

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

February 15, 2023

The Board of Directors ("Board") of Reid Road Municipal Utility District No. 1 ("District") met on February 15, 2023, 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
Karen Brengel, Treasurer
Ed Swannie, Director

and the following absent:

Robert Sumpter, Secretary.

Also present were Ms. Robin Goin, tax assessor-collector for the District; Mr. John Montgomery, District operator; Mr. Mason Mueller of Cobb, Fendley & Associates, Inc.; Ms. Brittini Silva of Myrtle Cruz Inc; Mr. Erik Scott of Champions Hydro-Lawn; Sergeant A. Martinez of the Harris County Precinct 4 Constable's office; 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. Director Brengel was designated Secretary Pro Tempore and authorized to sign these minutes and attest other documents adopted at this meeting.

1. Mr. Montgomery presented the joint sewage treatment plant operations report. There were no permit violations during the month, and the plant operated at 42% of permitted capacity. Rain measured at 14.02" fell at the plant during the month. Mr. Montgomery reported that a stainless-steel drum screen was available for purchase by the District for \$35,000, and he recommended the Board consider its acquisition so that it would be on hand if necessary for the benefit of the plant. The Board agreed unanimously with this recommendation. After further discussion of matters related to plant operation, upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to approve the operator's report as presented.

2. Ms. Silva presented the joint plant bookkeeper's report, copy attached, and reviewed income received and disbursements made at or after the last Board meeting. She presented checks for payment of current bills and reviewed a budget comparison report reflecting activity during 10 months of the fiscal year ending March 31, 2023. She also distributed for review and comment a proposed budget for the fiscal year ending March 31, 2024. The operator commented on certain budgeted expenditures, including the drum screen to be purchased as discussed above. After further discussion of the bookkeeper's report and proposed budget, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to

approve the bookkeeper's report as presented and authorized payment of the checks listed thereon. Adoption of the budget will be considered next month.

3. Mr. Mueller presented the attached joint plant engineer's report and reviewed it with the Board. The engineers continue to discuss with Harris County the necessity of permits for the existing buildings at the plant, which permits are being required by the County in connection with its approval of the proposed repair of the storm and sewer outfalls. Mr. Mueller next reported that with regard to the odor mitigation project, the engineers continue designing the overall project. He noted that the odor misting system may be installed in early March. Mr. Mueller and the engineer for Reid Road MUD No. 2 will visit the site in connection with this installation. After further discussion, the Board voted unanimously to accept the engineer's report.

4. Sergeant Martinez reported on law enforcement activities occurring during the month. Thereafter, the Boards opened the floor for public comment. The Board of Reid Road MUD No. 2 inquired as to the status of personal property encroaching into the sewage treatment plant site. Ms. Parks will review the matter and bring an update to the next meeting. Thereafter, the Board and consultants of Reid Road MUD No. 2 exited the meeting.

5. The Board reviewed the minutes of its meeting held January 18, 2023. Upon motion by Director Brengel, seconded by Director Christensen, the Board approved the minutes as presented.

6. The Board opened the floor for public comment. No public comment was offered.

7. Ms. Goin presented the tax assessor/collector's report, copy attached, which showed that through January 31, the District's 2022 taxes were 93.387% collected. Ms. Goin presented checks for payment of current bills, including numerous taxpayer refunds as well as disbursements by wire to the District's debt service and general fund accounts. After further discussion, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the monthly report and authorized the disbursements listed thereon.

8. The Board considered an Order levying an additional 20% penalty on delinquent taxes to defray the cost of collection, authorized in accordance with provisions of the Texas Tax Code. Upon the motion duly made, seconded, and unanimously carried, the Board adopted the attached Order.

9. The Board considered adoption of a residence homestead exemption for 2023 for persons aged 65 or older or disabled. As noted last month, the Constitution 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. The Board discussed the various points for or against the District's adoption of this exemption and reviewed information on the subject prepared by the District's financial advisor. After discussion, upon motion duly made, seconded and unanimously carried, the Board adopted the attached Resolution providing a \$30,000 homestead exemption for residents of the District 65 years of age or older or disabled.

