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REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

March 15, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on March 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. Odett Newman, tax assessor-collector for the District; Mr. John Montgomery, District operator; Mr. Mason Mueller of Cobb, Fendley & Associates, Inc.; Ms. Erin Garcia 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, noting no permit violations during the month and operation of the plant at 38% of permitted capacity. Mr. Montgomery reported on a positive E. Coli test result at the wastewater treatment plant and related it to an unauthorized discharge by Sunny Sky Products on Windfern Road. This business has been contacted and prohibited from discharging into the sewage collection system at this time. Sunny Sky must develop a pretreatment program and install a sampling well and may not discharge waste into the collection system until the operator has approved these items. It was then reported that a violation notice was received from Harris County Pollution Control Services for a sample collected on January 23. The operators will respond as required within the stipulated timeframe. After further discussion of matters related to plant operations, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the operator’s report.

2. The Board discussed encroachments onto the plant site from properties on Lazy Meadows Lane. Letter agreements on the subject were sent to the two encroaching landowners in October 2021. One agreement had been executed and returned and will expire October 1, 2026. The second agreement was neither executed nor returned, but the second landowner had authorized the District to remove the encroaching items. The District declined to

do so. The Board expressed concerns regarding a possible adverse possession claim, but under Texas law a person may not through adverse possession acquire title to real property dedicated to public use. No further action was authorized at this time.

3. Ms. Garcia presented the joint plant bookkeeper's report, copy attached, reviewing income received and disbursements made at or after the last Board meeting. She presented checks for payment of current bills, after which she reviewed an 11-month budget comparison report and presented a proposed operating budget for the fiscal year ending March 31, 2024. The Board carefully reviewed the proposed budget and agreed that expenditures for capital projects should not be included in the annual operating budget. With that revision, the Board approved the budget for adoption but agreed further amendments should be considered next month. After additional review and discussion, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the bookkeeper's report and authorized payment of the checks listed thereon, and adopted the attached Resolution adopting the joint plant budget for the fiscal year ending March 31, 2024.

4. It was confirmed that pursuant to a previous engagement, the District's auditors, McCall Gibson Swedlund Barfoot, PLLC, would audit the books and records for the joint plant for the fiscal year ending March 31, 2023, for a fee estimated between \$4,750 and \$5,250.

5. 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 and have requested data on any permits already existing. The permits are a requirement for obtaining County approval of the proposed repair of the storm sewer outfalls. Mr. Mueller then discussed odor mitigation, noting the engineers had finalized the design of all components of the project. Mr. Mueller requested Board authorization to bid and advertise the project, and after discussion, such authorization was unanimously granted. Regarding installation of the odor misting system, Mr. Mueller mentioned that potable water and a power source are needed, and the engineers are coordinating with the operator in this regard. It was noted that for these odor mitigation and storm sewer outfall rehabilitation capital projects the engineer will prepare a spreadsheet showing the pro rata share of each district for attachment to a letter agreement between the districts on the subject. After further discussion, the Board approved the engineer's report.

6. Sergeant Martinez reported on law enforcement activities occurring during the month. Thereafter, the Boards opened the floor for public comment, but no public comment was offered. The Board and consultants of Reid Road MUD No. 2 then exited the meeting.

7. The Board reviewed the minutes of its meeting held February 15, 2023. Upon motion by Director Brengel, seconded by Director Swannie, the Board approved the minutes as presented.

8. The Board opened the floor for public comment, but none was offered.

9. Ms. Newman presented the tax assessor/collector's report, copy attached, which showed that through February 28, the District's 2022 taxes were 96.106% collected. Ms. Newman presented checks for payment of current bills and also distributed a report prepared by

Purdue, Brandon, Fielder, Collins & Mott L.L.P. on delinquent tax collection efforts. After further discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the monthly report and authorized the disbursements listed thereon.

10. Ms. Garcia reviewed the bookkeeper's report, copy attached, and discussed activity and ending balances in all District funds. She reviewed checks for payment of current operating costs and a budget comparison report showing 11 months of activity during the current fiscal year. Ms. Garcia next presented and reviewed a proposed operating budget for the 2024 fiscal year. Pursuant to earlier discussions about joint sewage treatment plant capital improvements, the Board authorized revisions to the expenditure for purchased sewer service and agreed capital improvements expenditures should be moved below the line. The Board agreed to adopt the budget as revised at this time and would consider further revisions as necessary at next month's meeting. Finally, Ms. Garcia distributed the monthly investment report, and thereafter, 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. In addition, the Board unanimously adopted the attached Resolution adopting the operating budget for the fiscal year ending March 31, 2024.

11. The Board discussed an audit of the District's books and records for the fiscal year ending March 31, 2023. It was confirmed that pursuant to a previous engagement, McCall Gibson will prepare the audit for a fee estimated to be between \$15,500 and \$17,500.

