

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

25 July 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 25th day of July 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; Suzanne Villarreal of McCall Gibson Swedlund Barfoot, PLLC ("McCall"), Auditor 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"); Corporal L. Doria with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Rick Fidler and Tom Liewer, residents of the District; and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference were Dick Yale and Will Yale of Coats Rose, P.C.

Director Fratangelo called the meeting to order.

HEAR FROM THE PUBLIC

The President recognized Mr. Fidler, who addressed the Board on matters relating to (1) activities by certain juveniles in the District's Walking Garden on Litchfield Lane; and (2) lawn service personnel blowing grass clippings into the storm sewer inlets.

MINUTES OF THE MEETING OF 27 JUNE 2024

The minutes of the meeting of the Board held on 27 June 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 27 June 2024, as written.

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.

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 discussed with the Board the need for certain trees in the Detention Pond to be trimmed and for one tree to be removed (collectively, the "Trimming and Removal").

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Detention Facilities Report; and (2) authorize CHL to proceed with the Trimming and Removal at a cost not to exceed \$3,000.00.

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 98% 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 three checks written on the District's tax account as well as the transfer by wire of \$6,026.04 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.

ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED 31 MARCH 2024

The President recognized Ms. Villarreal, who submitted to and reviewed with the Board the draft Annual Financial Report for the District (the "Report") for the fiscal year ended 31 March 2024 (the "Fiscal Year"). She reviewed with the Board (1) the District's

combined fund balances as of the end of the Fiscal Year; (2) the District's total net assets; (3) the District's capital assets; (4) the amount of the District's bonded debt payable; (5) the Notes to Financial Statements; and (6) the Statement of Net Position and Governmental Funds Balance Sheet. Ms. Villarreal reviewed with the Board the draft Management Letter prepared in connection with the Report.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) approve the draft of the Annual Financial Report for the District for the fiscal year ended 31 March 2024, subject to review and comment by District's Directors and consultants; (2) authorize Ms. Villarreal to finalize the Annual Financial Report; (3) authorize execution of the Letter of Representations to McCall; and (4) authorize Coats Rose, P.C., to file the finalized Annual Financial Report with the Texas Commission on Environmental Quality (the "Commission") and other governmental and regulatory agencies as required. A copy of the draft Annual Financial Report is filed in the permanent records of the District. Attached hereto as an exhibit to these minutes is a copy of the Letter of Representations.

REVIEW OF DISTRICT'S INVESTMENT POLICY

Next, the Board reviewed the District's investment strategies, pursuant to the requirements of the Public Funds Investment Act. The Board reviewed the strategies for each of the District's accounts. The Board also reviewed the List of Authorized Brokers included as Exhibit "A" to the RESOLUTION EVIDENCING REVIEW OF INVESTMENT POLICY AND INVESTMENT STRATEGIES. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto as an exhibit to these minutes.

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 the Electrical Improvements project was complete and that McDonald had submitted Pay Estimate No. 6 and FINAL in the amount of \$17,236.90. A copy of Pay Estimate No. 6 and FINAL is included with the Engineer's Report. Mr. Warner then submitted for the Board's review the Certificate of Substantial Completion and the Certificate of Acceptance for the Electrical Improvements project as prepared by the District's Engineer.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to (1) authorize payment of Pay Estimate No. 6 and FINAL; and (2) authorize execution of the Certificate of Substantial Completion and the Certificate of Acceptance for the Electrical Improvements (collectively, the "Certificates"). Copies of the Certificates as executed by the Board are attached hereto as exhibits to these minutes.

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. Warner reported that the District's Engineer was reviewing the submittals from AR Turnkey and is awaiting an updated construction schedule. He noted that the Lift Station Rehabilitation was expected to be complete in October 2024.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). Mr. Warner reported that the plans for the HPT Addition had been approved by the Commission and that advertising for bids on the project would commence once agency approval is received from the City of Houston, Harris County, and Harris County Flood Control District.

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.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity had completed the 30% stage of the design for the Rebuilding and has commenced work on the 60% design package. He stated that the design of the Rebuilding project was expected to be complete in January or February 2025.

Lead and Copper Service Line Inventory. Mr. Warner reported that the inventory of service lines in the District as submitted by Quiddity had been received and accepted by the Commission.

Request for Service / IDS Car Wash. Mr. Warner reported that Quiddity had received the recorded plat for the IDS Car Wash tract. He then called the Board's attention to the plan approval letter dated 2 July 2024 from Quiddity to Lincoln Engineers, LLC, a copy of which is included with the Engineer's Report.

