

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

21 November 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 special session, open to the public, on the 21st day of November 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, with Director Fratangelo attending by teleconference, thus constituting a quorum. The Board noted that Director Fratangelo could participate in the discussions but could not vote on matters before the Board at this meeting, pursuant to Section 551.127 of the Texas Government Code.

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"); Sergeant M. Gonzales with Harris County Precinct 4 Constable's Office (the "Constable's Office"); Derek Michael representing Sales Revenue, Inc. ("SRI"); and David Green of Coats Rose, P.C. ("Coats Rose"), Attorney for the District. Attending the meeting by teleconference were Dick Yale and Will Yale of Coats Rose.

Director Allard called the meeting to order.

MINUTES OF THE MEETING OF 24 OCTOBER 2024

The minutes of the meeting of the Board held on 24 October 2024, previously distributed to the Board, were presented for consideration and approval. Director Guerrero requested a revision to page 3 of the minutes. 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 24 October 2024, as amended.

PEACE OFFICER'S REPORT

The President recognized Sergeant Gonzales, who presented the Peace Officer's Report, a copy of which is attached hereto. The Directors then discussed security related issues. Then, after review, upon a motion duly made and seconded, the Board voted unanimously to accept the Peace Officer's Report.

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 certain pickets in the wooden fence behind the H-E-B supermarket that is adjacent to the Detention Pond had been kicked out, apparently to facilitate foot traffic through the Detention Pond site. He added that the fence does not belong to the District. 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 99.1% 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 five checks written on the District's tax account, said checks including the transfer of \$1,010.60 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:

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 AR Turnkee had completed the removal of the T-lock liner and had also completed the coating of the wet well, coating of the above-ground piping, installation of the new fence, and the injection of flowable fill grout in the foundations at both lift stations. He stated that the bypass system has been removed and Lift Station No. 3 has been returned to service. Mr. Warner continued that Quiddity is awaiting the final laboratory testing results and for turf establishment before accepting the project.

Mr. Warner submitted to and reviewed with the Board Change Order No. 1 to the Lift Station Rehabilitation, which would provide for the removal of unused bid items from the contract. He noted that Change Order No. 1 would decrease the cost of the Lift Station Rehabilitation contract by \$15,000.00. Then Mr. Warner submitted for the Board's review the Certificate of Substantial Completion for the Lift Station Rehabilitation project as prepared by the District's Engineer.

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. Green submitted for the Board's review a memorandum from the District's Attorney regarding the bonds and insurance submitted by CFG in connection with the HPT Addition project. A copy of the memorandum is attached hereto as an exhibit to these minutes. Mr. Green remarked that the bonds and insurance submitted by CFG were found to be in order. Mr. Warner presented the Board with execution drafts of the contract for the HPT Addition (the "CFG Contract"). Director Allard then executed the CFG Contracts.

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 recalled that Harris County Precinct 3 had offered to reimburse the District in the amount of \$8,866.00 for certain expenses related to the repair of a 1.5-inch water service line on the north side of Theiss Mail Route (the "Repair Costs"). Pursuant to the discussion at the Board's meeting on 24 October 2024, he continued, the District's Engineer submitted a counteroffer request to Precinct 3 for Harris County to provide the District with reimbursement in the amount of \$24,700.00, which is approximately 75% of the Repair Costs.

Possible Request for Annexation / 0.95-acre Tract on Stuebner-Airline Road (the "Whitmore Tract"). Mr. Warner reported that Jack Whitmore, the owner of the Whitmore Tract, had informed Quiddity the he was preparing the Application for Service for the Whitmore Tract and also plans to submit the required annexation deposit.

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. Mr. Warner reported that Quiddity had completed the field inspections of the District's Water Plants and is currently preparing the inspection reports.

Schedule of Hourly Rates. Mr. Warner presented the Board with a proposed Schedule of Hourly Rates for Quiddity that would be effective on 1 January 2025 (the "Schedule"). The Directors deferred discussion regarding the Schedule to the Board's meeting on 19 December 2024.

