

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

September 15, 2021

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on September 15, 2021 at 11245 Harvest Bend Boulevard, Houston, Harris County, Texas, in accordance with the duly posted notice of said meeting, with a quorum of Directors present, as follows:

Patrick Cieslewitz, President
Carla Christensen, Vice President
Bob Brengel, Treasurer
Ed Swannie, Director

and the following absent:

Robert Sumpter, Secretary.

Also present were Mr. Kim Cosco of Champions Hydro-Lawn; Ms. Robin Goin, tax assessor-collector for the District; Mr. Mason Mueller, District engineer; Mr. John Montgomery, District operator; Officer Blackledge and Officer Jeff Li of the Harris County Precinct 4 Constable’s office; Ms. Debbie Shelton, the District’s financial advisor; Mr. Jared Martin of Municipal Operations & Consulting, Inc.; Ms. Brittini Silva, bookkeeper for the District; Ms. Karen Brengel; Mr. Jonathan Roach, attorney for Reid Road MUD No. 2, as well as a quorum of the Board and other consultants of Reid Road MUD No. 2; and Ms. Melissa J. Parks, attorney for the District.

The President called the meeting to order and declared it open for such business as might regularly come before it. In the absence of Director Sumpter, Director Christensen was designated Secretary Pro Tempore and authorized to sign these minutes and all other documents approved at the meeting.

1. Mr. Montgomery presented the joint sewage treatment plant operations report which reflected 3,790 connections, no excursions, and plant operations at 43% of permitted capacity. Underground conduit had been installed for the new power service to the plant office, and an electrician would soon complete the connection. Materials have been ordered for work on the transfer pipe at aeration basin No. 3 and the work can proceed after ongoing biomonitoring is complete. The drum screen is expected to be delivered in the next five weeks. Mr. Montgomery reported that the gearbox broke at clarifier No. 3 and has since been repaired at a cost of approximately \$35,000. In addition to the repair, it was necessary to have Source Point Solutions clean out the clarifier. Mr. Montgomery next reported that portions of the

temporary wall at the digester were blown down during recent tropical storm Nicholas. Finally, with regard to odors, Mr. Montgomery reported that only one complaint had been received in the last 30 days. The odor had come from the trash dumpster. The operators continue to take readings from the ORP meter and are working with the District's engineer to address any odor issues. After further discussion, upon motion by Director Christensen, seconded by Director Brengel, the boards voted unanimously to approve the operator's report as presented.

2. Ms. Silva presented the joint plant bookkeeper's report, copy attached. She reviewed the report, including a budget comparison report for the first five months of the fiscal year. Upon motion by Director Brengel, seconded by Director Christensen, the boards unanimously approved the bookkeeper's report and authorized payment of the checks listed thereon.

3. Mr. Mueller addressed engineering matters and reviewed a report, copy attached. He addressed the storm sewer outfall failures in the drainage channel adjacent to the sewage treatment plant and again reviewed the \$154,113 estimate for the repair work. He presented photographs of the area and described proposed storm sewer work as well as replacement of a timber bent at the current sanitary sewer outfall and work to abandon an old sanitary outfall. He requested Board authorization to proceed with design of all of this work. After discussion, upon motion by Director Christensen, seconded by Director Swannie, the boards unanimously authorized design work. The boards next discussed encroachments into the plant site by two property owners along Lazy Meadows Drive. The Board discussed these encroachments as well as the size of the site, its current and intended ultimate utilization, and buffer zone areas. These encroaching owners had been notified of the encroachments in July, and both responded quickly. The owner of 10414 Lazy Meadows Lane was already party to a 2014 agreement with the District on the subject. This agreement had since expired, and after discussion the boards agreed that it should be renewed. The boards will require the owner of 10410 Lazy Meadows Drive either to enter into the same agreement or remove the encroachments. After further discussion, the boards voted unanimously to approve the engineer's report.

4. Officer Blackledge reviewed a report on law enforcement activities that had occurred during the month.

5. The boards opened the floor for public comment. No public comment was offered. Thereafter, the boards discussed other matters affecting both districts, including proposals received for garbage collection services. Both districts had requested and obtained

proposals and agreed that the best proposal submitted was that of Best Trash LLC. The Board desired to maintain the current collection days (Wednesday and Saturday). After discussion, upon motion by Director Swannie, seconded by Director Brengel, the Board voted unanimously to accept the proposal of Best Trash and authorized negotiation of a contract for Board review and action next month. Thereafter, the Board and consultants of Reid Road No. 2 exited the meeting.

6. The Board reviewed the minutes of the meeting held August 18, 2021. Upon motion by Director Brengel, seconded by Director Christensen, the Board voted unanimously to approve the minutes as presented. The Board then opened the floor for public comment, and none was offered.

