

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

24 July 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, at 6:00 p.m. on the 24th day of July 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:

Sherry Allard	President
Robert Ehmann	Vice President
David C. Guerrero	Secretary/Treasurer
Jeff Gobbell	Assistant Vice President & Assistant Secretary
Joe Fratangelo	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; Suzanne Villarreal representing 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 of Inframark, LLC ("Inframark"), Operator for the District; Roger Schuett, Office Manager for the District; Les Griffith representing Champions Hydro-Lawn, Inc. ("CHL"); Deputy J. Gomez with Harris County Precinct 4 Constable's Office (the "Constable's Office"); and Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference Dick Yale of Coats Rose.

Director Ehmann called the meeting to order in the absence of Director Allard, who arrived shortly thereafter.

MINUTES OF THE MEETING OF 26 JUNE 2025

The minutes of the meeting of the Board held on 26 June 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 3 to 0 in favor of approving the minutes of 26 June 2025, 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 with Deputy Gomez. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Peace Officer's Report.

SECURITY SERVICE CONTRACT

The Board then considered approval of the Security Service Contract for the term of 1 October 2025 through 30 September 2026. Mr. Yale noted that Harris County would likely provide the document in mid-August and would require the District to sign and return it shortly thereafter. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Security Service Contract and to authorize execution of same, subject to review by the District's Attorney. [Subsequent to this meeting, Director Ehmann executed the Security Service Contract on behalf of the District. A copy of the Security Service Contract 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.

The Board then discussed the condition of the wooden fence behind the H-E-B supermarket (the "H-E-B Fence") that is located east of the Detention Pond site on property owned by Phillips Edison & Company ("Phillips"). Mr. Green reported that as of 18 July 2025 the damaged sections of the H-E-B Fence had been repaired. He reviewed with the Board an electronic correspondence dated 18 July 2025 from Carolyn Cruise of Phillips, which includes photographs of the repaired sections of the H-E-B Fence. A copy of the electronic correspondence is attached hereto as an exhibit.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to accept the Detention Facilities Report.

ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED 31 MARCH 2025

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 2025 (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 2025, 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 to file the finalized Annual Financial Report with the Texas Commission on Environmental Quality (the "TCEQ") 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.

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 95.5% 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 eight checks written on the District's tax account, said checks including the transfer of \$2,200.44 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.

ENGINEER'S REPORT

The President then recognized Mr. Warner, who presented the Engineer's Report as follows:

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 had completed the foundation for the HPT Addition and intends to install the hydropneumatic tank within the next few weeks.

Rebuilding of Water Plant No. 1 (the "Rebuilding Project"). Mr. Warner reported that the plans for the Rebuilding Project had received approval from the TCEQ, Harris

County Engineering Department, and Harris County Flood Control District. Agency approval from the City of Houston is expected in the coming week, he told the Board. Mr. Warner stated that Quiddity would advertise for bids on the Rebuilding Project when approval has been received from all reviewing agencies.

Request for Reimbursement of Repair Costs for Water Line on Theiss Mail Route (the "Reimbursement"). Mr. Warner reported that earlier this date he spoke with Jennifer Almonte of Harris County Precinct 3 regarding the District's claim for the Reimbursement. According to Ms. Almonte, he told the Board, the legal counsel for Precinct 3 Commissioner Tom Ramsey had recommended against the Reimbursement being paid out of Precinct 3's funding. The Board then informed Mr. Warner of certain areas on Squyres Road and Lobo Lane in the District that were in need of pavement repair. Mr. Warner stated that he would notify Precinct 3 of the areas to be repaired.

Requests For Service. Mr. Warner reported that the IDS Car Wash was open for business. 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. He stated that the design team for the IDS Car Wash is still trying to obtain a permit from the NHCRWA.

Fence Near Detention Pond. Mr. Warner called the Board's attention to photographs of the repaired sections of the H-E-B Fence, copies of which are included with the Engineer's Report. He stated that he would notify Denise Wilkes of the Community Association of Champion Woods Estates that Phillips had completed the repairs to the H-E-B Fence.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Engineer's Report, a copy of which is attached hereto as an exhibit.

ATTORNEY'S REPORT

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

Legislative Update / 89th Texas Legislature (2025 – Regular Session). Mr. Yale reviewed with the Board a memorandum from the District's Attorney that summarizes certain bills approved by the Texas Legislature during the 2025 Regular Session that could affect the operation of water districts. A copy of the memorandum is attached hereto and shall be considered to be part of these minutes.

