

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

23 May 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 23rd day of May 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, thus constituting a quorum.

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 Inframark, LLC ("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 J. Gomez with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Arif Amjad, president of The Falls at Champion Forest Property Owners Association, Inc. (the "Association"); Susan Blocher, vice president of the Association; Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for 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.

MINUTES OF THE MEETING OF 25 APRIL 2024

The minutes of the meeting of the Board held on 25 April 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 25 April 2024, as written.

PEACE OFFICER'S REPORT

The President recognized Deputy Gomez, 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. He noted that CHL had discovered evidence that a person had possibly been camping in the Detention Pond. 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 95.7% 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 \$1,885.10 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.

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. Mr. Warner reported that McDonald was working to complete the remaining punch list item on the contract for the Electrical Improvements.

Champion Woods Lift Station No. 3 / Rehabilitation. The Board discussed the contract with AR Turnkey Construction Company, Inc. (called "AR Turnkey") for the rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation"). Mr. Yale submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by AR Turnkey in connection with the Lift Station Rehabilitation

project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Yale remarked that the bonds and insurance submitted by AR Turnkee were found to be in order. Mr. Warner presented the Board with execution drafts of the contract for the Lift Station Rehabilitation (the "AR Turnkee Contract"). Director Fratangelo then executed the AR Turnkee Contracts. Mr. Warner stated that the pre-construction meeting between Quiddity and AR Turnkee would be held on 28 May 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.

Rehabilitation of Residential Roadways in the District. The Board discussed the street repairs in the District being performed by Harris County (the "Street Repairs"). Mr. Warner 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 as well as the status of 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.

Request for Service / IDS Car Wash. Mr. Warner stated that he had nothing new to report at this time regarding the proposed IDS Car Wash to be located at 8101 Louetta Road. He recalled that Quiddity had previously issued conditional approval of the plans for the IDS Car Wash, pending the recordation of the plat.

Request For Service / Kidney Dialysis Clinic / FKC Klein. Mr. Warner 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. Warner reported that Quiddity submitted the drawings for the HPT Addition for agency earlier this month.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity conducted a conceptual design workshop for the Rebuilding on 7 May 2024 that was attended by Directors Guerrero and Gobbell. A discussion then ensued regarding the number of ground storage tanks in the District's water distribution system (the "GSTs"). Director Guerrero expressed his view that, from the standpoint of operations and maintenance costs, it would be more cost-effective for the District to operate two large GSTs (one each and the District's two water plants) rather than to operate one GST at Water Plant No. 1 and two GSTs at Water Plant No. 2. Mr. Warner remarked that reducing the number of GSTs from three to two would require the reconfiguration of Water Plant No. 2, including the demolition of the concrete GST that was constructed in 2019.

After discussion, upon a motion duly made and seconded, the Board voted 3 to 2, with Directors Fratangelo, Allard, and Guerrero voting in favor and Directors Gobbell and

Ehmann opposed, to authorize the District's Engineer to prepare a cost analysis comparing the cost for the District to construct, operate, and maintain two large GSTs with the cost to operate and maintain three GSTs.

Lead and Copper Service Line Inventory. Mr. Warner reported that Quiddity had submitted the inventory of the service lines in the District to the Texas Commission on Environmental Quality (the "Commission").

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

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 informed the Board that the District's Attorney had recently been contacted by Melissa Crizer of Klein ISD, who inquired about the possible reassessment of the rates charged to Klein ISD for its water usage under the Water Supply Agreement, as amended. He called the Board's attention to an electronic correspondence dated 20 May 2024 from Melissa Crizer of Klein ISD, a copy of which is attached hereto. According to Ms. Crizer, he told the Board, Klein ISD inadvertently used an excessive quantity of water for irrigation purposes during the summer months of 2023 that resulted in a surcharge totaling \$60,196.50 being billed to Klein ISD. Mr. Yale requested that the Board authorize the District's Attorney, Operator, and Engineer to confer with regard to possibly preparing an Amended and Restated Water Supply Agreement that would supersede the existing Water Supply Agreement, as amended. He explained that the proposed Amended and Restated Water Supply Agreement would better reflect the current water supply capacity of the District and monthly water usage by the Klein ISD school campuses that receive water from the District.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney, Operator, and Engineer to confer as described above.