12. Mr. Montgomery presented the operator's report, copy attached, reflecting 95% water accountability and 14,481,000 gallons pumped during the month. Mr. Montgomery then discussed account delinquencies and provided details concerning a very large delinquency of 1960/Windfern, LLC. This customer has an ongoing water leak, which the operators have informed the customer must be repaired within 24 hours or service will be terminated. Mr. Montgomery then described an issue with termination of service at 10214 Rippling Fields Drive. The customer had called to report a water leak and request service termination, but service was then terminated at the wrong address. The operator has not been able to determine fault in this case. As a result, the operator recommended crediting the customer for three days of water usage, and the Board agreed with the recommendation. Next, Mr. Montgomery described the ongoing transition of the operator's billing software and noted informational letters on the subject had been provided to District customers and that the operators have hired additional staff to assist with the transition.

Mr. Montgomery submitted a list of delinquent accounts 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. After further discussion of operating matters, the Board voted unanimously to approve the monthly report.

13. Mr. Mueller presented the engineer's report, copy attached. Contracts for replacement of the motor control center at Water Plant No. 1 and for improvements at Water Plant No. 2 have been prepared and are under review by the District's attorneys. The Board authorized execution of these contracts, which Mr. Mueller will hold until attorney review is complete. Mr. Mueller next reported on his meeting with subcontractors at the Water Plant No. 1 site to further consider the location for the new well No. 4. The consensus was to locate the new well on the northwest corner of the plant site. Next Mr. Mueller reported Harris County approved the plans for the emergency pavement repair resulting from the broken water main at Fallbrook and Broken Sky Drive. He then updated the Board on failure of a storm sewer line at the end of Spring Harvest Drive causing a sinkhole in the channel, noting Harris County Flood Control District has indicated it would be making the repair but had not specified when.

Over the next few months, the engineers will prepare exhibits to be used in planning repair of items identified in earlier phases of sewer line smoke testing as well as in the upcoming Phase 3 testing. Regarding North Harris County Regional Water Authority's project for conversion of the District's water plant disinfection system to chloramines, it was Mr. Mueller's understanding that bidding and advertising would occur this summer once the Authority has acquired all necessary easements. After further discussion of engineering matters, the Board unanimously approved the monthly report.

14. No Board action was necessary at this time concerning service to property in the District to be developed by Urban Logistics Realty, LLC, although the engineer and attorney had briefly spoken with the developer during the month concerning its likely use of an existing water line easement. Likewise, no Board action was yet necessary with regard to an annexation of the 1.98 acres of Kismet & Fate Limited Partnership. The District's engineer is updating the City of Houston consent application form for attachment to the consent petition which the District will submit to the City for this annexation.

15. Mr. Scott presented the monthly parks report, copy attached, noting the most recent facility inspection was completed on March 10. Installation of kiddie mulch around the playground equipment in Penny Park was complete. Mr. Scott then discussed the various alternative ground cover materials he was investigating and noted their prohibitively high installation and/or maintenance costs. The Board appreciated receiving the information and agreed that the costs of these materials appeared to outweigh the benefits and as a result, the Board had no further interest in pursuing the subject.

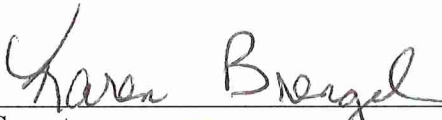
16. The Board briefly discussed matters related to the NHCRWA and noted that a bill had been filed recently purporting to remove the Authority from the jurisdiction of the Harris Galveston Subsidence District and its groundwater reduction requirements.

17. The Board discussed the policies and procedures for the reservation and use of the District's administration building. In January 2023, the Board granted the request of the Turtle Hill Village Homeowners Association to use the building for its annual and quarterly meetings. This HOA is not located within the District. Furthermore, a request had recently been received from the Turtle Lake HOA, also located outside the District, for use of the building on a monthly basis. The Board noted that if such requests were to be approved, the policies and procedures should be amended, including amounts charged to outside users. The Board agreed to further consider the matter at an upcoming meeting.

18. The Board considered pending business, including the annual review of the District's interconnect agreements. Ms. Parks noted that the agreement with Emerald Forest UD should be amended to address provision of surface water purchased from the NHCRWA. The agreement with White Oak Bend MUD will automatically renew in February 2024 and the water rate charged thereunder should be reviewed well in advance of renewal. To that end, Mr. Montgomery mentioned that due to increased production costs, Reid Road MUD No. 2 will be requesting an increase in the charge for water provided through the interconnect. The Board agreed to address this matter at the next meeting.

Finally regarding pending business, the Board expressed a desire to consider an amendment of the District's Code of Ethics to require submission of expense reimbursements and claims for fees of office within 60 days of the date of service.

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


Secretary *Pro Tempore*

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, March 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. Encroachments into plant site
 - c. Bookkeeper's report and payment of bills
 - d. Resolution Adopting Joint Plant Budget for fiscal year ending March 31, 2024
 - e. Engagement of Auditor for Joint Plant for fiscal year ending 3/31/2023
 - f. Engineer's report; preparation of plans, advertising for bids, award of contracts
 - g. Constable's patrol report
 - h. Presentation of public comments
2. Approve minutes of meeting held February 15, 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. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds
6. Resolution Adopting Operating Budget for fiscal year ending March 31, 2024
7. Engagement of Auditor for fiscal year ending 3/31/2023
8. 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
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 project to be developed in District 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. Matters related to North Harris County Regional Water Authority
14. Review of building rental policy
15. Pending business, including management of water interconnect agreements



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

Melissa J. Parks
Attorney for the District