

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

27 March 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 27th day of March 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; Brian Toldan of McCall Gibson Swedlund Barfoot Ellis, PLLC ("McCall"), Auditor 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"); Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; and the following residents of the District: Rick Fidler; Larry Chamberlin, representing the Kleinwood Maintenance Fund (the "KMF"); and Suzanne Good and Denise Wilkes, representing the Community Association of Champion Woods Estates. 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 Ms. Wilkes, who addressed the Board regarding the condition of the wooden fence behind the H-E-B supermarket that is located east of the Champion Woods Estates Detention Pond site (the "H-E-B Fence"). Mr. Yale stated that the District's Attorney had transmitted a letter to Phillips Edison & Company ("Phillips"), which owns the property on which the H-E-B supermarket is located, requesting that Phillips take immediate action to rehabilitate the H-E-B fence where it fronts the Detention Pond. Attached hereto as an exhibit is a copy of the letter dated 14 March 2025 from the

District's Attorney to Brad Wick of Phillips. Mr. Yale stated that Mr. Wick had subsequently informed the District's Attorney that Phillips would have a contractor look into this matter as soon as is feasible.

Then the President recognized Ms. Good, who expressed her concern regarding two pine trees in the Detention Pond site that are in proximity to her residence. Ms. Good stated that area at the base of the trees is eroding and is subject to the accumulation of storm water. She presented the Board with photographs of the trees in the Detention Pond, copies of which are attached hereto as exhibits. Mr. Griffith stated that CHL would investigate the condition of the two pine trees.

Next, the President recognized Mr. Chamberlin, who discussed the actions being taken by the KMF and Mr. Schuett in response to the Swimming Pool and Spa Inspection Form/Violation Notice issued earlier this year by Harris County Public Health following its inspection of the swimming pool at the Kleinwood Clubhouse (the "Pool"). He stated that the reinspection of the Pool was scheduled to take place on 8 April 2025.

The President recognized Mr. Fidler, who addressed the Board regarding the condition of a certain chain link fence that is located near the District's Walking Garden on Litchfield Drive. He informed the Board that a tree had fallen on the chain link fence. Mr. Schuett stated that he would inspect the chain link fence and strive to confirm whether it is located on District property.

### **MINUTES OF THE MEETING OF 27 FEBRUARY 2025**

The minutes of the meeting of the Board held on 27 February 2025, previously distributed to the Board, were presented for consideration and approval. After discussion, during which Director Ehmann stated that he would abstain, upon a motion duly made and seconded, the Board voted 4 to 0 in favor of approving the minutes of the meeting of 27 February 2025, as amended.

### **PEACE OFFICER'S REPORT**

Mr. Yale distributed copies of the Peace Officer's Report for February 2025 as prepared by the Harris County Precinct 4 Constable's Office. A copy of the Peace Officer's Report is attached hereto. The Directors then discussed security related issues.

### **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 92% 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 five checks written on the District's tax account, as well as the transfer by wire of \$39,990.36 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.

## **DELINQUENT TAX REPORT**

Ms. Whittemore then submitted for the Board's review the Delinquent Tax Report as prepared by Perdue, Brandon, Fielder, Collins & Mott, L.L.P., the District's Delinquent Tax Attorney. A copy of the Delinquent Tax Report is attached hereto.

## **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 CFG plans to mobilize in early April and complete the HPT Addition by the end of June 2025.

Rebuilding of Water Plant No. 1 (the "Rebuilding Project"). Mr. Warner reported that Quiddity is addressing comments from certain reviewing agencies on the plans for the Rebuilding Project. He noted that the plans for the Rebuilding Project had received approval from the Harris County Flood Control District.

Request for Reimbursement of Repair Costs for Water Line on Theiss Mail Route (the "Reimbursement"). Mr. Warner reported that Quiddity had submitted a claim for the Reimbursement to the Harris County Commissioners Court as recommended by Harris County Precinct 3 Commissioner Tom Ramsey.

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. Mr. Warner noted that the HTeaO restaurant appears to be open at this time. He recalled that Quiddity had conditionally approved a proposed sign for the IDS Car Wash contingent on approval from the North Harris County Regional Water Authority (the "NHCRWA"), due to the sign's proximity to a NHCRWA water line.

