

## **REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1**

Minutes of Meeting of Board of Directors  
September 21, 2022

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on September 21, 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  
Karen Brengel, Treasurer  
Ed Swannie, Director

and the following absent:

None.

Also present were Ms. Robin Goin, tax assessor-collector for the District; Ms. Brittini Silva of Myrtle Cruz Inc; Ms. Debbie Sheldon of Masterson Advisors, LLC; Mr. John Montgomery, District operator; Mr. Mason Mueller of Cobb, Fendley & Associates, Inc.; Mr. Erik Scott of Champions Hydro-Lawn; Sergeant A. Martinez of the Harris County Precinct 4 Constable’s office; Ms. Melissa Rowell, a North Harris County Regional Water Authority (NHCRWA) Director candidate; 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 which reflected 3,790 connections, no permit violations, and plant operations at 43% of permitted capacity. Mr. Montgomery presented a sludge hauling contract with K-3 Resources LP for a three-year term at a rate of \$0.055 per gallon without a surcharge. Upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to approve the contract. Mr. Montgomery reviewed the remainder of his report and thereafter, upon motion duly made, seconded, and unanimously carried, the Board approved the operator’s report

2. The Board considered a facilities surveillance contract with Network Outfitters Inc dba SentiForce. Ms. Parks had provided a copy of the proposed agreement to the attorney for Reid Road MUD No. 2, and the Board confirmed its approval and execution of same last month subject to review and comment by Mr. Roach.

3. Brittini Silva presented the joint plant bookkeeper’s report, copy attached. She reviewed income and disbursements since the last Board meeting as well as a budget comparison report for five months of activity during the fiscal year ending March 31, 2023. The Board discussed amendment of the operating budget and reviewed the bookkeeper’s proposed

revisions. The only additional change necessary was to reflect an engineering expense of \$58,000 for odor mitigation. Thereafter, upon unanimous vote, the Board adopted the attached Resolution Amending the Operating Budget. The Board also voted unanimously to approve the bookkeeper's report and authorized payment of the checks listed thereon.

4. Mason Mueller presented the attached engineer's report on the joint plant. He reviewed the items listed thereon and also reported that another mist system vendor had contacted him. He recommended that the Board authorize him to obtain a proposal from this vendor for the odor mitigation project at the plant. After discussion, the Board agreed with the engineer's recommendation and thereafter voted unanimously to accept the monthly report.

5. Sergeant Martinez reported on law enforcement activities occurring during the month. Thereafter, the Boards opened the floor for public comment. Melissa Rowell addressed the Boards and announced she is running for Position 3 on the Board of Directors of the NHCRWA. Ms. Rowell informed the Board of her qualifications and noted she is running against incumbent Director Jim Pulliam. The Board and consultants of Reid Road MUD No. 2 then exited the meeting.

6. The Board reviewed the minutes of its meetings held June 29, July 20, August 10, and August 17, 2022. 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, but no public comment was offered.

7. Ms. Goin presented the tax assessor/collector's report, copy attached, which showed that 2021 taxes were 99.059% collected through August 31. She presented a delinquent tax collections report prepared by Perdue Brandon Fielder Collins & Mott, LLP. After review of this report, the Board voted unanimously to approve the recommendation of these attorneys to send water termination letters for collection of the accounts so designated on the report. Ms. Goin then presented disbursements for payment of current bills, and after further discussion, upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to approve the report and authorized the disbursements listed thereon.

8. Debbie Shelton of Masterson Advisors, LLC, the District's financial advisor, addressed the Board and presented a cash flow analysis and recommendation with respect to the District's 2022 tax rate. The Board reviewed these materials which among other information reflected a 2022 taxable value of \$375,637,178, including the owners' opinion of uncertified value. The Board also reviewed the 2022 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 2022 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 under Texas Water Code §49.23602 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 2022 tax of \$0.4372 per \$100 assessed valuation, which the Board noted consists of a debt service tax of \$0.1885 and a maintenance tax of \$0.2487. The attorney noted that after considering a proposed tax rate, the District must update the internet posting required 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.

9. Ms. Silva reviewed the bookkeeper's report, copy attached, describing activity and ending balances in all District funds. She also reviewed checks for payment of current bills and reviewed a budget comparison report for the first five months of the fiscal year ending March 31, 2023. The Board carefully reviewed NHCRWA fees, both those collected from District customers and the assessments paid to the Authority. The Board requested that the bookkeeper and operator look into why revenues collected appear to be less than the fees paid. It could be that this month's payment to the Authority covers a two-month period; Ms. Silva will confirm. The actual garbage collection expense was also higher than budgeted. Ms. Silva then reviewed proposed amendments to several expenditure items on the operating budget for Board consideration and action at the next regular meeting, the largest of which was a reduction in purchased sewer service related to the amendment of the joint plant budget earlier in the meeting. Finally, the Board reviewed the investment report, noting interest rates are rising, most notably on funds invested in investment pools. After further discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the bookkeeper's report as presented and authorized release of the checks listed thereon.

