

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

27 June 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 27th day of June 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 L. Doria with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Tom Liewer, a resident of the District; Melissa Crizer representing Klein Independent School District ("Klein ISD"); Derek Michael of Sales Revenue, Inc. (called "SRI"); Johsua Post representing SentiForce; 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.

HEAR FROM THE PUBLIC

The President recognized Mr. Liewer, who addressed the Board regarding the condition of the Champion Woods Estates Detention Pond (the "Detention Pond"). He noted that a large backpack had apparently been left on the Detention Pond site by a transient person. Mr. Griffith stated that CHL would address this matter.

Then the President recognized Mr. Post, who discussed with the Board the services available through SentiForce with regard to proactive security monitoring of the District's facilities.

MINUTES OF THE MEETING OF 23 MAY 2024

The minutes of the meeting of the Board held on 23 May 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

Next, 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.

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 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 96.7% 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 18 checks written on the District's tax account, said checks including the transfer of \$438.01 in revenues from the tax for maintenance and operations to the District's Operating 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.

Also attached hereto as an exhibit is a copy of the Delinquent Tax Report dated 27 June 2024 as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney.

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 had completed the remaining punch list item on the contract for the Electrical Improvements. He added that the final pay estimate for the project would be presented at the Board's meeting on 25 July 2024.

Champion Woods Lift Station No. 3 / Rehabilitation. The Board discussed the contract with AR Turnke Construction Company, Inc. (called "AR Turnke") for the rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation"). Mr. Warner reported that Quiddity conducted the preconstruction meeting with AR Turnke and issued the Notice to Proceed to the contractor on 28 May 2024. He stated that the Lift Station Rehabilitation was expected to be complete in October 2024. Quiddity is currently awaiting the updated construction schedule and submittals from AR Turnke, said Mr. Warner.

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. He added that the District's Engineer is also requesting updates from Ms. Almonte regarding 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.

Possible Reduction in Ground Storage Tanks (the "GST"). Mr. Warner discussed with the Board the possibility, as proposed by Director Guerrero, of the District operating two GSTs (one each at the District's two water plants) rather than operating one GST at Water Plant No. 1 and two GSTs at Water Plant No. 2. He stated that the District might have the flexibility at some future date to operate with two large GSTs after the older GST at Water Plant No. 2 is removed from service. Mr. Warner remarked that the older GST at Water Plant No. 2 is still operational and accordingly should not be abandoned at this time.

Request for Service / IDS Car Wash. Mr. Warner stated that construction was underway on the IDS Car Wash at 8101 Louetta Road. He remarked that the development will not be eligible to receive water and sanitary sewer service from the District until the plat has been recorded.

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 is addressing the agency review comments on the drawings for the HPT Addition. He requested that the Board authorize the advertisement for bids on the HPT Addition, subject to receipt of agency approval.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity expects to complete the 30% stage of the design for the Rebuilding by the end of July 2024.

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

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize the District's Engineer to advertise for bids on the HPT Addition, subject to agency approval of the plans for same. A copy of the Engineer's Report is attached hereto and shall be considered to be part of these minutes.

ATTORNEY'S REPORT

The President recognized Mr. Will Yale, who presented the Attorney's Report.

Water Supply Agreement / Klein ISD. The Board discussed matters relating to the water service being provided by the District to certain Klein ISD facilities located outside the boundaries of the District pursuant to the Water Supply Agreement dated 18 September 1982, as amended, between the District and Klein ISD (the "Water Supply Agreement"), as follows: Klein High School, Kleb Intermediate School, Mittelstadt Elementary School, Klein ISD Police Department, the Alternative Education Center, KHS Stadium, and two irrigation connections (collectively, the "Facilities"). Mr. Will Yale distributed to the Board (1) a map prepared by the District's Attorney that denotes the location of the Facilities; and (2) a copy of the Surcharge Report for Klein ISD prepared by the District's Operator relating to the water usage at the Facilities during calendar year 2023. Copies of the map and the Surcharge Report are attached hereto as exhibits. Ms. Crizer addressed the Board and distributed copies of a report prepared by Klein ISD relating to the surcharges totaling \$60,195.50 that were billed by the District to Klein ISD for water usage during August and September 2023 that exceeded the maximum allowed monthly water usage (the "Maximum Usage") pursuant to the Water Supply Agreement. A copy of the report is attached hereto as an exhibit to these minutes. She noted that, pursuant to the Third Addendum to the Water Supply Agreement dated 26 January 1995, the Maximum Usage was revised from 70,000 to 100,000 gallons per day based on a 30-day average. Pursuant to the Water Supply Agreement, she continued, any water used

in excess of the Maximum Usage would be billed at 10 times the rate normally charged to Klein ISD (the "Surcharge Rate"). Ms. Crizer informed the Board that Klein ISD budgets approximately \$265,000 annually for the payment of water service for the Facilities. She then requested that the Board consider amending the Water Supply Agreement with regard to the Surcharge Rate. The Directors expressed their interest in adjusting the Surcharge Rate and the Maximum Usage. Mr. Yale recommended that the proposed adjustments to the Maximum Usage and Surcharge Rate be addressed in an Amended and Restated Water Supply Agreement (the "Restated Agreement") that would supersede the Water Supply Agreement.

After further discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Operator, Engineer, and Attorney to calculate a revised Maximum Usage and Surcharge Rate for the proposed Restated Agreement.

Reserve A of Section 1 of the Falls At Champion Forest Subdivision (the "Reserve"). Mr. Yale reported that the District's Attorney was reviewing the Special Warranty Deeds relating to the Reserve.