10. Ms. Silva reviewed the bookkeeper's report, copy attached, including activity and ending balances in all District funds. She reviewed checks for payment of current bills and a budget comparison report showing 10 months of activity during the fiscal year. Expenditures still exceeded income for the year to date, and even though the District's 2022 taxes are reported 93% collected, not all of such collections had yet been transferred to the general fund account, including the \$384,287.14 wire transfer reflected on this month's tax assessor-collector report. The Board next discussed budgeting for the District's fiscal year ending March 31, 2024. Ms. Silva will email a draft budget to all directors and consultants prior to the next meeting for review and comment. Ms. Silva then reviewed the remainder of the report, including the monthly investment report, and thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the bookkeeper's report as presented and authorized release of the checks listed thereon.

11. The attorney mentioned to the Board the requirement under Senate Bill 625/Texas Local Government Code Chapter 203, Subchapter D that the District annually file certain financial information with the Texas Comptroller's Office. She reported her office will prepare and file the required information.

12. Mr. Montgomery presented the operator's report, copy attached, reflecting 95% water accountability and 18,119,000 gallons pumped during the month. Of this pumpage, 1,700,000 gallons were provided to Reid Road MUD No. 2 under the existing emergency interconnect agreement. As mentioned last month, the operators reported Reid Road MUD No. 2 will provide water to the District for an in-kind repayment as authorized under the agreement.

Mr. Montgomery discussed account delinquencies and presented two accounts eligible for write-off in a total amount of \$342.24. He then submitted a list of accounts subject to termination of utility service for delinquency. 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. The Board also approved write-off of the two eligible accounts.

Mr. Montgomery reported that a bacteriological sample taken during the month from well No. 1 had tested positive for coliform. The operators superchlorinated the well as a result and will retest. The operators confirmed no coliform was present in the ground storage tank or the District's water distribution system. The Board discussed with Mr. Montgomery the items observed during its recent inspection of District facilities. The Board requested that the operator review a list of the items identified and provide a cost estimate for addressing them. After further discussion of operating matters, the Board voted unanimously to approve the monthly report.

13. The Board discussed the District's Identity Theft Prevention Program and was advised that no changes to the program were required at this time. Further, the District's operator reported no red flag incidents had occurred in 2022. Accordingly, upon motion by

Director Christensen, seconded by Director Brengel, the Board voted unanimously to adopt the attached Resolution Affirming Identity Theft Prevention Program.

14. The Board considered amendment of the District's Order Establishing Policy and Rates for Water and Waste Collection and Disposal Service. The proposed amendment would add language to the policy addressing customer billing and collection during extreme weather emergencies pursuant to provisions in Senate Bill 3 adopted in 2021 by the Texas Legislature. After discussion, upon unanimous vote, the Board adopted the attached Resolution for adoption of the order.

15. Mr. Mueller presented the engineer's report, copy attached. He presented a tabulation of bids received for replacement of the motor control center at Water Plant No. 1. The low bidder is McDonald Municipal and Industrial with a base bid of \$904,269. The engineer recommended approval of this bid and award of the contract contingent upon approval of bonds and certificate of insurance. After discussion, upon motion duly made, seconded, and unanimously carried, the Board authorized award of the contract to McDonald Municipal and Industrial based on the recommendation of the District's engineer. It was noted that these bids had come in higher than projected. A portion of proceeds from the District's Series 2015 bonds is designated to pay for this work and is on deposit in the District's capital projects fund account. However, as the bids came in higher, the Board must decide how to fund the overage. The Board noted the most likely source of funds is the District's general fund account, although depending on pricing for other planned improvements, it may be necessary to issue additional bonds. The Board requested that the engineer reevaluate sources of funding for the motor control center and Water Plant No. 2 improvement contracts already awarded, as well as for the new No. 4 water well at Water Plant No. 1. With regard to that well, Mr. Mueller stated the engineers would soon visit the Water Plant No. 1 site with subconsultants to further consider the location for drilling this well. Mr. Mueller noted that while there may be an area available to drill a well at Water Plant No. 2, the North Harris County Regional Water Authority's Project 31A water transmission line may cause a conflict. Mr. Mueller then sought Board authorization for execution outside of a Board meeting of the previously awarded contract with A&H Coating Services LLC for work at Water Plant No. 2, subject to review and approval of contract documents by the engineer and attorney. The Board granted the requested authorization.

