

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

January 18, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on January 18, 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
Robert Sumpter, Secretary
Ed Swannie, Director

and the following absent:

None.

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.

1. Mr. Montgomery presented the joint sewage treatment plant operations report. There were no permit violations during the month, and the plant operated at 39% of permitted capacity. The waste discharge permit will expire May 28, 2024, and an application for renewal must be filed with the Texas Commission on Environmental Quality (TCEQ) at least six months prior. After further discussion, 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 and disbursements since the last Board meeting. The Board reviewed checks for payment of current bills as well as a budget comparison report reflecting activity during the first nine months of the fiscal year ending March 31, 2023. After further discussion, upon motion by Director Swannie, seconded by Director Christensen, the Board voted unanimously to approve the bookkeeper’s report and authorized payment of the checks listed thereon.

3. Mr. Mueller presented the attached joint plant engineer’s report and reviewed it with the Board. Harris County had not yet responded to the engineer’s request for documentation for all permitted buildings at the plant in connection with the proposed repair of the storm and sewer outfalls. Regarding the odor mitigation project, Mr. Mueller anticipated

requesting Board authorization in March to advertise for bids, and he will also then present an engineering proposal for renewal of the District's waste discharge permit. 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. No public comment was offered, and the Board and consultants of Reid Road MUD No. 2 then exited the meeting.

5. The Board reviewed the minutes of its meeting held December 21, 2022. Upon motion by Director Christensen, seconded by Director Brengel, 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 December 31, the District's 2022 taxes were 52.75% collected. Additional collections have been received since then, bringing collections to approximately 62%. The 2022 certified taxable value of property in the District is \$377,918,064. Ms. Goin presented checks for payment of current bills as well as disbursements by wire to the District's debt service and general fund accounts. After further discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the report and authorized the disbursements listed thereon.

8. The Board considered whether to grant any homestead related exemptions for 2023 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 value 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 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 the various points for or against the District's adoption of these exemptions. After discussion, the Board agreed to table action on the over 65/disabled exemption and requested an analysis from the District's financial advisor. Upon motion by Director Brengel, seconded by Director Christensen, 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 2023.

9. 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 activity during the first nine months of the fiscal year. Expenditures exceeded income for the year to date, but the bulk of maintenance tax collections is yet to be received. Ms. Silva will bring to the next meeting a proposed budget for Board review. The bookkeeper reviewed the remainder of the report including the monthly investment report and thereafter, upon motion by Director Brengel, seconded by Director Christensen, the Board voted unanimously to approve the bookkeeper's report and authorized release of the checks listed thereon as well as checks payable to the three directors attending the winter conference of the Association of Water Board Directors.

10. Mr. Montgomery presented the operator's report, copy attached, reflecting 94% water accountability and 28,349,000 gallons pumped during the month. Of this pumpage, 11,600,000 gallons were provided to Reid Road MUD No. 2 under the existing emergency interconnect agreement. The terms of the agreement provide for repayment in kind, and Mr. Montgomery indicated that Reid Road MUD No. 2 will provide water to the District in repayment before the end of the District's 2023 fiscal year.

Mr. Montgomery discussed account delinquencies and presented two accounts eligible for write-off in a total amount of \$474.10. 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 the operators will convert their billing software in late February. The operators have hired additional employees and will extend business hours during the transition period.

Mr. Montgomery presented proposals from SentiForce for installation of a solar power pack kit with battery and solar panel at the four surveillance units at District facilities and at the three units at the Joint Sewage Treatment Plant. The Board reviewed and approved the proposals.

Mr. Montgomery reviewed a proposal for performing a service line inventory which is required under the revised TCEQ lead and copper rule and must be completed by October 2024. Service and house lines must be reviewed at every service connection in the District, inventoried, and the presence of any lead lines noted. If lead service lines are found, the District must either implement a TCEQ-approved sequestration plan and perform a corrosion control study or create and implement a TCEQ-approved line replacement plan. This survey will involve work in the office and in the field. Mr. Montgomery reviewed the pricing for the work. After discussion, upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to approve the proposal and authorized the work. After further discussion, the Board unanimously approved the operator's report.

