

## REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

### Minutes of Meeting of Board of Directors

July 19, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on July 19, 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 and Assistant Secretary  
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. Brian Toldan of McCall Gibson Swedlund Barfoot PLLC; Ms. Amber Hurd 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 Mr. Douglas McNiel of Smith, Murdaugh, Little & Bonham, L.L.P.

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, noting no permit violations. The report noted 3,790 total connections and that the plant is operating at 41% of the permitted capacity. Upon motion duly made, seconded, and unanimously carried, the Board approved the operator’s report.

2. 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. She reviewed the joint plant budget for the fiscal year ending March 31, 2024. After further discussion, upon motion duly made, seconded, and unanimously carried, the Board approved the bookkeeper’s report as presented and authorized payment of the checks listed thereon.

3. Mr. Toldan approached the Board to review the audit of the joint plant for the year ended March 31, 2023. After discussion, the audit was unanimously approved.

4. Ms. Hurd presented the attached joint plant engineer’s report. First, Ms. Hurd informed the Board that the engineers are addressing comments from Harris County regarding the WWTP outfall. Then, the engineer reported that, as it relates to the digester odor mitigation project, the contractor’s schedule shows the contractor mobilizing in August with substantial completion by the end of December. Additionally, the engineer reviewed a proposal for construction inspection services for the odor mitigation project and requested approval for same. After discussion, the Boards concluded to approve the hourly proposal subject to confirmation of the amount being reflected in the budget. Lastly, the engineer informed the

Board that the application for renewal of the waste discharge permit is in progress. After further discussion, the Board approved the engineer's report.

5. Harris County Constable Precinct 4 Sergeant A. Martinez reviewed a written report 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.

6. The Board opened the floor for public comment. There were no members of public present to comment.

7. The Board reviewed the minutes of its meeting held June 21, 2023. Upon motion by Director Christensen, seconded by Director Swannie, the Board approved the minutes as presented.

8. Robin Goin presented the tax assessor/collector's report, copy attached, which showed that through June 30, the District's 2022 taxes were 98.344% collected. Ms. Goin presented checks for payment of current bills and reviewed the remainder of the monthly report. After further discussion, upon motion duly made, seconded and unanimously carried, the Board approved the monthly report and authorized the disbursements listed thereon.

9. 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 expenses and a budget comparison report showing activity during the first three months of the fiscal year ending March 31, 2024. Ms. Garcia then distributed the monthly investment report, and thereafter, upon motion by Director Swannie, seconded by Director Christensen, the Board voted unanimously to approve the bookkeeper's report as presented and authorized release of the checks listed thereon.

10. The Board considered a Resolution Authorizing Increase and Establishing Annual Limit on Fees of Office. The Texas Water Code was amended in the regular 2023 Texas legislative session to allow boards to increase fees of office paid to directors. The fees can be increased to the amount of the per diem set by the Texas Ethics Commission for members of the state legislature, currently \$221 per day of service. The new legislation did not increase the \$7,200 annual limit on fees of office. The Board discussed the pros and cons of accepting the higher per diems. A director suggested that the Board not accept the entire \$71 per diem raise, and instead, only raise the per diem to \$200. The full Board agreed. Subject to that discussion, upon unanimous vote, the Board unanimously adopted the attached Resolution as presented but limited payment of fees of office thereunder to \$200.

11. Brian Toldan reentered the meeting and reviewed the District's audit for the fiscal year ended March 31, 2023. In the report the accountants provided an unmodified opinion. Mr. Toldan completed review of the audit and thereafter, the Board unanimously approved it subject to further review and comment and authorized its timely filing with all appropriate entities. The attorney reviewed the District's existing investment policy with the Board, and after a brief discussion, the Board unanimously adopted the attached Resolution affirming its review of the policy and a list of brokers/dealers.

12. The attorney confirmed that his office would accomplish the necessary annual continuing disclosure filing for the District's outstanding bonds.