Groundwater Credits / Harris-Galveston Subsidence District (the "Subsidence District"). Mr. Yale reported that the Subsidence District had recently issued Groundwater Credit Certificate GWB2024-111576 to the District in the amount of 7,392,000 gallons. A copy of Certificate GWB2024-111576 is attached hereto as an exhibit to these minutes.

Champion Pines Condominiums (the "Condominiums"). Mr. Yale reviewed with the Board an electronic correspondence from Chance Chang, treasurer for the Champion Pines Condominium Association ("Condos Association"), regarding storm water drainage issues at the Condominiums. A copy of the electronic correspondence is attached hereto. Mr. Dick Yale remarked that the storm sewer lines on the Condominiums property are private utilities and as such are not owned or maintained by the District. He recommended that the District's Engineer or Attorney draft a letter to the Condos Association explaining why the District declined to accept the storm sewer line and streets on the Condominiums property. Mr. Green mentioned that he had recommended to Mr. Chang that he contact the office of Harris County Precinct 3 Commissioner Tom Ramsey to discuss this matter.

RESOLUTION AUTHORIZING ACTION BY A KLEINWOOD JOINT POWERS BOARD MEMBER

Mr. Will 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 proposed thickener rehabilitation project at the Kleinwood Regional Wastewater Treatment Plant (the "Thickener Rehabilitation"). A copy of the electronic correspondence is attached hereto as an exhibit to these minutes. The Board noted that the revised cost estimate for the Thickener Rehabilitation is \$853,000.00 (an increase of \$416,000 from the preliminary cost estimate of \$437,000.00 as presented in August 2023). 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 Thickener Modification. 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 Thickener Modification, 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 Thickener Modification; and (2) adopt the Resolution. A copy of the Resolution is attached hereto and shall be considered to be part of these minutes.

INTERLOCAL AGREEMENT / HARRIS-GALVESTON SUBSIDENCE DISTRICT

Next, the Board considered approval of a proposed Interlocal Agreement between the District and the Harris-Galveston Subsidence District (the "Subsidence District") for District sponsorship of the "Learning to be Water Wise and Energy Efficient" program ("Water Wise") for fifth grade students for the 2024-2025 school year (the "HGSD Agreement"). Mr. Yale pointed out to the Board that under the HGSD Agreement the District would fund Water Wise sponsorships for 130 students at a listed cost of \$38.00 per student. Pursuant to the HGSD Agreement, he continued, the Subsidence District would issue to the District a groundwater credit equal to 84,000 gallons of water for each student sponsored by the District. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the HGSD Agreement and to authorize Director Fratangelo to execute same. A copy of the HGSD Agreement as approved by the Board is attached hereto as an exhibit to these minutes.

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 101.8% 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 44% of the water distributed to the District's customers during the period ending 10 May 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 3 June 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 12 June 2024, a copy of which is included with the Operator's Report.

Notice of Violation. Mr. Zilko discussed with the Board matters relating to the Notice of Violation that the District received earlier this year from the Commission in connection with testing results for arsenic levels in the District's drinking water. He informed the Board that a notice regarding the violation was posted on the District's internet website and was distributed to the District's customers. All three of the District's water wells were tested twice for the presence of arsenic, said Mr. Zilko, and Water Well No. 1 was removed from service immediately after the laboratory test results were received.

Water Plant No. 1 / Tree Removal. Mr. Zilko reported that a large oak tree at the Water Plant No. 1 site was broken during a heavy rain event and a tall pine tree situated near the perimeter fence is dead and is leaning. He stated that Inframark contacted Jon Monroe Landscaping to schedule the removal of both trees.

Customer Request / 16303 Krayola Lane. Mr. Zilko recalled that earlier this year the District's Operator was contacted by a customer of the District (the "Customer") in connection with repairs performed by Inframark on a water line located in the easement on the Customer's residential property at 16303 Krayola Lane (the "Water Line Repairs"). According to the Customer, Mr. Zilko told the Board, the Water Line Repairs took place near a large oak tree on the property that is leaning toward their residence. Mr. Zilko stated that he investigated and confirmed that the water line in the easement at that address had been repaired on two occasions. He called the Board's attention to a photograph of the oak tree, a copy of which is attached hereto as an exhibit. He reported that Jon Monroe Landscaping had quoted a price of \$1,300.00 to remove the oak tree (the "Tree Removal").

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 notify Jon Monroe Landscaping to proceed with the Tree Removal.

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.

RESIDENTIAL SOLID WASTE COLLECTION

Director Guerrero discussed with the Board the possibility of the District administering a contract for the collection of residential solid waste (the "Collection Contract") in the subdivisions located within the District, as an alternative to certain homeowner associations in the District (the "Associations") administering their respective Collection Contracts. Mr. Will Yale explained that in order for the District to enter into a Collection Contract with a vendor to serve all residences in the District, each of the Associations would have to agree to terminate their respective Collection Contracts. He stated that the District's Attorney would strive to confirm which vendors are currently providing the waste collection service to certain subdivisions in the District.

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 27 July 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. 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 5 June 2024 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 June 2024 (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 27 June 2024
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Delinquent Tax Report;
5. Engineer's Report;
6. Map of Klein ISD Facilities;
7. Surcharge Report for Klein ISD;
8. Report from Klein ISD regarding surcharges;
9. Groundwater Certificate;
10. Email / Champion Pines Condos Association;
11. Email from Mark Brooks;
12. Resolution Authorizing Action by a KJPB Member;
13. Interlocal Agreement / Harris-Galveston Subsidence District;
14. Operator's Report;
15. Photograph of tree at 16303 Krayola Lane;
16. District Office Report;
17. Bookkeeper's Report;
18. Draft KJPB minutes; and
19. Sales Tax Report.