Mr. Mueller reported the engineers had resubmitted plans to Harris County concerning the completed emergency pavement repair necessary after repair of a water line at the intersection of Fallbrook and Broken Sky Drive. He next reported on failure of a storm sewer line at the end of Spring Harvest Drive causing a sinkhole in the channel. The engineers have notified Harris County Precinct No. 3 of the situation and requested repair, as the facility does not belong to the District. Nevertheless, the District has placed temporary fencing around the sinkhole. Mr. Mueller then briefly addressed sanitary sewer smoke testing. The Board requested that estimated costs for this work be added to the 2024 operating budget. Finally, the engineers continue to work on preparation of a map and metes and bounds description of the District's boundaries, as well as a description of the Kismet & Fate annexation tract on Jones Road. After further discussion of engineering matters, upon motion duly made, seconded, and unanimously carried, the Board approved the engineer's report.

16. There was no update this month concerning service to property in the

District to be developed by Urban Logistics Realty, LLC. There was also no Board action necessary with regard to annexation of the 1.98 acres of Kismet & Fate Limited Partnership. The landowner indicated it had recently executed the documents necessary for District annexation and would soon provide them to the attorneys. The District's petition to the City of Houston requesting its consent to the annexation can be submitted to the City upon District receipt and approval of all required documentation from the landowner.

17. Mr. Scott of Champions Hydro-Lawn presented the monthly parks report, copy attached. The District's parks are in good condition, and regular inspection and service are proceeding as usual. Mr. Scott presented and reviewed a proposal for covering the area around the playground equipment in Penny Park with kiddie mulch. The proposal amounted to \$3,120, and upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to accept the proposal and authorize the work. The Board also requested Mr. Scott prepare a proposal for various alternative ground cover materials for Board review in the fall.

18. The attorney stated her office was conducting its annual review of the District's interconnect contracts and if there are any issues needing attention, she would notify the Board.

19. Ms. Parks distributed an annual Calendar of Board Actions and Events. The Board then briefly discussed subjects addressed at the recent winter conference of the Association of Water Board of Directors. Finally, the Board discussed fees of office paid to directors for engaging in activities on behalf of the District. Ms. Parks will provide copies to all directors of the District's Code of Ethics and its Resolution establishing the annual limit for director fees of office.

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


Secretary

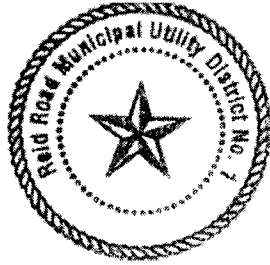
REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1
NOTICE OF PUBLIC MEETING

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, February 15, 2023**.

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; authorize repairs and maintenance
 - b. Bookkeeper's report and payment of bills
 - c. Review draft joint plant budget for fiscal year ending March 31, 2024
 - d. Engineer's report; preparation of plans, advertising for bids, award of contracts
 - e. Constable's patrol report
 - f. Presentation of public comments
2. Approve minutes of meeting held January 18, 2023
3. Public Comment
4. Tax assessor-collector's report; status of tax collections; review invoices and authorize payment; authorize litigation or termination of service as necessary for collection of delinquent taxes; consider taxpayer appeals; approve installment payment agreements
5. Order Levying Additional Penalty for Delinquent Taxes
6. Order Adopting Residence Homestead Exemption for Persons Sixty-Five or Older or Disabled
7. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
8. Review draft operating budget for fiscal year ending March 31, 2024
9. Annual report to Texas Comptroller pursuant to Senate Bill 625 (Texas Local Government Code, Chapter 203, Subchapter D)
10. 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 to delinquent accounts
11. Annual review of Identify Theft Prevention Program; Resolution Affirming Review
12. Amendment of Rate Order to address billing during extreme weather emergencies
13. Engineer's report: authorize preparation of plans, advertising for bids, and/or award of contracts; approve pay requests, change orders; capital improvement plan
14. Service to property in District to be developed by Urban Logistics Realty, LLC; authorize actions as appropriate
15. Annexation of 1.98 acres of Kismet & Fate Limited Partnership; authorize appropriate action
16. Report regarding District parks; authorize actions as necessary

17. Annual Review of Interconnect Agreements
18. Matters related to North Harris County Regional Water Authority
19. Pending business



A handwritten signature in cursive script that reads "Melissa J. Parks".

Melissa J. Parks
Attorney for the District