

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

January 19, 2022

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on January 19, 2022 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
Robert Sumpter, Secretary
Ed Swannie, Director

and the following absent:

Karen Brengel, Director.

Also present were Ms. Robin Goin, tax assessor-collector for the District; Ms. Brittini Silva, bookkeeper for the District; Mr. John Montgomery, District operator; Mr. Mason Mueller, District engineer; Mr. Kim Cosco and Mr. Luis Cebrian of Champions Hydro-Lawn; Sergeant Martinez of the Harris County Precinct 4 Constable’s office; Mr. Brian Eddy, Mr. Brandon Napier, Mr. Pat Napier, Mr. Kevin Napier of P & N Machine Co., Inc.; Mr. Jonathan Roach, attorney for Reid Road MUD No. 2, as well as a quorum of the Board of Directors of Reid Road MUD No. 2 and appropriate consultants of that district; 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.

1. Mr. Montgomery presented the joint sewage treatment plant operations report reflecting 3,790 connections, no permit excursions, and plant operations at 39% of permitted capacity. Mr. Montgomery updated the Board on the expected delivery date of the drum screen and reported repair of the transfer line in aeration basin No. 2 is scheduled for later this month, to be followed by repair of the line in basin No. 1, likely in March. Mr. Montgomery reported to the boards about leaking water pipes in the administration building and his plans to get repair bids for review in February. The boards also requested that Mr. Montgomery obtain WiFi service for the administration building, the costs of which the boards agreed to share equally. Finally, Mr. Montgomery reported on problems with garbage collection during

December. The operators had received many more calls than usual from residents complaining about the service. Both boards discussed the matter and based on the above and their own experiences agreed not to pay the full amount invoiced by Texas Pride for work in December. After further discussion, upon motion by Director Christensen, seconded by Director Cieslewitz, the Board voted unanimously to approve the operator's report as presented.

2. Ms. Parks reported there had been no contact from the owner of property adjacent to the sewage treatment plant site in response to the District's letter prohibiting trespass through the property owner's new fence with a gate opening into the plant site.

3. Ms. Garcia presented the joint plant bookkeeper's report, copy attached. She reviewed income and disbursements since the last meeting as well as a budget comparison report through three quarters of the fiscal year. After review of checks and further discussion, upon motion by Director Swannie, seconded by Director Christensen, the Board approved the bookkeeper's report and authorized payment of the checks listed thereon.

4. Mr. Mueller reported on engineering matters and reviewed a written report, copy attached. No Board action was necessary at this time on any subjects discussed in his report. The boards then were addressed by Brandon Napier of P & N Machine Co., Inc. at 12450 Windfern located outside of both districts. The company has purchased a 7.25-acre tract also located outside of both districts which it has cleared and upon which it intends to expand its existing business. The company's representatives are here seeking water and sewer service from either one of the districts. P & N is a "job shop" that manufactures equipment for oil and gas companies and other commercial industries. Mr. Mueller and Mr. Sergio Handal addressed the matter with both boards, noting that either district would require annexation before providing service. They agreed to meet with the company's representatives to analyze whether one district or the other appeared to be in a better position to provide the requested service and then the company could deposit funds with that district for preparation of an annexation and service feasibility study. The company representatives thanked both boards, and the boards agreed to take up the matter next month.

5. Sergeant Martinez reviewed a report on law enforcement activities that had occurred during the month. Thereafter the boards opened the floor for public comment, and no public comment was offered. The Board and consultants of Reid Road No. 2 then exited the meeting.

6. The Board reviewed the minutes of its meeting held December 15, 2021. Upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the minutes as presented. Thereafter the Board opened the floor for public comment, and none was offered.

7. Ms. Goin presented the tax assessor-collector's report, copy attached, which showed 99.476% collection of 2020 taxes and 53.552% collection of 2021 taxes. The taxable value of property in the District for 2021 is \$343,747,375. Ms. Goin reviewed disbursements from the tax account, including a refund check to a landowner whose property is not within the District although, because HCAD records had incorrectly reflected it being so, the District had levied its tax on the property. Upon release of all disbursements, the balance in the tax account would stand at \$114,707.52. Upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the tax assessor-collector's report as well as all disbursements listed thereon.

8. The Board considered whether to grant any homestead related exemptions for 2022 taxes. It was reported to the meeting that under the Texas Constitution the District may exempt from ad valorem taxation by its own action up to 20% of the market of each residence homestead owned by an adult and taxable by the District, but not producing an exemption of less than \$5,000 when such percentage is applied to a particular homestead. It was further reported that the Constitution also allows the District to exempt by its own action not less than \$3,000 of the assessed value of residence homesteads of persons 65 years of age or older or disabled from all ad valorem taxes thereafter levied by the District. Those present discussed at length the various points for or against the District's adoption of these exemptions. After discussion, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Order providing for a general homestead exemption in the amount of 20% of the market value of residence homesteads for the year 2022, and adopted the attached Resolution providing a \$25,000 homestead exemption for residents of the District 65 years of age or older or disabled.

9. Ms. Silva presented the bookkeeper's report, copy attached. She reviewed activity and balances in all District funds as well as checks presented for payment of current bills. Ms. Silva reported that the District's bank accounts at BBVA have been closed and business was being handled with accounts at Central Bank. To that end, the bookkeeper will check for receipt of Strategic Partnership Agreement funds from the City of Houston into the account at Central Bank. Concerning discussions earlier in the meeting about the last invoice to

come from Texas Pride, the Board directed the bookkeeper to complete check 1121 payable to Texas Pride for one half of the amount it bills for work performed in December. The Board reviewed the \$2,483,480.26 balance in the capital projects fund account and agreed to hold a special meeting when appropriate to review a capital improvements plan for the District's own facilities as well as the joint wastewater plant. Ms. Silva then reviewed the nine-month budget comparison report followed by the investment report. After further discussion, upon motion by Director Sumpter, seconded by Director Christensen, the Board unanimously approved the bookkeeper's report and investment report and authorized release of checks for payment of current bills.