Proposed Interlocal Agreement / Harris-Galveston Subsidence District (the "Subsidence District"). Mr. Yale reported that Denise Ma of the Subsidence District had recently inquired as to whether the Board was interested in having the District sponsor the Learning to be Water Wise and Energy Efficient program for fifth grade students for the 2024-2025 school year (the "Water Wise Program"). After discussion, the Board responded in the affirmative. Mr. Yale stated that the District's Attorney would ask the Subsidence District to provide an Interlocal Agreement for sponsorship of the Water Wise Program for consideration at the Board's meeting on 27 June 2024.

RESERVE A OF SECTION 1 OF THE FALLS AT CHAMPION FOREST SUBDIVISION (the "RESERVE")

Next, the Board discussed matters relating to the request from the Association for the District to assume the ownership of and cost for maintaining the Reserve. Mr. Yale explained to those in attendance that the Board was reluctant for the District to assume ownership of the Reserve unless the wet stormwater detention facility located therein could be converted to a dry stormwater detention facility. However, he continued, the District's Engineer had reported at the Board's meeting held on 28 March 2024 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 added that the Board also had concerns that the District would be exposed to liability if it were to own and maintain the wet stormwater detention facility. The Board then heard comments from members of the public in attendance regarding the Reserve. Ms. Blocher proposed an arrangement in which the Association would pay the cost for the operation and maintenance of the Reserve, which she estimated at \$75,000.00 per year, if the District would assume the ownership of the Reserve. The Board declined to act on said proposal. A discussion then ensued regarding the Special Warranty Deed by which the Reserve was conveyed to the Association (the "Deed"). Mr. Amjad requested that the Deed be amended to remove the provision relating to public access to the Reserve. The Directors agreed to consider amending the Deed at a future meeting of the Board.

AMENDMENTS TO RATE ORDER

Consideration was then given to amending the District's Consolidated Rate Order (the "Rate Order"). Mr. Yale reviewed with the Board the following proposed amendments to the Rate Order as requested by the District's Operator:

- (1) Amend Section 2.06.F to read as follows:

"F. Inspections of Grease Traps, Sand and Oil Interceptors, Lint Traps, Sand and Mud Interceptors. The District's Operator shall inspect on a monthly basis (and more frequently if required to insure compliance with this Rate Order) grease traps, sand and oil interceptors, lint traps, sand and mud interceptors (collectively, the "Traps and Interceptors"). The cost of such inspections shall be \$100.00 and shall be billed to the customer. If the Operator is required to reinspect a Trap or Interceptor, such reinspection shall be charged the same \$100.00 rate. The Operator shall maintain a list of all Traps and Interceptors that have been installed to ensure they are inspected monthly. The Operator shall review such list annually, or more frequently if the Operator determines it is necessary to ensure an accurate list is maintained. If the inspection reveals that the Traps or Interceptors require cleaning, the Operator shall notify the Customer in writing to clean the Traps or Interceptors. In the event that any Customer fails to have the Traps or Interceptors cleaned on a timely basis, following ten (10) days written notice, the District shall be authorized to clean the Customer's Traps or

Interceptors and such cost shall be billed to Customer with the next monthly water bill. Failure to pay any charges described in this Section 2.06(F) shall result in the termination of water service in accordance with Article IV of this Rate Order."

(2) Amend Section 4.01.A to read as follows:

"A. Due Date and Delinquency. Payment shall be due on or before the due date shown on the bill. After such date, a late charge of ten percent (10%) will be assessed on the unpaid balance on the water and sewer bill. All accounts not paid by the due date shall be deemed delinquent and failure to make payment within sixty (60) days thereafter may result in the termination of water and sewer service. The District's Operator shall not be prevented from terminating service to a delinquent account after the due date for payment."

(3) Amend Section 4.01.C to read as follows:

"C. Returned Checks. A \$25.00 charge will be charged to the Customer's account for any check returned by the bank. Any amounts due on an account which have been paid with a check that has been returned by the bank must be paid in full by cashier's check or money order, including all late charges and returned check charges, within five (5) days from the day the Operator hangs a notice on the Customer's door or otherwise notifies the Customer that the check has been returned by the bank.

A letter shall be sent to the Customer if returned payment was made on a non-delinquent account. If returned payment was made to pay toward a disconnection notice, the delinquent process will proceed to the placement of a door tag notice. If a returned payment was made to pay toward a door tag notice, service to the Customer will be immediately disconnected."