11. The Board discussed matters related to the North Harris County Regional Water Authority. The NHCRWA Board had recently reduced the Authority's groundwater pumpage and surface water fees by \$0.50 per 1,000 gallons, effective February 1. This reduction will likewise be reflected on the District's bills to its customers, pursuant to the District's Rate Order and Fee Schedule.

12. Mr. Mueller presented the engineer's report, copy attached. He presented a tabulation of bids received for construction of improvements at Water Plant No. 2. The low bidder is A&H Coating Services, LLC with a base bid of \$119,000. The engineer recommended

approval of this bid and, after discussion, upon motion by Director Christensen, seconded by Director Sumpster, the Board voted unanimously to authorize award of the contract to A&H Coating Services, LLC based on the recommendation of the District's engineer. It was noted that a portion of proceeds from the District's Series 2015 bonds is designated for this work and is on deposit in the District's capital projects fund account. Mr. Mueller next updated the Board on progress in design of the NHCRWA Project 31A water plant chloramination. The engineers continued work on preparation of a District boundary map and metes and bounds description. Finally, Mr. Mueller reported that he and the District's attorney had recently met with representatives of Urban Logistics concerning its intended development on the former Mulligan's tract. After further discussion, upon motion Director Swannie, seconded by Director Brengel, the Board approved the engineer's report.

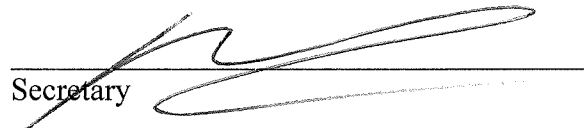
13. The Board discussed annexation of a 1.98-acre tract owned by Kismet & Fate Limited Partnership. Ms. Parks reported that documents necessary for annexation had been provided to the landowner for review and execution. The Board reviewed and approved the form of the District's petition to the City of Houston requesting consent to the annexation. The District's petition can be submitted to the City upon receipt and approval of all required documentation from the landowner.

14. Mr. Scott of Champions Hydro-Lawn presented the monthly parks report, copy attached, which showed the good condition of the District's parks. Mr. Scott provided additional information about ground cover alternatives for the area around the playground equipment in Penny Park. After reviewing various materials, the Board agreed at this time it would be most cost-efficient to install kiddie mulch, and Mr. Scott agreed to bring a proposal for same for Board review next month. The Board also requested that Mr. Scott undertake a thorough review of the various surface alternatives, including life expectancy and costs for installation and maintenance, so that the Board could review a summary of the information later this year. There was no update on the bat box, and the Board briefly discussed a duck house on the island.

15. The Board reviewed the quarterly report on ratings of the District's insurance carriers, noting all ratings were satisfactory.

16. The Board considered a request from the Turtle Hill Village Homeowner's Association for use of the District's administration building for the HOA's annual and quarterly meetings. After discussion, the Board approved the request and noted the use is authorized in accordance with the District's current policies and procedures for use of the administration building. With further regard to the building, the directors noted a problem with a light in the parking lot and requested that the operators address it.

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, January 18, 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. Engineer's report; preparation of plans, advertising for bids, award of contracts
 - d. Constable's patrol report
 - e. Presentation of public comments
2. Approve minutes of meeting held December 21, 2022
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. Authorize any 2023 tax exemptions; Order Adopting Residence Homestead Exemption; Order Adopting Residence Homestead Exemption for Persons Sixty-Five or Older or Disabled
6. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
7. 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
8. Matters related to North Harris County Regional Water Authority
9. Engineer's report: authorize preparation of plans, advertising for bids, and/or award of contracts; approve pay requests, change orders; capital improvement plan
10. Service to property in District to be developed by Urban Logistics Realty, LLC; authorize actions as appropriate
11. Annexation of 1.98 acres of Kismet & Fate Limited Partnership; authorize appropriate action
12. Report regarding District parks; authorize actions as necessary
13. Quarterly Review of Insurance Ratings
14. Request from Turtle Hill Village HOA for use of District meeting room
15. Pending business



A handwritten signature in black ink that reads "Melissa J. Parks".

Melissa J. Parks
Attorney for the District