Then, after review, upon a motion duly made and seconded, the Board voted unanimously to (1) accept the Engineer's Report; (2) approve Change Order No. 1 for the

Lift Station Rehabilitation and authorize execution of same; and (3) authorize execution of the Certificate of Substantial Completion for the Lift Station Rehabilitation. Copies of Change Order No. 1 and the Certificate of Substantial Completion are attached hereto and shall be considered to be part of 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 administering their respective Collection Contracts. Mr. Yale called the Board's attention to an electronic correspondence from Kevin Atkinson of Texas Pride Disposal ("TPD"), a copy of which is attached hereto, in which Mr. Atkinson stated that TPD would be able to accommodate the curbside and backdoor collection service for the various sections in the District if so desired. The Board directed the District's Attorney to inquire of TPD as to (1) which sections in the District are currently receiving backdoor collection service; and (2) the disposition of materials that are collected for recycling.

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

RECORDS MANAGEMENT SCHEDULES AND POLICIES

Then Mr. Green submitted for the Board's review and approval a RESOLUTION ADOPTING RECORDS MANAGEMENT SCHEDULES AND POLICIES. He explained that the adoption of the Resolution would allow the District to adopt the Texas State Library and Archive Commission's records retention schedules as they pertain to government bodies in general and to water utility districts. 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.

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 97.8% and that the District has 896 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 55% of the water distributed to the District's customers during the period ending 10 October 2024.

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 6 November 2024, a copy of which is included with the Operator's Report.

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.

Water Main Break. Mr. Zilko reported that earlier this month the District's 12-inch main water line (the "Water Main") located near the U.S. Post Office on Louetta Road had experienced a full circle break. He stated that most of the water from the breach was being directed into a storm sewer, and accordingly the District's Operator could not estimate how long the water had been running before it reached the surface. Mr. Zilko stated that Inframark will engage a contractor to remove some of the pavement near the broken section of the Water Main and to stabilize the area.

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 need reflectors replaced at a total estimated cost of \$6,810.00 (collectively, the "Hydrant Repairs"). He then noted that although the paint on the Hydrants was dull and chalky at this time, the recoating of the Hydrants could be deferred. After discussion, the Directors expressed their desire for the District's Operator to proceed with the Hydrant Repairs.

PFAS Regulations and Compliance Requirements. Mr. Zilko reviewed with the Board a letter from Inframark regarding the regulations and compliance requirements issued by the U.S. Environmental Protection Agency (the "EPA") with respect to Per- and polyfluoroalkyl substances (called "PFAS") in drinking water. A copy of the letter is attached hereto as an exhibit. He explained that on 10 April 2024 the EPA announced the final Primary Drinking Water Regulation for six PFAS compounds. Under the new regulations, he continued, public drinking water systems have until 26 April 2027 to complete the initial monitoring requirements and inform the public of the level of PFAS measured in their drinking water supply.

Lead Exceedance Public Education Notice (the "Notice"). Mr. Zilko reviewed with the Board the Notice that will be included with the bills distributed to the District's customers. A copy of the Notice is attached hereto as an exhibit. He explained that the District's Operator found elevated levels of lead in six drinking water samples collected from buildings or residences in the District during June and July 2024. Mr. Zilko emphasized that the source of lead in the samples was not the drinking water produced by the District. Instead, he explained, the lead likely originated from the household plumbing fixtures in the residences in which the water samples were collected.

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.

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

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 dated 21 November 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")

Mr. Green distributed to the Board a copy of the draft minutes of the KJPB meeting held on 6 November 2024. A copy of the draft minutes is attached hereto as an exhibit.

KLEINWOOD MAINTENANCE FUND ("KMF")

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

SALES AND USE TAX ALLOCATION REPORT

Mr. Michael submitted to and reviewed with the Board the Sales and Use Tax Allocation Report dated November 2024 (the "Sales Tax Report") prepared by SRI in connection with the limited purpose annexation of commercial property in the District under the Strategic Partnership Agreement between the District and the City of Houston. A copy of the Sales Tax Report is attached hereto as an exhibit to these minutes.

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 21 November 2024
Attachments

1. Peace Officer's Report;
2. Letter from Precinct 4 Constable;
3. Detention Facilities Report;
4. Tax Assessor/Collector's Report;
5. Engineer's Report;
6. Certificate of Completion;
7. Change Order;
8. Coats Rose memo / bonds and insurance for Water Plant No. 2 HPT addition;
9. Resolution Adopting Records Management Schedules and Policies;
10. Operator's Report;
11. Letter from Inframark regarding PFAS;
12. Lead Exceedance Public Education Notice;
13. District Office Report;
14. Bookkeeper's Report;
15. KJPB draft meeting minutes; and
16. Sales Tax Report.