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 reviewed an ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE in connection with the 3 May 2025 Directors Election. Mr. Yale noted that according to the Texas Election Code, the District has the authority to declare unopposed candidates to be elected to office since Coats Rose, P.C., the District's Attorney, has certified in writing that the candidates to be listed on the ballot for the referenced election are unopposed, and to cancel the election set for 3 May 2025. A copy of the Certificate Regarding Unopposed Candidates executed by the District's Attorney is attached hereto as an exhibit. 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 a part of these minutes.

Residential Solid Waste Collection Service. The Board discussed the proposed assumption by the District of the contracts 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 an electronic correspondence from Aimee Ordeneaux-Raley of Texas Pride Disposal (called "TPD") in which she stated that TPD could offer the District a Collection Contract with a monthly rate of \$25.48 per active connection (the "Service Rate"). A copy of the electronic correspondence is attached hereto. A discussion ensued regarding the proposed Service Rate for the Collection Contract. The Board directed Mr. Yale to ask TPD for a lower Service Rate on the basis of the District taking over from TPD the billing of the customers under the current Collection Contracts.

Water Supply Agreement / Klein Independent School District ("Klein ISD"). The Board discussed the preparation by the District's Attorney of a proposed 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. Mr. Yale reported that he had revised the Amended Agreement as discussed at the Board's meeting on 27 February 2025 and had transmitted the document to Klein ISD for review.

Texas Comptroller / Special Purpose District Report. Mr. Yale reported that on 11 March 2025 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.

## **PROPOSAL FOR INSURANCE COVERAGE**

The Board reviewed the Proposal for Insurance Coverage (the "Insurance Proposal") for the policy term of 30 April 2025 through 30 April 2026 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 \$46,014.00, which represents a 12% increase 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. A discussion ensued regarding the Insurance Proposal. Director Guerrero inquired as to whether the District could self-insure from its reserves as an alternative to purchasing insurance. Mr. Dick Yale stated that the Bond Orders for the bonds sold the District state that the District will carry customary insurance for the property and facilities that are owned by the District. He noted that District's facilities are valued at \$13,225,000.00, which far exceeds the total of the District's Operating Fund account.

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

## **ENGAGE AUDITOR**

The President recognized Mr. Toldan, who presented to the Directors for their review the proposal (the "Audit Proposal") from McCall to audit the financial statements of the District for each of the District's Fiscal Years ending on 31 March, commencing with the Fiscal Year ending on 31 March 2025. Mr. Toldan explained that under the Audit Proposal, the services to be provided by McCall to the District as described therein would continue from year-to-year. He explained that the Audit Proposal may be terminated by either party, with or without cause, upon 30 days written notice. Mr. Toldan estimated that the fees to be charged to the District under the Audit Proposal for the audit of the financial statements for the Fiscal Year ending 31 March 2025 would range from \$20,000.00 to \$22,000.00, with said fees subject to change in future Fiscal Years. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Audit Proposal and engage McCall to audit the District's financial statements as described therein. A copy of the Audit Proposal as approved by the Board is attached hereto as an exhibit to these minutes.

## **ARBITRAGE REBATE AND PROJECT FUND YIELD RESTRICTION COMPLIANCE SERVICE PROGRAM**

Mr. Yale submitted to and reviewed with the Board the Arbitrage Rebate and Project Fund Yield Restriction Compliance Service Program Review (the "Review") dated 22 January 2025 as prepared by Arbitrage Compliance Specialists, Inc. ("ACSI") in connection with its review of the District's (1) Series 2020 Refunding Bonds; and

(2) Series 2021 Bonds. A copy of the Review is attached hereto as an exhibit to these minutes. With regard to the Series 2020 Bonds, Mr. Yale noted that the Review stated that they were subject to arbitrage rebate but not subject to project fund yield restriction. He continued that the Series 2021 Refunding Bonds were not subject to arbitrage rebate but are potentially subject to project fund yield restriction if the project fund balance remaining on 24 July 2024 was \$100,000.00 or more. According to the Review, said Mr. Yale, the project fund balance totaled \$574,538.17 as of 31 October 2023. Accordingly, he continued, ACSI will monitor the project fund on a yearly basis and notify the District of potential liabilities if they start to accrue.