13. Mr. McNeil presented the arbitrage rebate and yield restriction report prepared by Arbitrage Compliance Specialists (ACS) and explained the rule prohibiting arbitrage profits. ACS's analysis performed through May 17, 2023 indicated that as of November, 2022, capital projects funds investments associated with the District's Series 2015 Bonds are earning interest in excess of the materially higher yield, and the same is true as of August, 2022 for funds considered transferred proceeds associated with the District's Series 2016 Refunding Bonds. ACS recommends these funds soon be spent below the minor portion. The Board noted it intends to spend all such funds on upcoming capital improvement projects.

14. The Board considered the attached Resolution Authorizing Use of Surplus Construction Funds to fund a part of the District's portion of the odor mitigation project at the joint sewage treatment plant. The Resolution would authorize expenditure of surplus funds (interest earnings of \$47,309.77) toward payment of the District's \$467,876 share of the odor mitigation project. Upon unanimous vote, the Board approved the Resolution as presented.

15. Mr. Montgomery presented the operator's report, copy attached, reflecting 93% water accountability and 18,303,000 gallons pumped during the month. The Board reviewed the list of water consumption by commercial users, noting the highest user this month was Windham Park Square LLC. Mr. Montgomery discussed account delinquencies and submitted a list of accounts subject to termination of utility service. The customers on the list 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. Lastly, Mr. Montgomery presented six closed accounts delinquent in the total amount of \$731.98 which he recommended that the Board approve for write-off and sending to collections. The Board gave its unanimous approval.

16. Mr. Montgomery presented the Fourth Amendment to Professional Services Agreement, which would give Municipal Operations & Consulting a Consumer Price Index rate increase. After discussion, upon unanimous vote, the Board approved the Fourth Amendment to Professional Services Agreement.

17. Mr. Scott presented the monthly parks report, copy attached. There were no items requiring Board action this month.

18. Ms. Hurd presented the engineer's report, copy attached, and noted the status of various projects. Concerning the location for a proposed new water well, Ms. Hurd noted that Advanced Groundwater Solutions had completed the water and gas field sampling and provided their recommendations. Sanitary control easements are being requested from surrounding landowners, and an exception for another area is being submitted to the Texas Commission on Environmental Quality. Director Christensen requested that the District continue to discuss this project and the Board agreed. Ms. Hurd informed the Board that she had no updates on the Spring Harvest Drive sinkhole nor the sanitary sewer smoke testing. Next, Ms. Hurd informed the Board that the contractor has been mobilized for the MCC project at Water Plant No. 1. For that project, Ms. Hurd presented Pay Estimate No. 2 in the amount of \$104,196. Next, Ms. Hurd informed the Board that construction is substantially complete for the Water

Plant No. 2 Improvements. A final walkthrough was held on July 19. For that project, Ms. Hurd presented Pay Estimate No. 2 in the amount of \$21,755 and the Final Pay Estimate in the amount of \$6,477.50. Thereafter, the Board unanimously approved the engineer's report and authorized payment of the pay estimates as recommended by the engineer.

Following the engineer's regular report, Ms. Hurd informed the Board that her office is looking into the best storage methods for the many documents that the engineers received after Cobb Fendley took over as District engineer. She suggested that for convenience and safety, the Board should consider having all of the District's previous engineering records digitized. The engineer informed the Board she believes digitizing the records would cost no more than \$11,500. After discussion, the Board authorized the engineers to proceed with digitization of the records.

19. The engineer discussed requests for service from several entities. First, Ms. Hurd informed the Board that the engineers are working with the City of Houston on the consent application for the Jones Road annexation. Then, she informed the Board that the attorney is drafting a utility commitment letter as previously approved by the Board for a proposed expansion of the existing A3 Glass Fabricator building at 11125 Summer Harvest Drive. Lastly, the engineer discussed the request for service to the Cy Hope Ballfields to be located adjacent to the District. Such out-of-district utility service would require a short sanitary sewer extension to the tract. The Board discussed the benefits and costs of entering into an out-of-district utility service agreement with a tax-exempt entity. Director Christensen requested that the District's engineer come to the next meeting prepared to discuss the history of this entity's requests to the District.

20. The Board briefly discussed matters related to the North Harris County Regional Water Authority. No action items were discussed.

21. Harris County has not completed a renewal contract for continued patrol by the Precinct 4 Constable. The Board will review the renewal contract when it is provided.

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

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

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Secretary