

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

26 September 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 26th day of September 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; Bill Blitch of Blitch Associates, Inc. ("Blitch"), Financial Advisor for the District; Jeff Bishop, 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"); Arif Amjad, president of The Falls at Champion Forest Property Owners Association, Inc. (the "Association"); Jarrett Ortega representing Ezee Fiber; Colton Fokken and Brandon Kincannon of Sammons Construction; Will Yale and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District; Tom Liewer, a resident of the District; and members of the public as listed on the attached Attendance Sheet. 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 Dave Casper, who inquired about the level of arsenic in the District's drinking water. Mr. Zilko briefly explained the process for the regular testing by the District's Operator of the District's drinking water for the presence of various substances. He noted that arsenic had been detected earlier this year in the water being produced by the District's Water Well No. 1 ("Well No. 1"). Mr. Zilko went on to say that Well No. 1 had been removed from service.

The President recognized Dr. Jack Whitmore, the proprietor of the Stuebner Airline Veterinary Hospital (the "Hospital"), who inquired about the possibility of the District annexing a certain 1-acre tract located adjacent to the Hospital. He explained that the Hospital is located within the District's boundaries and could possibly expand its facilities into the 1-acre tract in the future. Mr. Green recommended that Dr. Whitmore contact the District's Engineer after the meeting to discuss the proposed annexation.

The President recognized Jim Wilson, who addressed the Board regarding the condition of Squyres Road in the District. Director Fratangelo explained that Harris County is responsible for maintaining the public roadways in the District (the "Roadways"). Director Guerrero suggested that residents of the District contact the office of Precinct 3 Commissioner Tom Ramsey to request repairs to the Roadways.

The President recognized Mr. Amjad, who addressed the Board on matters relating to the Restricted Reserve A of Section 1 of The Falls at Champion Forest Subdivision ("Reserve A"), on which property is located a wet stormwater detention facility with an amenity lake and waterfall. Mr. Will Yale recalled that Reserve A was conveyed by the District to the Association pursuant to the Special Warranty Deed dated 10 January 2005 (the "Deed"). In response to a question from Mr. Amjad, Mr. Yale stated that there was no language in the Deed stating whether or not Reserve A could be used for private or public purposes. He recommended that Mr. Amjad review the Deed with the attorney for the Association. A copy of the Deed is attached hereto as an exhibit to these minutes.

The President recognized Mr. Ortega, who informed the Board that Ezee Fiber and Sammons Construction would soon be installing underground telecommunication lines in The Falls at Champion Forest Subdivision. A discussion ensued between Mr. Zilko and Mr. Ortega regarding the proximity of the telecommunication lines to the District's water and sanitary sewer lines. Mr. Ortega stated that he would transmit the plans for the telecommunication lines to the District's Operator. Mr. Ortega noted that, to date, Ezee Fiber had completed 90% of its work within the boundaries of the District.

MINUTES OF THE MEETING OF 22 AUGUST 2024

The minutes of the meeting of the Board held on 22 August 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 22 August 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 (the "Constable's Office"). A copy of the Peace Officer's Report is attached hereto. The Directors then discussed security related issues.

CONSIDER SETTING TAX RATE FOR 2024

Next, the Board discussed the proposed tax rate for the 2024 tax year (the "Tax Rate"). Mr. Blich submitted to and reviewed with the Board a copy of the 2024 Tax Rate Analysis as prepared by Blich. A copy of the 2024 Tax Rate Analysis is attached hereto as an exhibit to these minutes. Mr. Blich recommended that the Board consider setting a debt service tax rate of \$0.266 per \$100 of assessed valuation for the 2024 tax year.

Mr. Blich then discussed with the Board the proposed 2024 maintenance tax rate for the District. He first stated that the District could levy a maintenance tax rate of \$0.117 per \$100 of assessed valuation. He then informed the Board by applying the unused maintenance tax increment for the 2021 and 2022 tax years, the District could levy a maintenance tax rate of \$0.121 and therefore levy a total tax rate of up to \$0.387 per \$100 of assessed valuation without the necessity of an election by the qualified voters of the District to determine whether to approve the adopted tax rate. After discussion, Directors Allard, Ehmann, Gobbell, and Guerrero expressed their desire to levy a maintenance tax rate of \$0.121 per \$100 valuation. Mr. Will Yale then reviewed the procedures that the District would have to follow in setting the 2024 tax rate for the District.

Then, upon a motion duly made and seconded, the Board voted 4 to 1, with Directors Allard, Ehmann, Gobbell, and Guerrero voting in favor, and Director Fratangelo opposed, to authorize publication of the tax rate calculation showing a debt service rate of \$0.266 per \$100 valuation and a maintenance tax rate of \$0.121 per \$100 valuation for a combined tax rate of \$0.387 per \$100 valuation. The Board agreed that the tax rate hearing would be held on 24 October 2024.

