

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

22 August 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 22nd day of August 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"); Tom Liewer, a resident of the District; 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.

MINUTES OF THE MEETING OF 25 JULY 2024

The minutes of the meeting of the Board held on 25 July 2024, 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 25 July 2024, as written.

PEACE OFFICER'S REPORT

Mr. Yale 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. 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 98.3% 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 12 checks written on the District's tax account, said checks including the transfer of transfer of \$639.13 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.

DEVELOPMENT STATUS OF THE DISTRICT

Mr. Will Yale informed the Board that pursuant to Section 49.236 of the Texas Water Code as amended by Senate Bill 2 ("SB 2") as approved by the 86th Texas Legislature – Regular Session (2019), the District must determine whether it is a "developed district" or a "developing district" with regard to the Truth-In-Taxation requirements promulgated by SB 2. He stated that the District's Engineer had confirmed that the District was a developed district because to date the District has financed, completed, and issued bonds to pay for all land, works improvements, and appliances necessary to serve at least 95% of the projected build-out of the District. Mr. Yale submitted for the Board's review and approval a RESOLUTION DECLARING DEVELOPMENT STATUS OF DISTRICT FOR 2024 TAX YEAR. He explained that the Resolution states that the Board has declared the District to be a developed district as defined by Section 49.23602 of the Texas Water Code for the 2024 tax year. After discussion, upon a motion duly made and seconded, the Board voted unanimously to adopt the Resolution, a copy of which is attached hereto and shall be considered to be part of these minutes.

ENGINEER'S REPORT

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

Champion Woods Lift Station No. 3 / Rehabilitation. The Board discussed the contract with AR Turnkee Construction Company, Inc. (called "AR Turnkee") 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 Turnkee 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 Texas Commission on Environmental Quality 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. He stated that the estimated construction cost for the HPT Addition project had been revised to \$325,000.00. A copy of the updated construction cost estimate for the HPT Addition as prepared by the District's Engineer is attached hereto as an exhibit.

Rebuilding of Water Plant No. 1 (the "Rebuilding"). Mr. Warner reported that Quiddity was continuing the work on the 60% design package. He called the Board's attention to the project schedule for the Rebuilding as listed in the Engineer's Report.

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.

Request For Service / Kidney Dialysis Clinic (the "Clinic") / FKC Klein. Mr. Warner noted that the proposed development of 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, a copy of which is attached hereto.

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.

BEACON AMA MANAGED SOLUTION MASTER AGREEMENT / BADGER METER, INC.

Consideration was then given to approving a Beacon AMA Management Solution Master Agreement (the "Master Agreement") between the District and Badger Meter, Inc. ("Badger Meter") in connection with the Badger Bronze E-Series Smart Meters that were installed on the water service connections in the District. Mr. Zilko explained that the Master Agreement pertained to the service website portal (the "Portal") hosted by Badger Meter through which the District's customers would obtain metering and water usage service information. He stated that the monthly cost to the District for the Portal under the Master Agreement would be \$0.89 per service connection. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Master Agreement and authorize execution of same. A copy of the Master Agreement as approved 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 97.7% 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 73% of the water distributed to the District's customers during the period ending 11 July 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 7 August 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 14 August 2024, a copy of which is included with the Operator's Report.

Write-Off Report. Mr. Zilko reported that that there were three closed service accounts with balances due to the District totaling \$1,104.90 that would be turned over to a collection agency.

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.

Walking Garden on Litchfield Lane. Mr. Schuett reported that part of a tree on the southeast corner of the tract in which the Walking Garden is located had fallen onto Squyres Road. The fallen tree was cut up and the debris hauled off, he told the Board. Mr. Schuett stated that he would obtain a price quote for cutting up the remaining tree trunk and grinding down the stump.

Air Conditioning System at the District Office (the "AC System"). Mr. Schuett discussed with the Board the condition of the AC System. The Board directed Mr. Schuett to obtain cost estimates for the possible replacement of the two AC System units that serve the main portion of the District Office.

Swimming Pool. Director Gobbell stated that he had been informed by Chaparral Management Company, Inc. that the telephone at the swimming pool for contacting the 911 emergency service was not working.

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 22 August 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. Mr. Schuett reviewed with the Board an electronic correspondence from Central Bank regarding fraud and phishing attempts. A copy of the electronic correspondence is attached hereto as an exhibit. 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.

CAPITAL IMPROVEMENTS ALLOCATION ACCOUNT

Consideration was then given to transferring funds from the District's Operating Fund to the District's Capital Improvements Allocation Account (a sub-account in the District's Operating Fund for the purpose of funding certain capital expenditure items). After discussion, the Directors declined to take any action on this matter.

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 7 August 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 22 August 2024
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Resolution Declaring Development Status of District;
5. Engineer's Report;
6. Updated Estimated Construction Cost;
7. Beacon AMA Management Solution Master Agreement;
8. Operator's Report;
9. District Office Report;
10. Bookkeeper's Report;
11. Email from Central Bank; and
12. KJPB draft meeting minutes.