

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

23 January 2025

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 January 2025, 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 and Johnson Ashcraft of Inframark, LLC ("Inframark"), Operator for the District; Roger Schuett, Office Manager for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Jennifer Almonte representing Harris County Commissioner Precinct 3 (called "Precinct 3"); Tom Liewer, a resident of the District; and David Green representing Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Fratangelo called the meeting to order.

MINUTES OF THE MEETING OF 19 DECEMBER 2024

The minutes of the meeting of the Board held on 19 December 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 19 December 2024, as written.

PEACE OFFICER'S REPORT

Mr. Green distributed copies of the Peace Officer's Report as prepared by the Harris County Precinct 4 Constable's Office. A copy of the Peace Officer's Report is attached hereto as an exhibit to these minutes.

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 39.9% of its 2024 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 two checks written on the District's tax account, and two transfers by wire as follows: a transfer of \$207,368.50 in revenues from the tax for maintenance and operations to the District's Operating Fund and \$400,00.00 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, a copy of which is attached hereto as an exhibit.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). The Board discussed the contract with CFG Industries, LLC (called "CFG"), for the HPT Addition. Mr. Warner reported that Quiddity was awaiting product submittals from CFG on the HPT Addition.

Rebuilding of Water Plant No. 1. Mr. Warner reported that Quiddity was finalizing the 90% design package for the project.

Rehabilitation of Residential Roadways in the District. The President recognized Ms. Almonte, who discussed with the Board: (1) Precinct 3's offer to reimburse the District in the amount of \$8,866.00 (the "Reimbursement Offer") for certain expenses (the "Repair Costs") related to the repair of a 1.5-inch water service line (the "Water Line") on the north side of Theiss Mail Route that was damaged in late summer 2022 by a Harris County

crew; and (2) the counteroffer request from the District for Harris County to provide the District with reimbursement in the amount of \$24,700.00, which is approximately 75% of the Repair Costs (the "Counteroffer Request"). Ms. Almonte stated that the office of Harris County Precinct 3 Commissioner Tom Ramsey was not interested in the Counteroffer Request. She remarked that the District's Operator did not contact Precinct 3 regarding the repairs made to the roadway on Theiss Mail Route in connection with the repairs to the Water Line until after the District's Operator had completed the roadway repairs. She added that Inframark did not submit any photographs or documentation of the damage to the roadway or the Water Line. She recommended that the District file a claim through Harris County's risk management consultant. Ms. Almonte then departed from the meeting.

Discussion continued regarding the Reimbursement Offer. Directors Allard, Gobbell, and Ehmann expressed their view that the District should accept the Reimbursement Offer in the amount of \$8,866.00. They noted that the District did not notify Harris County and submit an invoice for the Repair Costs until approximately a year after the incident.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to 4 to 0, with Directors Fratangelo, Allard, Ehmann, and Gobbell voting in favor, and Director Guerrero opposed, to accept the Reimbursement Offer.

Requests For Service. Mr. Warner called the Board's attention to photographs taken of the IDS Car Wash and HTeaO projects that are under construction in the District. Copies of the photographs are included with the Engineer's Report.

Annual Water Plant Inspections. Mr. Warner reported that Quiddity had finalized the inspection reports in connection with the field inspections conducted earlier this year of the District's Water Plants.

Engineer's Replacement Values. Mr. Warner reported that the Quiddity had responded to a request from Arthur J. Gallagher & Co. ("Gallagher"), the District's insurance agent, to update the schedule of the estimated replacement cost for the District's facilities in connection with the preparation by Gallagher of a proposal for renewal of the District's insurance policies for the policy term commencing on 30 April 2025.

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. Will Yale, who presented the Attorney's Report.

Directors Election. The Board discussed matters relating to the 3 May 2025 Directors Election required for the District. Mr. Yale reviewed a draft ORDER CALLING DIRECTORS ELECTION FOR A MUNICIPAL UTILITY DISTRICT. He explained that the Board was required to adopt the Order prior to 14 February 2025 pursuant to the

requirements of the Texas Election Code. He told the Board that the deadline for submission of an application for a position on the ballot was 5:00 p.m. on 14 February 2025 and that the deadline for filing as a write-in candidate was also 5:00 p.m. on 14 February 2025. If there are no contested positions after 14 February 2025, then the Board can cancel the Directors Election, Mr. Yale continued. He added that the Order Calling Directors Election would have to be completed if the District was required to hold the Directors Election. Mr. Yale then recommended that the Board authorize execution of an agreement with Harris County to conduct a joint election (the "Election Agreement") in the event that the District was required to hold the Directors Election.