10. Mr. Montgomery presented the operator's report, copy attached, reflecting water accountability during the month at 94%. Mr. Montgomery noted there had been seven main line breaks. The operator discussed account delinquencies and submitted a list of accounts to the Board subject to termination of utility service. 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 reported to the Board about contact from a customer seeking assistance after fraudulent negotiation of its check intended for payment of its District water bill. This customer had since submitted another check to pay its bill. It was noted in general that instances of check fraud appear to be increasing.

Mr. Montgomery discussed damage to the vertical turbine motor at Water Well No. 1. Electricity had arced at the breaker and burned up the motor. A new breaker has since been installed. Mr. Montgomery then reported that the emergency repairs to the water line and pavement at Broken Sky Drive and Fallbrook Drive are complete except for installation of the stop sign. Mason Mueller is working with Harris County on the necessary permitting in connection therewith. Mr. Montgomery stated that cost of the repair work had been completed at slightly less than the estimated cost. After further discussion, upon unanimous vote, the Board approved the operator's report as presented.

11. Mr. Montgomery addressed the Board to request approval of a letter agreement, copy attached, authorizing Municipal Operations & Consulting to implement a fuel surcharge. This request is made in connection with increasing fuel prices in the United States. Mr. Montgomery closely reviewed the proposed letter agreement which describes the addition of a surcharge to the operator's current hourly truck rates if and when the operator uses a utility

truck which conducting District maintenance and operations. If the average price per gallon of fuel exceeds \$3.00, the surcharge applies to the truck rates as set out in the Exhibit to the agreement, and it would be shown as a line item on the operator's monthly bill. After discussion, the Board unanimously approved the agreement and authorized its execution by the proper District officers. The Board noted it did not appear necessary to amend the District's operating budget to address this surcharge.

12. The Board discussed repair of the air conditioning unit in the District's administration building. Mr. Montgomery had obtained three proposals for the work, with the lowest submitted by Comfort Aire in the amount of \$8,598. The Board discussed the particulars of the low bid and was interested in the warranty on parts and labor as well as on the compressor. The Board would prefer a two-year labor warranty, and Mr. Montgomery would confirm with the low bidder whether this is the case. Subject to that discussion, upon motion Director Sumpter, seconded by Director Swannie, the Board voted unanimously to accept the proposal of the low bidder.

13. Mr. Mueller presented the engineer's report, copy attached. The operators are proceeding with design of the replacement of the motor control center and its building at Water Plant No. 1. Mr. Mueller reviewed the engineer's proposal for a 500 gallons per minute water well No. 4 at the Water Plant No. 1 site. There was detailed discussion with regard to the proposed location of this well as well as the productivity of the well on this site that was capped in 2012. Mr. Mueller will obtain additional information and update the proposal for later consideration by the Board. He next reviewed a proposal for improvements at Water Plant No. 2, including modifications to the interior vented pipe and forced ventilation at the ground storage tank, instead of the previously planned methane scrubber. The estimated cost for this project was \$323,500, including \$43,300 for engineering services. After discussion, upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to accept this proposal. Mr. Mueller reviewed the remaining items on his report, noting renewed interest in annexation expressed by representatives of the property and existing buildings on Jones Road. He reminded the Board that based on the feasibility study performed, extension of a sanitary sewer line will be needed, and the existing on-site well must be capped. This landowner will be required to deposit funds with the District to fund the necessary work on the annexation. After further discussion of engineering matters, the Board unanimously approved the report.

14. Mr. Scott reviewed the monthly parks report, copy attached. Grass in the parks looks much better after recent rains. The Board discussed various materials that could be used as ground cover around the playground equipment. The Board was seeking a more permanent material that would decompose much more slowly than kiddie mulch. Mr. Scott will obtain the requested information and report back to the Board.

15. The Board considered pending business and discussed particulars of obtaining new director shirts and planning the Christmas party after the Board meeting in December. The Board also intended to submit an article about former Director Bob Brengel for publication in the AWBD Journal.

16. The Board considered the District's Code of Ethics which had previously been distributed. After discussion, the Board unanimously agreed that the current Code of Ethics needed no additions or revisions. Likewise, an annual review of the District's rate order and fee schedule revealed no areas needing revision; however, given previous discussions regarding

payments to the District's garbage contractor, the attorney and operator will confer on the garbage contractor's current rate and the corresponding amount charged to District customers.

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

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Secretary