10. Mr. Cosco introduced new Champions Hydro-Lawn employee Mr. Cebrian to the Board. Mr. Cosco then reviewed the monthly parks report, noting that Champions Hydro-Lawn will monitor what appears to be a sink hole forming along Bending Brook Way in the Park on the Bend. He then reported on damaged playground equipment in Penny Park and upon the Board's request will have the damage repaired as soon as possible. After further discussion, the Board approved the report.

11. Mr. Montgomery presented the operator's report, copy attached, indicating water accountability of 98% for the month. There were no accounts to be deemed uncollectable and referred to a collection agency, but Mr. Montgomery submitted a list of thirty delinquent accounts to the Board for termination of utility service. These customers have 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 reported on repair work thus far at the District's administration building, the expenses for which the Board unanimously approved. Mr. Montgomery will bring bids to the next regular meeting for the additional work needed and he noted he had filed a claim with the District's insurance carrier for the water damage. He next reported on a complaint from the customer at 10115 Autumn Harvest. The customer had requested removal of the late fee, and the operators are reviewing the account to evaluate the request. After further discussion, upon

motion by Director Christensen, seconded by Director Sumpter, the Board approved the operator's report as presented.

15. Mr. Montgomery addressed the Board requesting an amendment of the operator's contractor to increase its fees and charges by 3.1%. Mr. Montgomery reviewed the company's proposed Third Amendment to Professional Services Agreement and answered the Board's questions. After discussion and the Board's expression of gratitude for a job well done, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the contract amendment.

16. The Board tabled discussion about replacement of transmitters at Badger Meters within the District.

17. The Board discussed the District's contract for law enforcement which will expire February 28. It was noted that the new contract submitted by the Precinct 4 Constable's office only provided for patrol by one deputy, but the Board desires continuing patrol by two deputies. It was also noted that the contract term was shortened because the County was adjusting the end of its fiscal year. There was no proposed rate increase. After discussion, the Board agreed to enter into a contract commencing March 1 for patrol by Precinct 4 deputy constables upon amendment of the proposed contract to provide for two officers.

18. Mr. Montgomery reported for the Board's information that the amount charged to customers for garbage collection would increase next month because the rate charged to the District by Best Trash is higher than the rate charged by Texas Pride. There was no need to amend the District's fee schedule to effect this change.

19. Mr. Mueller presented the engineer's report, copy attached. Following up on discussions at the previous meeting about Pay Estimate No. 2 submitted by Kleen Environmental for phase 1 smoke testing, Mr. Mueller now recommended payment of that invoice. Further, the engineers are working with the operator to analyze any repairs needed in the phase 1 testing area. Mr. Mueller next reported that he and the District operators are working to finalize a capital improvement plan to include matters related to the joint wastewater plant. There was no new information with regard to the North Harris County Regional Water Authority water transmission line or chloramination facilities at the District's plant. With further regard to the North Authority, Ms. Parks reported on her communications with the entity seeking easements for the Authority over two District-owned tracts. Ms. Parks had forwarded revisions

to the Authority's proposed easements and indicated the District would accept \$10,000 as compensation for both easement tracts.

Mr. Mueller discussed requests for service. He had received no further contact from representatives of the property outside the District at various adjacent addresses on Jones Road. The proposed project at 11300 Perry Road within the District was no longer slated as an office/warehouse but instead a convenience store/gas station. The engineers had not received updated plans to review for this project but had determined that the District had sufficient water and sewer capacity to provide the requested service.

Next Mr. Mueller discussed a request for service for a proposed warehouse development at 11010 Jones Road, the former Mulligans Golf Course tract. This property is within the District and the engineers have confirmed the District has adequate utility capacity for the proposed development, but they are confirming the location of existing District utilities. Mr. Mueller reviewed the proposed plans of the entity contemplating purchase of the tract and stated the biggest question is about extension of water lines and possible need for easements from other landowners. These developers were requesting that the District seek the easements, but it was noted the immediate need was driven by the proposed buyers' development plans and so it should initially pursue the easements, in coordination with the District and with District participation as necessary. Mr. Mueller recommended the Board authorize provision of a utility commitment to the proposed buyers, and thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board approved a commitment of utility capacity. After further discussion of engineering matters, the Board unanimously approved the monthly report.

12. The attorney presented a quarterly review of A. M. Best ratings of the District's insurance carriers, which ratings the Board found to be acceptable.

13. It appeared that an election of directors should be called for and within the District on Saturday, May 7, 2022. The attached Order calling such election was presented and reviewed by the Board of Directors. Upon motion duly made, seconded and unanimously carried, the Board approved and adopted the Order which is attached to these minutes. The attorneys were instructed to handle the mechanics of the election.

14. The Board considered renewing a domain name reservation for a possible future District website. Director Brengel had retrieved emails sent to Bob Brengel's account from two companies about renewing the reidroadmud1.com domain. The Board discussed reservation of the domain name and agreed it was not necessary. If the District later establishes a

website, it will hire a professional company to do so and would task the company with handling domain name registration. The Board appreciated that Director Brengel brought this to the Board's attention.

15. The Board discussed the status of a proposed agreement with White Oak Bend MUD and HOA for an electricity connection to serve a security camera those entities would install at a District lift station. Ms. Parks reviewed proposed revisions to the draft agreement and, after discussion by the Board, she was authorized to forward the revised agreement to the attorney for White Oak Bend MUD.

There was no need for an executive session and no further business to come before the Board, so the meeting was adjourned.


Secretary