### **PROPOSAL FOR ARBITRAGE COMPLIANCE PROGRAM**

Next, Mr. Yale reviewed with the Board the proposal (the "ACSI Proposal") submitted by ACSI for the arbitrage compliance and project fund yield restriction compliance program that addresses requirements of the U.S. Treasury Department and the U.S. Internal Revenue Service with regard to the District's Series 2024 Bonds. Mr. Yale stated that the estimated cost for the initial analysis under the ACSI Proposal is \$450.00. After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the ACSI Proposal and to authorize Director Fratangelo to execute same. A copy of the ACSI Proposal as accepted by the Board 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 96.8% and that the District has 898 service connections, including two vacant single-family residences. He noted that surface water received from the NHCRWA accounted for 72% of the water distributed to the District's customers during the period ending 13 February 2025.

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 March 2025, a copy of which is included with the Operator's Report.

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.

Write-Off Report. Mr. Zilko reported that that there were five closed service accounts with balances due to the District totaling \$843.62 that would be turned over to a collection agency. A discussion then ensued regarding the security deposits that are required of residential customers when they establish a new service account with the District (the "Deposits"). The Board directed the District's Attorney to prepare an amendment to the District's Consolidate Rate Order that would require (1) new customers who are homeowners to place a Deposit in the amount of \$100.00; and (2) new customers who are renters to place a Deposit in the amount of \$200.00.

Damage to Water Lines / EZEE Fiber. Mr. Zilko informed the Board that Inframark had invoiced EZEE Fiber in the amount of \$15,791.62 for damage caused to the District's water lines (the "Backcharge"). To date, he continued, EZEE Fiber had not provided payment to the District on the Backcharge. After discussion, upon a motion duly made and seconded, the Board voted unanimously to direct the District's Attorney to transmit a letter to EZEE Fiber demanding payment of the Backcharge.

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. He reported that he had engaged UTTM Tree Service to remove the trees near the fence at the Pool (the "Pool Fence") at a cost of \$4,300.00. A copy of the price quote from UTTM Tree Service is included with the Office Report. Mr. Schuett then reported that he had met with three contractors to review proposals for improvements to the Pool Fence (the "Fence Improvements"). He stated that he had accepted the proposal from Penco Gate & Fence ("Penco") at a cost of \$3,500.00 because Penco was the only contractor that would commit to completing the Fence Improvements by the following week. A copy of the proposal from Penco is included with the Office Report.

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

Director Ehmann departed from the meeting at this time to attend to a personal commitment.

## **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.

## **OPERATING BUDGET FOR FISCAL YEAR ENDING 31 MARCH 2026**

Mr. Schuett distributed copies of the draft Operating Budget for the District for the fiscal year ending 31 March 2026 (the "Budget"). After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the Budget, as presented. A copy of the Budget as adopted is attached hereto as an exhibit.

## **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 March 2025 is attached hereto as an exhibit.

## **KMF**

Director Gobbell presented a report on the activities of the KMF.

## **WEBSITE FOR THE DISTRICT**

The Board briefly discussed the status of the District's internet website (the "Website"). Mr. Green reported that the District's Attorney had worked with Texas Support Network to update certain information and documents on the Website.

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors

SEAL



Kleinwood Municipal Utility District  
Meeting of 27 March 2025  
Attachments

1. Visitors Attendance Sheet;
2. Letter from Coats Rose to Phillips Edison & Company;
3. Photographs of trees in Champion Woods Estates Detention Pond;
4. Peace Officer's Report;
5. Detention Facilities Report;
6. Tax Assessor/Collector's Report;
7. Delinquent Tax Report;
8. Engineer's Report;
9. Certificate Regarding Unopposed Candidates;
10. Order Declaring Unopposed Candidates Elected to Office;
11. Email from Texas Pride Disposal;
12. Special Purpose District Report filing;
13. Insurance Proposal;
14. Audit Proposal;
15. Arbitrage Rebate Review;
16. ASCI Proposal for Series 2024 Bonds;
17. Operator's Report;
18. District Office Report;
19. Bookkeeper's Report;
20. Operating Budget for FYE 3/30/26; and
21. KJPB draft meeting minutes.