After review, upon a motion duly made and seconded, the Board voted unanimously to (1) adopt the Order Calling Directors Election, subject to completion if the election is required; and (2) authorize execution of the Election Agreement, as needed. A copy of the Order Calling Directors Election thus adopted is attached to these minutes as an exhibit.

Residential Solid Waste Collection Service. The Board 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 administering their respective Collection Contracts. Mr. Yale reviewed with the Board a proposal (the "TPD Proposal") from Texas Pride Disposal ("TPD") to provide the solid waste collection service in the District (the "Service"). A copy of the TPD Proposal is attached hereto as an exhibit to these minutes. A discussion ensued regarding the TPD Proposal. Mr. Yale recommended that the Board request a proposed Collection Contract from TPD in order to confirm the rate to be billed to the District for the Service under the Collection Contract (the "Service Rate") and whether the Service Rate would be subject to an annual adjustment based on changes in the Consumer Price Index. After discussion, the Board directed the District's Attorney to request a proposed Collection Contract from TPD.

Arbitrage Rebate Calculations. Mr. Yale reviewed with the Board the Arbitrage Rebate Calculations Report (the "Calculations Report") prepared by Arbitrage Compliance Specialists, Inc. ("ACSI") for the Series 2020 Bonds for the interim computation period of 5 August 2020 to 5 August 2024. A copy of the Calculations Report is attached hereto as an exhibit. Mr. Yale stated that, according to ACSI, the total rebatable arbitrage on the Series 2020 Bonds totals \$0.00 as of 10 January 2025. He continued that there were no filing requirements regarding arbitrage rebate with the U.S. Internal Revenue Service as of the date of the Calculations Report.

Water Supply Agreement / Klein Independent School District ("Klein ISD"). Mr. Yale reported that the District's Attorney was continuing the preparation of an Amended and Restated Water Supply Agreement between the District and Klein ISD (the "Amended Agreement") to supersede the Water Supply Agreement dated 18 September 1982, as amended. Under the proposed Amended Agreement, he told the Board, Klein ISD would pay an additional price for daily water usage that exceeds 115,000 gallons.

Eminent Domain Reporting. Mr. Yale reported that on 3 January 2025 the District's Attorney had filed with the Texas Comptroller the annual report for the District containing certain information relating to the District's eminent domain authority pursuant to Senate Bill 1812 as approved by the 84th Texas Legislature – Regular Session 2015. A copy of the eminent domain filing is attached hereto.

AMENDMENT TO RATE ORDER

Consideration was then given to amending the District's Consolidated Rate Order (the "Rate Order") with respect to the inspection of grease traps on sanitary sewer connections in the District. Mr. Yale reviewed with the Board a proposed amendment to Section 2.06.F of the Rate Order in which grease traps on sanitary sewer connections for entities that provide emergency services would be inspected on an annual basis rather than on a monthly basis. Accordingly, he told the Board, Section 2.06.F of the Rate Order would be amended 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") except for the Traps and Interceptors used by entities that provide emergency services, which shall be inspected on an annual basis. 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."

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 96.1% and that the District has 898 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 69% of the water distributed to the District's customers during the period ending 24 December 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 9 January 2025, a copy of which 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 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 9 January 2025 is attached hereto as an exhibit

KLEINWOOD MAINTENANCE FUND ("KMF")

Director Gobbell presented a report on the activities of the KMF. He informed the Board that Jenny Henrickson of SBB Management was now serving as the community manager for the KMF. Director Gobbell mentioned that the KMF was anticipating certain expenses for maintaining the swimming pool and tennis courts in the coming year.

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 January 2025
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Engineer's Report;
5. Order Calling Directors Election;
6. Proposal from Texas Pride Disposal;
7. Arbitrage Rebate Calculations Report
8. Eminent Domain filing;
9. Operator's Report;
10. District Office Report;
11. Bookkeeper's Report; and
12. KJPB draft meeting minutes.