7. Ms. Goin presented the tax assessor-collector's report, copy attached, which showed 99.15% collections of 2020 taxes and a 2020 taxable value of property in the District at \$327,463,909. Ms. Goin also presented a report prepared by the delinquent tax collection attorneys. The Board agreed with the attorneys' recommendation to send water termination letters to the accounts listed in the report. After further discussion, upon motion by Director Swannie, seconded by Director Brengel, the Board voted unanimously to approve the tax assessor-collector's report and authorized release of the disbursements listed thereon.

8. The Board considered amendment of the tax assessor-collector's contract to address District compliance with Texas Tax Code §26.17 and §26.18 and Texas Government Code §2051.202. These laws address materials and information the District must post on the internet. As the District does not have a website, it can comply with these laws by having another party post the materials. The District's tax assessor-collector was willing to do the work on an hourly basis at the rate of \$110 per hour and will proceed upon execution of the amended agreement. After discussion, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the contract amendment and authorized execution of same by the proper District officers.

9. The Board recognized Ms. Shelton, the District's financial advisor, who presented a cash flow analysis and recommendation with respect to the District's 2021 tax rate. The Board reviewed these materials which among other information reflected a 2021 taxable value of \$344,541,770, including the owners' opinion of uncertified value. The Board also reviewed the 2021 voter approval tax rate worksheet. The Board considered the attached Resolution Finding District to be Low Tax Rate, Developed, Developing or Developed District in a Declared Disaster Area, Calling Public Hearing on 2021 Tax Rate, and Authorizing Tax

Assessor-Collector to Prepare and Publish Notice of Public Hearing. After discussion, upon motion duly made, seconded and unanimously carried, the Board found that the District is a developed district in a declared disaster area under Texas Water Code §49.23602(d) and adopted the attached Resolution so stating. The Board also authorized publication of a notice of public hearing at which the Board will consider adoption of a total 2021 tax of \$0.4677 per \$100 assessed valuation which the Board noted consists of a debt service tax rate of \$0.1985 and a maintenance tax of \$0.2692. The attorney noted that after considering a proposed tax rate, the District must update the internet posting required by Tax Code §26.18 and Government Code §2051.202. Upon unanimous vote, the Board authorized the tax assessor collector to post the required materials in compliance with these laws.

10. Ms. Silva presented the bookkeeper's report, copy attached. She reviewed activity and balances in all District funds and the checks presented for payment of current bills. She also reviewed the budget comparison report for the first five months of the District's fiscal year. The Board reviewed and approved the bookkeeper's investment report as well as the supplementary investment report provided by Director Brengel. Thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the bookkeeper's report and investment reports and authorized release of checks for payment of current bills.

11. The Board considered ratification of its action last month to amend the District's investment policy. Thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to ratify its August 18, 2021 adoption of the Order Establishing Policy for Investment of District Funds.

12. Ms. Parks briefly discussed the necessary continuing disclosure for the District's outstanding bonds. After discussion, upon unanimous vote, the Board authorized the attorney to make the required continuing disclosure filing by the September 30, 2021 deadline.

13. Mr. Cosco reported on the condition of parks and drainage facilities in the District and presented a written report, copy attached. He reported on work completed since the last Board meeting and reviewed amounts expended this year for maintenance and repairs at Penny Park. Mr. Cosco and the Board then discussed installation of solar powered lights in the parks. The lights are expensive but are "green" and very durable. Before considering purchase and installation of such lights, the Board would like to see some in person.

14. Mr. Montgomery presented the operator's report, copy attached. Water accountability was 93% for the month, and Mr. Montgomery reviewed information summarized

on the report. On the operator's recommendation the Board authorized deeming three accounts in the amount of \$1,013.50 as uncollectable and referring them to the collection agency used by the District. Mr. Montgomery then submitted a list of delinquent accounts to the Board for termination of utility service and stated that these customers had been given written notification of the opportunity to appear, either in person or in writing, at the Board meeting to contest, explain or request correction of the charges, services or disconnection. The customers had neither attended the Board meeting nor contacted the operator's office or the District, and after discussion, upon motion duly made, seconded and unanimously carried, the Board authorized the operator to proceed with termination of utility service to said accounts pursuant to provisions of the District's Rate Order.

Mr. Montgomery then stated that the District had fared generally well during the recent tropical storm Nicholas. There had been short power outage but the District's generator performed as intended. Further regarding the generator, Mr. Montgomery reminded the Board that repairs were made after the generator went down during the winter storm event, and the operators have now made an insurance claim to recover the costs of repairs, including labor, that were not covered under warranty. After further discussion of operating matters, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented.

15. The Board discussed preparation of an Emergency Response Plan as required under the America's Water Infrastructure Act. A Risk and Resilience Assessment also required under that Act had been approved and submitted earlier this year. Mr. Montgomery stated an Emergency Response Plan is under preparation and would be ready for Board consideration in November.

