

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

24 October 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 24th day of October 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:

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| 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 with the exception of Director Allard, thus constituting a quorum. Director Allard arrived at the meeting shortly thereafter.

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"); 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 26 SEPTEMBER 2024

The minutes of the meeting of the Board held on 26 September 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 3 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.

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. He noted that the trimming of the trees in the Detention Pond was complete and that CHL was continuing to monitor the condition of the drain. 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 98.6% 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 nine checks written on the District's tax account, said checks including the transfer of \$351.09 in revenues from the tax for maintenance and operations to the District's Operating Fund, and the transfer by wire of \$20,000.00 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.

Director Allard arrived at the meeting at this time.

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 Turnkey Construction Company, Inc. (called "AR Turnkey") for the rehabilitation of Lift Station No. 3 (the "Lift Station Rehabilitation"). Mr. Warner reported that AR Turnkey mobilized for construction on 14 October 2024 and had installed the sewage bypass system. He added that Turnkey was now demolishing the T-lock liner within the wet well and has started coating the discharge piping. Mr. Warner then called the Board's attention to the letter dated 9 October 2024 from Quiddity to AR Turnkey, in which the District's Engineer notified AR Turnkey that (1) the contract period of

performance for substantial completion on the Lift Station Rehabilitation had expired; and (2) AR Turnkey must provide Quiddity with a construction progress schedule showing the project's currently projected completion date with a proposed timeline of all remaining work to be completed. A copy of the letter is included with the Engineer's Report.

Water Plant No. 2 / Hydropneumatic Tank Addition (the "HPT Addition"). Mr. Warner reported that four bids were received by the District's Engineer for the HPT Addition. Mr. Warner stated that the apparent low base bid for the HPT Addition was submitted by CFG Industries, LLC (called "CFG"), in the amount of \$299,500.00. A copy of the bid tabulation for the HPT Addition is included with the Engineer's Report.

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

Rehabilitation of Residential Roadways in the District. Mr. Warner reported that on 23 October 2024 Mr. Zilko had met in the District with Jennifer Almonte of the Road & Bridge Department in Harris County Commissioner Precinct 3 to discuss 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 (the "Reimbursement"), said expenses including the District's cost to replace two concrete roadway panels. Mr. Zilko stated that Ms. Almonte had informed him that Precinct 3 would use the Harris County unit price for concrete for its calculation of the Reimbursement, which would result in Precinct 3 paying the District \$8,866.00 for its cost to replace the concrete panels. Mr. Zilko stated that the District's actual cost to replace the concrete panels was approximately \$33,000.00. A discussion ensued regarding the Reimbursement. Director Guerrero expressed his view that the District should request a Reimbursement from Harris County for 100% of its cost to replace the concrete panels.

Possible Request for Annexation / 0.95-acre Tract on Stuebner-Airline Road (the "Whitmore Tract"). Mr. Warner reported that the District's Engineer had recently held a teleconference with Jack Whitmore, the owner of the Whitmore Tract, and provided him with a copy of the District's Consolidated Rate Order which details how to request water and sanitary sewer service. He added that Quiddity was awaiting receipt of the Application for Service for the Whitmore Tract.

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

Annual Water Plant Inspections (the "Inspections"). Mr. Warner reported that Quiddity had tentatively scheduled the Inspection of Water Plant No. 1 for 24 October 2024 and the Inspection of Water Plant No. 2 for 31 October 2024.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) accept the low bid and award the contract for the HPT Addition project to CFG; (3) direct the District's Engineer to present a request to Precinct 3 for a Reimbursement in the amount of \$24,700.00; and (4) request

the attendance of Precinct 3 Commissioner Tom Ramsey at a future meeting of the Board. A copy of the Engineer's Report is attached hereto as an exhibit to these minutes.

ATTORNEY'S REPORT

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

Water Supply Agreement / Klein Independent School District ("Klein ISD"). Mr. 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 reported that the District's Attorney had received copies of the Collection Contracts between Texas Pride Disposal (called "TPD") and (1) Kleinwood Maintenance Fund, Inc.; (2) The Falls at Champion Forest Property Owners Association, Inc.; (3) the Community Association of Champion Wood Estates; and (4) Memorial Northwest Homeowners Association. He called the Board's attention to excerpts from each of the Collection Contracts listed above, copies of which are attached hereto as exhibits. Mr. Yale then reviewed with the Board an electronic correspondence from Kevin Atkinson of TPD, a copy of which is attached hereto, in which Mr. Atkinson indicated that TPD would be in favor of transitioning to a single Collection Contract between the District and TPD to serve all of the residences located within the District (the "District Contract"). Mr. Yale stated that the District's Attorney would (1) continue to work with TPD regarding the proposed District Contract, including the proposed service rate; and (2) reach out to the Associations regarding the proposed consolidation of the solid waste collection service under the District Contract. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize the District's Attorney to undertake the actions described above.