Request For Service / Kidney Dialysis Clinic (the "Clinic") / FKC Klein. Mr. Warner reported that the engineer for the Clinic project had recently informed Quiddity that the design work for the Clinic had been paused.

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

ATTORNEY'S REPORT

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

Water Supply Agreement / Klein Independent School District ("Klein ISD"). Mr. Will Yale reported that the District's Attorney was preparing an Amended and Restated Water Supply Agreement between the District and Klein ISD to supersede the Water Supply Agreement dated 18 September 1982, as amended.

Residential Solid Waste Collection. The Board then discussed 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. Yale stated that the District's Attorney was working to contact each of the Associations in the District regarding their respective Collection Contracts. Mr. Dick Yale reminded that Board 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.

Reserve A of Section 1 of the Falls At Champion Forest Subdivision (the "Reserve"). Mr. Will Yale reported that the District's Attorney had reviewed the Special Warranty Deeds relating to the Reserve and confirmed that the Reserve was conveyed by the District to the Falls at Champion Forest Property Owners Association, Inc. pursuant to the Special Warranty Deed dated 10 January 2005 (the "Deed"). He reviewed with the Board a memorandum from the District's Attorney recounting the ownership history of the Reserve. Copies of the memorandum and the Deed are attached hereto as exhibits to these minutes. Mr. Yale noted that the Deed contained no reference to public access to the Reserve, only a statement that the Deed was subject to the reservation of the Grantor (the District) of a drainage easement over, across and through the Reserve, the detention ponds located on the Reserve, and the right by the Grantor to drain the Grantor's property to the detention ponds located on the Reserve.

SECURITY SERVICE CONTRACT

The Directors then considered approval of the Security Service Contract with Harris County for the term of 1 October 2024 through 30 September 2025 (the "Security Contract"). Mr. Yale explained that under the Security Contract, the Constable's Office would provide two contract Deputy Constables who would devote 70% of their working time to provide law enforcement services in the District's geographical area, at an annual cost to the District of \$173,740.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Security Contract and to authorize Director Fratangelo to execute same. A copy of the Security Contract as executed by the Board is attached hereto as an exhibit to these minutes.

ORDER ADOPTING SECTION 49.2731 ELECTRONIC BIDDING RULES

Next, Mr. Yale reviewed with the Board a proposed ORDER ADOPTING SECTION 49.2731 ELECTRONIC BIDDING RULES. He explained that by adopting the Order the

Board would establish a policy under which the District could electronically accept competitive bids for District projects. Mr. Warner explained how the bids would be reviewed and accepted electronically. After review and discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Order, a copy of which is attached hereto and shall be considered to be part of 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 102.2% 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 71% of the water distributed to the District's customers during the period ending 11 June 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 July 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 17 July 2024, a copy of which is included with the Operator's Report.

Water Plant 1 / Tree Removal. Mr. Zilko reported that there was a dead pine tree in front of the Water Plant No. 1 site that needed to be removed. He then reported that a tree on District property had fallen onto a customer's wooden fence. Mr. Zilko stated that Inframark had engaged Jon Monroe landscaping to remove both of the trees. He added that the customer's fence would be repaired after the tree is removed.

Lift Station No. 2 / Fence Damage. Mr. Zilko reported that the fence at Lift Station No. 2 sustained minor damage from Hurricane Beryl on 8 July 2024. He stated that Inframark had engaged Wright Solutions, LLC to repair the fence at an estimated cost of \$1,500.00

Facility Status During Hurricane Beryl. Mr. Zilko reported that the District's facilities lost electrical power on 8 July 2024 as Hurricane Beryl moved through Harris County and that the auxiliary generators provided electrical power to the District's facilities until 11 July 2024. Mr. Zilko noted that water pressure was maintained in the District's water distribution system throughout this period.

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. Mr. Schuett discussed with the Board the condition of the split-rail perimeter fence at the Walking Garden on Litchfield Lane (the "Perimeter Fence"). He stated that there were 10 posts and 30 rails that needed to be replaced. He noted that there were now fewer vendors who could supply replacement products for the Perimeter Fence. 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 25 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 3 July 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 25 July 2024
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Report;
4. Letter of Representations;
5. Resolution Evidencing Review of Investment Policy;
6. Engineer's Report;
7. Certificate of Substantial Completion;
8. Certificate of Acceptance;
9. Coats Rose memorandum and Special Warranty Deed;
10. Security Service Contract;
11. Order Adopting Section 49.2731 Electronic Bidding Rules;
12. Operator's Report;
13. District Office Report;
14. Bookkeeper's Report; and
15. KJPB / draft minutes.