Power Supply Issues / Public Power Pool. The Directors discussed matters pertaining to the aggregate purchase of electricity under the auspices of the Public Power Pool ("P3"). Mr. Yale presented the Board with copies of (1) the Transaction Report dated 8 July 2025 relating to the selection by P3 of a retail electricity provider for the period of January 2026 through December 2028; and (2) the Forward Budget Reports (calendar year and fiscal year) for the period of January 2026 through December 2028 as prepared by P3 to assist the District in anticipating its future budgetary needs with respect to the

cost for electric service. Copies of the Transaction Report and the Forward Budget Reports are attached hereto as exhibits to these minutes.

Mr. Yale explained to the Board that on 25 June 2025 P3 had executed on behalf of its membership an electricity supply agreement with Champion Energy Services, LLC ("Champion Energy") with a three-year term. He noted that Champion Energy had submitted a winning bid with a fixed weighted three-year average price for the whole P3 group of \$0.06037 per kilowatt hour, which represents a projected increase of approximately 5.5% from the electricity rates under P3's current contract.

Water Supply Agreement / Klein Independent School District ("Klein ISD"). The Board discussed the 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 the District's Attorney had informed Angela Tekell of Spalding Nichols Lamp Langlois, the attorney for Klein ISD, that the District would continue to bill Klein ISD for water usage pursuant to the existing Water Supply Agreement until the District and Klein ISD both approve and execute the Amended Agreement. A discussion ensued regarding the water service to Klein ISD. Mr. Zilko stated that there were two billing periods in which Klein ISD had incurred the surcharge under the existing Water Supply Agreement for water usage that exceeded 100,000 gallons per day based on a 30-day average, but for which Inframark had not yet billed Klein ISD for the additional amount due to the District (the "Surcharge"). He stated that the unbilled Surcharges total \$21,546.00 for the September 2024 billing period and \$6,723.00 for the October 2024 billing period. After further discussion, the Board authorized the District to continue negotiations with Klein ISD on the Amended Agreement.

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 98.8% 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 62% of the water distributed to the District's customers during the period ending 12 June 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 2 July 2025, a copy of which is included with the Operator's Report.

Water Plant No. 2. Mr. Zilko reported that prior to this meeting he had obtained approval from two Directors to accept a price quote in the amount of \$16,988.00 Circle R

Controls for the installation of a new automatic transfer switch (the "ATS") on the auxiliary generator at Water Plant No. 2. He noted that the lead-in time for the ATS was 13 to 15 weeks.

Write-Off Report. Mr. Zilko reported that there were five closed service accounts with balances due to the District in the total amount of \$17,081.62 that would be turned over to a collection agency. A discussion ensued regarding the Write-Off Report. Mr. Zilko explained that EZEE Fiber owed the District \$15,791.62 in backcharges for damage caused to the District's facilities while laying fiber optic cable (the "Backcharges"). Mr. Yale recommended that the District engage the law firm of Ted A. Cox, P.C. ("Cox") to pursue the recovery of the Backcharges from EZEE Fiber.

After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to contact Cox and request an engagement letter for legal services relating to the recovery of the Backcharges.

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 reported that he had obtain two price quotes for replacing the wooden rail fence (the "Rail Fence") at the Walking Garden at Litchfield Lane and Squyres Road, as follows: (1) \$11,748.00 to construct a 3-foot vinyl fence; and (2) \$16,750 to construct a 4-foot black metal fence. He noted that a vinyl fence would not require painting. The Directors expressed their desire for the Rail Fence to be repaired rather than replaced.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Office Report; and (2) authorize Mr. Schuett to engage a contractor to undertake repairs to the Rail Fence as needed.

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 2 July 2025 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 24 July 2025
Attachments

1. Peace Officer's Report;
2. Security Service Contract;
3. Detention Facilities Report;
4. Email from Phillips Edison & Company;
5. Letter of Representations / Board of Directors;
6. Resolution Evidencing Review of Investment Policy;
7. Tax Assessor/Collector's Report;
8. Engineer's Report;
9. Memorandum / 89th Texas Legislature;
10. P3 Transaction Report and Forward Budgets;
11. Operator's Report;
12. District Office Report;
13. Bookkeeper's Report; and
14. KJPB draft meeting minutes.