HEARING ON PROPOSED TAX RATE

The Board then convened a public hearing to discuss the proposed tax rate for the 2024 tax year (the "Tax Rate"). The Directors noted that there were no taxpayers of the District in attendance who desired to address the Board regarding the Tax Rate.

ADOPT ORDER LEVYING TAXES

Next, the Directors reviewed an ORDER LEVYING TAXES as prepared by the District's Attorney. Then, upon a motion duly made and seconded, the Board voted 4 to 1, with Directors Fratangelo, Allard, Guerrero, and Gobbell in favor, and Director Ehmann opposed, to (1) adopt a debt service tax rate of \$0.266 per \$100 of assessed valuation; (2) adopt a maintenance tax rate of \$0.121 per \$100 of assessed valuation; and (3) adopt the ORDER LEVYING TAXES, a copy of which is attached hereto and shall be considered a part of these minutes.

AMENDMENT TO INFORMATION FORM

The Board then considered an Amendment to the District's Information Form (the "Amendment") that states the District's most recent tax rate and which will be filed with the Commission and in the Official Public Records of Real Property of Harris County, Texas. After discussion, upon a motion duly made and seconded, the Board voted unanimously to approve the Amendment and to authorize filing of same. A copy of the Amendment as approved is attached hereto and shall be considered 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 102.0% 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 59% of the water distributed to the District's customers during the period ending 12 September 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 30 September 2024, a copy of which is included with the Operator's Report.

Fire Hydrant Flow Testing. Mr. Zilko reported on the inspection and flow testing performed earlier this year on the fire hydrants (the "Hydrants") in the District. He reviewed with the Board the Fire Hydrant Inspection Report as prepared by the District's Operator, a copy of which is included with the Operator's Report. Mr. Zilko informed the Board that 14 Hydrants needed to be repaired and 122 Hydrants needed reflectors replaced at a total estimated cost of \$6,810.00 (collectively, the "Hydrant Repairs"). He then noted that the paint on the Hydrants was dull and chalky at this time. He added that the most recent cleaning and repainting of the Hydrants was performed in 2020. The Board declined to take any action at this time with regard to repainting the Hydrants.

Fence Replacement at Water Plant No. 2 (the "Fence Replacement"). Mr. Zilko called the Board's attention to the price quotes received from Foster Fence Ltd. for the proposed Fence Replacement, as follows: (1) replacement of all 804 linear feet of fence at a cost of \$54,582.00; (2) replacement of 182 linear feet of fence on the south side of the Water Plant No. 2 site at a cost of \$15,233.00; (3) replacement of 211 linear feet of fence on the east side of the Water Plant No. 2 site at a cost of \$13,608.00; (4) replacement of 211 linear feet of fence on the north side of the Water Plant No. 2 site at a cost of \$13,608.00; and (5) replacement of 200 linear feet of fence on the west side of the Water Plant No. 2 site at a cost of \$12,932.00. Copies of the price quotes are

included with the Operator's Report. A discussion ensued regarding the condition of the perimeter fence at Water Plant No. 2. The Directors then declined to take any action at this time on the Fence Replacement.

Testing of Water Wells Nos. 1, 2 and 3. Mr. Zilko reported that Inframark had recently tested the water being produced by the District's water wells. He stated that the water sample obtained from Water Well No. 1 indicated the presence of arsenic at the level of 0.13 milligrams per liter, which is above the permitted level. There was no detectable quantity of arsenic in the water samples obtained from Water Wells Nos. 2 and 3, he told the Board. Mr. Zilko reminded the Board that the proposed rebuilding of Water Plant No. 1 will include the decommissioning of Water Well No. 1, which has been removed from service.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Operator's Report; and (2) authorize the District's Operator to proceed with the Hydrant Repairs. A copy of the Operator's Report is attached hereto as an exhibit to these minutes.

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 2 October 2024 is attached hereto as an exhibit. Mr. Yale distributed to the Board copies of the final 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 final 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.

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 October 2024
Attachments

1. Peace Officer's Report;
2. Detention Facilities Report;
3. Tax Assessor/Collector's Report;
4. Delinquent Tax Report;
5. Engineer's Report;
6. Email from Texas Pride Disposal;
7. Order Levying Taxes;
8. Excerpts from Solid Waste Collection Contracts;
9. Amendment to Information Form;
10. Operator's Report;
11. District Office Report;
12. Bookkeeper's Report;
13. Draft minutes of KJPB meeting; and
14. Final Audit Report for KJPB.