16. Mason Mueller presented the engineer's report, copy attached. He noted that he still has not received plans for review for the NHCRWA's Project 31A water transmission line. Regarding Phase 1 sanitary sewer smoke testing, Mr. Mueller stated that the smoke testing report format of the low bidder, Kleen Environmental, was acceptable. Thereafter, the Board unanimously confirmed its action last month of accepting Kleen Environmental's bid for this work. Mr. Mueller next reviewed the draft capital improvements plan which he updated since the last meeting to identify available funds and the source of funding. The project costs in the plan are based on current engineering estimates. Mr. Mueller noted the plan did not include joint facilities. The Board requested that the plan be further updated to include joint facilities. Once complete, the plan will be useful to the Board in seeking TCEQ authorization, if necessary,

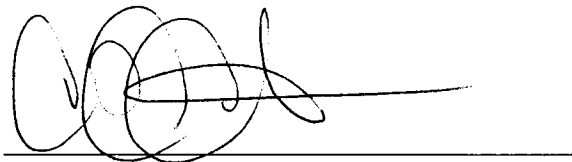
for changes in project scopes and/or as a basis for an election to approve issuance of additional bonds. At this time Director Christensen exited the meeting.

The engineers continue to design chloramination equipment and facilities for installation at the District's water plant in conjunction with the NHCRWA. Mr. Mueller stated there still had not been clear communication from the Authority about whether it would require the costs of some of these facilities to be paid by the District. This would be contrary to the letter agreement executed earlier this year between the District and the Authority. Mr. Mueller and Ms. Parks would both continue pressing the Authority and its representatives for clarification.

Mr. Mueller presented and reviewed an annexation feasibility study for an improved 1.98-acre tract on Jones Road. The study indicated it would be feasible for the District to annex the property and provide service. A short extension of an existing sanitary sewer line would be necessary, but water could be provided through existing lines. Terms would need to be agreed upon to reimburse the landowner for the estimated \$38,750 cost it must advance for the sanitary sewer extension. After discussion, upon unanimous vote, the Board agreed to proceed with annexation of the approximately 1.98-acre tract and authorized the attorney to correspond with the developer in this regard. Finally, Mr. Mueller reported that the engineers had received, reviewed and provided comments on plans for a proposed office/warehouse at 11300 Perry Road within the District. After further discussion of the engineer's report upon motion by Director Brengel, seconded by Director Swannie, the Board voted unanimously to approve the report as presented.

15. The Board discussed pending business. It was mentioned that the Association of Water Board Directors is conducting an election on amendment of its bylaws. Upon unanimous vote, the Board authorized the District's voting member representative to cast a ballot in favor of amendment. The Board also briefly discussed AWBD's fall seminar and the annual winter conference and requested assistance from the bookkeeper in registering for these events.

There being no further business to come before the Board, the meeting was adjourned.



Secretary

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1
NOTICE OF PUBLIC MEETING

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **11245 Harvest Bend Blvd., Houston, Texas.** The meeting will be held at **6:30 p.m. on Wednesday, September 15, 2021.**

The subject of the meeting is to consider and act on the following:

1. Consideration of wastewater treatment matters, including:
 - a. Operations and maintenance report
 - b. Bookkeeper's report and payment of bills
 - c. Engineer's report
 - d. Constable's patrol report
 - e. Presentation of public comments
2. Approve minutes of meeting held August 18, 2021
3. Public Comment
4. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; status of delinquent taxes; authorize litigation as necessary; consider any taxpayer appeals; approve installment payment agreements, as necessary
5. Amend Tax assessor-collector's contract to address compliance with Sections 26.17, 26.18, Texas Tax Code and Section 2051.202, Texas Government Code
6. Review Truth in Taxation Calculations for District's 2021 Tax Rate; Adopt Resolution (1) Finding District to be Low Tax Rate, Developed, Developing, or Developed District in a Declared Disaster Area, (2) Calling Public Hearing on 2021 Tax Rate and (3) Authorizing Tax Assessor-Collector to Prepare and Publish Notice of the Public Hearing; Authorize postings for compliance with Tax Code and Government Code
7. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
8. Ratify Resolution for Adoption of Order Establishing Policy for Investment of District Funds
9. Authorize Continuing Disclosure Compliance by September 30, 2021
10. Report regarding District's parks; proposal for installation of tree rings and mulch; authorize actions as necessary
11. Operator's report; review active connections and water accountability; status of operation, maintenance, and repair of District facilities; consider customer appeals; approve termination of service on delinquent accounts
12. Authorize preparation of Emergency Response Plan under America's Water Infrastructure Act
13. Engineer's report; authorize preparation of plans as appropriate; authorize advertising for bids; award contracts; approve change orders; request(s) for service, utility commitment, or annexation of land

14. Review of Capital Improvements Plan; authorize actions as appropriate
15. Review proposals for garbage collection services; authorize appropriate action
16. Association of Water Board Directors bylaws election; authorize District's voting member representative to cast ballot
17. Pending business, including status of:
 - a. annual review of Rate Order
 - b. North Harris County Regional Water Authority chloramination conversion at District water plant
18. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071, et seq.
19. Reconvene in Open Meeting to act on matters considered in Executive Session



Melissa J. Parks

Melissa J. Parks
Attorney for the District

Need signed Resolution Dev District
9-15-21