(4) Amend Article IV to establish a residential security deposit by adding a new Section 4.02A, as follows:

"A. Residential Deposits. Each Customer establishing a new account for single-family residential service shall be required to pay, prior to the District providing service, a security deposit of \$100.00."

(5) Amend Article IV to establish a One-Time Courtesy Adjustment by adding Section 4.02.E, as follows:

"E. One-Time Courtesy Adjustment. The District will offer each Customer a 1-time courtesy adjustment to their account per calendar year for late fees, delinquency, or leak adjustments, for an actual cost not to exceed \$25.00."

(6) Replace Exhibit 3 to Appendix A with TCEQ Form 20700 (4/4/2019); and

(7) Amend Article 4.01 of Appendix C to include the following statement:

"The District's Operator shall conduct an annual grease trap audit to ensure that all commercial accounts are being checked on a monthly basis."

After discussion, upon a motion duly made and seconded, the Board voted unanimously to amend the Rate Order as described above. A copy of the amended Rate Order is on file in the permanent records of the District.

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 103.9% 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 43% of the water distributed to the District's customers during the period ending 12 April 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 1 May 2024, a copy of which is included with the Operator's Report.

Significant System Repairs. Mr. Zilko reviewed with the Board the Inframark Invoice and Bill Direct Statement dated 10 May 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 807 Smart Meters had been installed since October 2023, with two Smart Meters being installed during the past month. Inframark is checking the installation list and will confirm the completion of the Smart Meter installation in the District, said Mr. Zilko.

Notice of Violation. Mr. Zilko reported that the District's Operator had received notice from the Commission that a sample taken from the District's water distribution system had exceeded the Maximum Contaminant Level for arsenic (the "MCL"). He explained that, according to the Commission, the drinking water sample had a compliance value of 0.013 milligrams per liter (mg/L), which is slightly above the MCL of 0.010 mg/L. Mr. Zilko reviewed with the Board the Maximum Contaminant Level Violation Notice (the "Notice") that will be distributed to the District's customers, a copy of which is included in the Operator's Report. He stated that the Notice will also be posted on the District's internet website. Mr. Zilko reported that Inframark had engaged a laboratory firm to test the water being produced by the District's Water Wells No. 1, 2, and 3. The results of the testing indicated that Well No. 1 was producing water with an elevated arsenic level.

Accordingly, he continued, the use of Water Well No. 1 would be restricted until the tested level of arsenic decreases.

Customer Request for Reimbursement. Mr. Zilko reported that the District customer residing at 7702 Feliciana Lane had claimed that the District's Operator was partially responsible for damage to both a wood fence and residential driveway. According to the customer, said Mr. Zilko, the damage was caused by equipment that was driven on the driveway and by the removal of a section of the fence. He called the Board's attention to photographs of the fence and driveway at 7702 Feliciana Lane, copies of which are included with the Operator's Report. He stated that the customer was requesting reimbursement from the District in connection with the damage caused to the fence and driveway. Mr. Zilko recalled that in October 2019 the District's Operator made repairs to a sanitary sewer line in the back yard of the residence at 7706 Feliciana. After discussion, the Board declined to take any action on this matter.

Annual Fire Hydrant Inspection and Flushing. Mr. Zilko reported that the scheduled annual inspection and flushing of the fire hydrants in the District (the "Hydrant Inspection") was scheduled for the week of 15 July 2024. He called the Board's attention to a copy of a notice regarding the Hydrant Inspection that will be included as an insert with the bills that are distributed to the District's customers. A copy of the Hydrant Inspection notice is included with the Operator's Report.

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 dated 23 May 2024 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. A discussion ensued regarding the amount being billed monthly to the District by AT&T in connection with the telephone service (the "Service") for the telecommunication systems at the District's facilities. Mr. Schuett commented that the District would likely be charged a lower monthly rate for the Service if the telecommunication systems were converted from land line service to cellular service.

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 May 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 23 May 2024
Attachments

1. List of Attendees;
2. Peace Officer's Report;
3. Detention Pond Report;
4. Tax Assessor/Collector's Report;
5. Engineer's Report;
6. Email from Klein ISD;
7. Exhibit: Rate Order Revisions;
8. Operator's Report;
9. District Office Report;
10. Bookkeeper's Report; and
11. Draft minutes of KJPB meeting.