007. He then submitted for the Board's review the HB 3693 Report for the District for calendar year 2023 as prepared by the Public Power Pool. A copy of the HB 3693 Report is attached hereto as an exhibit to these minutes.

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 Phase 3 Electrical Modifications project at the Kleinwood Regional Wastewater Treatment Plant (the "Electrical Modifications") that was authorized by the member districts of the KJPB in August 2022. A copy of the electronic correspondence is attached hereto as an exhibit to these minutes. The Board noted that, according to Mr. Brooks, the total project cost for the Electrical Modifications project will be \$338,000.00 higher than the original cost estimate. The Directors reviewed an updated Project Cost Summary reflecting the revised total project cost of \$1,981,000.00. A copy

of the updated Project Cost Summary is attached hereto as an exhibit. 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 Electrical Modifications. 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 Electrical Modifications, 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 Electrical Modifications and the increased expenditure for same; and (2) adopt the Resolution. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

PROPOSAL FOR INSURANCE COVERAGE

The Board reviewed the Proposal for Insurance Coverage (the "Insurance Proposal") for the policy term of 30 April 2024 through 30 April 2025 as submitted by Arthur J. Gallagher & Co. ("Gallagher"). The Board noted that the premium for the insurance coverage to be provided under the Insurance Proposal would total \$40,952.00, which represents an increase of \$3,525.00 from the premium for the current policy term. Mr. Yale remarked that, according to Gallagher, the premium reflected the increase in the estimated replacement value of the District's facilities as calculated by the District's Engineer. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Insurance Proposal. A copy of the Insurance Proposal as accepted by the Board is attached hereto and shall be considered to be a part of these minutes. Mr. Yale noted that the insurance policies being provided to the District under the Insurance Proposal would be forwarded to the District's Attorney at a later date.

CONFIRM ENGAGEMENT OF AUDITOR

Mr. Yale discussed with the Board the need to confirm the engagement of McCall Gibson Swedlund Barfoot, PLLC ("McCall") for preparation of the District's annual financial report for the fiscal year ending 31 March 2024 (the "Report"). He recalled that on 23 March 2023 the Board had accepted a proposal from McCall to audit the financial statements of the District for the fiscal years ending 31 March 2023 and 31 March 2024. Mr. Yale then submitted for the Board's review an electronic correspondence dated 25 March 2024 from Noel Barfoot of McCall stating that no further action by the Board was necessary to authorize McCall to prepare the Report for the fiscal year ending 31 March 2024. A copy of the electronic correspondence is attached hereto as an exhibit to these minutes.

KLEINWOOD DOLPHINS SWIM TEAM (the "Swim Team")

The Board then considered purchasing a sponsorship for the Swim Team for the 2024 season (the "Sponsorship"). After discussion, upon a motion duly made and seconded, the Board voted unanimously to purchase a Sponsorship at a cost of \$500.00.

PROPOSED FLOOD PREVENTION PROJECT

Director Guerrero reported that Dutch Water Prevention, Inc. ("DWP") had provided him with an application to the Texas Water Development Board (the "TWDB") to request funds to be used in connection with a flood prevention project. He noted that DWP was pursuing two grants through the TWDB: one for a proof of concept and one for an actual flood control project. A discussion ensued as to whether the District should also apply to the TWDB for grants to be used in connection with flood prevention projects. Director Fratangelo expressed his view that flood control projects should be handled by an entity such as the Cypress Creek Drainage Improvement District (the "CCDID") rather than by individual water districts. He stated that he would invite Joe Myers of the CCDID to attend a future meeting of the Board to discuss the current actions by the CCDID relating to flood control and prevention.

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

The Directors returned to their earlier discussion regarding the Reserve. Director Fratangelo inquired as to whether Reserve A and the detention facility therein could be transferred to Harris County. Mr. Bishop responded that Harris County was unlikely to accept Reserve A because it does not manage or maintain wet detention facilities. After further discussion, the Board agreed that the District should not assume ownership of and the cost for maintaining the Reserve.

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 98.3% 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 45% of the water distributed to the District's customers during the period ending 9 February 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 4 March 2024, a copy of which is included with the Operator's Report.

Significant System Repairs. Mr. Zilko reviewed with the Board the Invoice and Bill Direct Statement dated 14 March 2024, a copy of which is included with the Operator's Report.

Write-Off Report. Mr. Zilko reported that that there were seven closed service accounts with balances due to the District totaling \$727.47 that would be written off and turned over to a collection agency.

Identity Theft Prevention Program. Mr. Zilko reviewed with the Board the annual report prepared by Inframark in connection with its Identity Theft Prevention Program. A copy of the report is included with the Operator's Report. Mr. Zilko stated that no "red flags" had been raised during the past year and that all of the procedures were working smoothly for Inframark.

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 512 Smart Meters had been installed since October 2023, with 246 Smart Meters being installed during the past month.

Comments From the Board. Director Fratangelo expressed his concern that Inframark had removed the payment dropbox (the "Dropbox") from the Plant site and no longer maintains a staffed payment window at the Plant building for customers to make payments on the bills from the District for water and sanitary sewer service. Director Fratangelo also remarked that Mr. Zilko no longer has an office at the Plant building. Mr. Zilko stated that construction and operations personnel for Inframark were now stationed in the Plant building. After discussion, the Board directed the District's Attorney to draft a letter to Inframark, requesting the reinstatement of the Dropbox at the Plant site.

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. 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. Mr. Schuett informed the Board that a check issued by the District's Bookkeeper payable to Harris Central Appraisal District had been stolen from the mail and had been altered to change the payee. He stated that an incident report had been filed in connection with this matter. 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 2024

Mr. Schuett distributed copies of the draft Operating Budget for the District for the fiscal year ending 31 March 2025 (the "Budget"), a copy of which is attached hereto as an exhibit. After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the Budget, as presented.

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 March 2024 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.

Secretary, Board of Directors

SEAL

Kleinwood Municipal Utility District
Meeting of 28 March 2024
Attachments

1. Peace Officer Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. District Boundary Map;
6. Land Use Map;
7. Special Purpose District Report;
8. HB 3693 Report;
9. Email from Young & Brooks, Attorneys at Law with Project Cost Summary;
10. Resolution Authorizing Action by a KJPB Member;
11. Proposal for Insurance Coverage;
12. Email from McCall Gibson Swedlund Barfoot, PLLC;
13. Operator's Report;
14. District Office Report;
15. Bookkeeper's Report;
16. Operating Budget for FYE 31 March 2025; and
17. Draft minutes of KJPB meeting.