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 98.7% 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 10 checks written on the District's tax account and the transfer of \$60,000.00 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.

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. Bishop, who presented the Engineer's Report as follows:

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. Bishop reported that AR Turnkey was expected to mobilize for the Lift Station Rehabilitation during the first week of October 2024.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). Mr. Bishop reported that Quiddity was advertising the HPT Addition project with the bid opening scheduled for 8 October 2024. He added that the bids would be presented at the Board's meeting on 24 October 2024.

Rebuilding of Water Plant No. 1. Mr. Bishop reported that Quiddity had completed the 60% design package and had provided the construction drawings to the District's Operator for review.

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. Bishop reported that Quiddity is continuing to coordinate with the Road & Bridge Department in Harris County Commissioner Precinct 3 regarding the Street Repairs.

Request For Service / Kidney Dialysis Clinic (the "Clinic") / FKC Klein. Mr. Bishop noted that the proposed development of the Clinic had been paused.

Water Plant Inspections. Mr. Bishop requested authorization from the Board for the District's Engineer to perform inspections of the District's Water Plants Nos. 1 and 2 (the "Water Plant Inspections") as required by the Texas Commission on Environmental Quality.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; and (2) authorize the District's Engineer to perform the Water Plant Inspections. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

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 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 collecting information from each of the Associations in the District regarding their respective Collection Contracts.

RESCHEDULE BOARD OF DIRECTORS MEETINGS

Consideration was then given to rescheduling the 28 November 2024 Board meeting in view of the Thanksgiving holiday. After discussion, the Directors agreed to meet on 21 November 2024.

The Directors then considered rescheduling the 26 December 2024 Board meeting in view of the Christmas holiday. After discussion, the Directors agreed to meet on 19 December 2024.

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 99.7% and that the District has 895 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 72% of the water distributed to the District's customers during the period ending 12 August 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.

Significant System Repairs. Mr. Zilko reviewed with the Board the Inframark Invoice and Bill Direct Statement, a copy of which is included with the Operator's Report.

Customer Appeal. Mr. Zilko reported that a District customer had requested an adjustment to their service account for excessive water usage during the August 2024 billing period. He explained that the excessive water usage was caused by a service line leak in their yard. Mr. Zilko stated that if the charge for water usage was recalculated using the lowest billing tier, a reduction of \$9.40 could be issued to the customer. The Board declined to take any action on this matter.

NHCRWA Water Fees. Mr. Zilko reported that the board of directors of the NHCRWA had recently voted to reduce the surface water fee and groundwater pumpage

fee assessed on the water districts within its jurisdiction. Effective 1 October 2024, he told the Board, the surface water fee would be reduced to \$3.05 per 1,000 gallons of water ("k/gal") and the groundwater pumpage fee would be reduced to \$2.60 per k/gal. He noted that this reduction in the NHCRWA fees would be reflected in the water bills distributed to the District's customers.

Proposed Customer Notification System. The Directors discussed with Mr. Zilko the possibility of establishing an electronic notification system for providing information of interest to the District's customers, such as by text messaging. Mr. Zilko stated that the District's customers would have to register to receive messages through a notification system. After further discussion, Mr. Zilko stated that the District's Operator could place information regarding the proposed notification system on the water bills distributed to the District's customers.

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.

Air Conditioning System at the District Office (the "AC System"). Mr. Schuett discussed with the Board the condition of the AC System. He reported that the repairman found that one of the AC System units was frozen and had mismatched valves. He explained that the exterior unit and the interior unit were using different types of refrigerants. Correcting the problem and unfreezing the unit took two days, he told the Board.

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 26 September 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 4 September 2024 is attached hereto as an exhibit. Mr. Yale distributed to the Board copies of the draft Audit Report for the KJPB for the fiscal year ended 31 May 2024 as prepared by Mark C. Eyring, CPA, PLLC. A copy of the draft Audit Report for the KJPB is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND ("KMF")

Director Gobbell presented a report on the activities of the KMF. He stated that there was no truth to the rumor that the KMF was planning to cease operation of the swimming pool.

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 26 September 2024
Attachments

1. Attendance Sheet;
2. Special Warranty Deed for Reserve A of Section 1 of The Falls at Champion Forest Subdivision;
3. Peace Officer's Report;
4. Tax Rate Analysis;
5. Detention Facilities Report;
6. Tax Assessor/Collector's Report;
7. Delinquent Tax Report;
8. Engineer's Report;
9. Operator's Report;
10. District Office Report;
11. Bookkeeper's Report;
12. Draft minutes of KJPB meeting; and
13. Draft Audit Report for KJPB.