

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

August 16, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, August 16, 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. Mason Mueller, District engineer; Ms. Tina Kelsey 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 had been no violations of the waste discharge permit and the plant had operated at 43% of permitted capacity. Mr. Montgomery reported on continued monitoring and testing of unauthorized discharges of Reid Road MUD No. 2 customer Sunny Sky and confirmed thus far no harm to the joint sewage treatment plant. Ms. Parks briefly described her communications with MUD No. 2 attorney Jonathan Roach concerning that district’s communications with Sunny Sky about the unauthorized discharges. The Board indicated that upon any negative effects to the joint plant, it stood ready to act in coordination with MUD No. 2. After further discussion, upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the operator’s report.

2. Ms. Kelsey presented the joint plant bookkeeper’s report, copy attached. She reviewed income received and disbursements made at or after the last Board meeting and presented checks for payment of current bills. Ms. Kelsey reviewed the joint plant budget comparison report for the first four months of the fiscal year ending March 31, 2024. The Board noted mathematical discrepancies on year-to-date revenues and requested correction by the bookkeeper. After further discussion, upon motion by Director Brengel, seconded by Director Swannie, 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. The engineers continue to address comments from Harris County regarding proposed changes to the wastewater treatment plant outfall. Regarding the odor mitigation project, the contractor will move on site at the end of August and plans to complete the project by the end of December. This is a delay from the original schedule and is attributable to later delivery of the blowers which is not expected until December. The Board then discussed engineering inspection services for this project. The Board noted the proposal had been approved last month subject to confirmation of the amount being reflecting in the project budget. Mr. Mueller did not have the information at hand but will review documentation and communicate with the District's bookkeeper to confirm whether the amount was included in the project budget. Mr. Mueller then reported the engineers continue to work on the application for renewal of the waste discharge permit. The Board requested confirmation of engineering fees for this work and inclusion in the joint plant budget. After further discussion, the Board voted unanimously to approve the engineer's report.

4. The Board reviewed a written report on law enforcement activities occurring during the month. Sergeant A. Martinez discussed the report with the Board and provided additional detail. 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.

5. Director Sumpter entered the meeting at this time.

6. The Board considered the minutes of its meeting held July 19, 2023 and after discussion agreed to table approval of same until next month.

7. Mr. Scott presented the monthly parks report, copy attached, noting that the most recent facility inspection was completed on August 8. Dry, brown grass was visible at all parks. Mr. Scott discussed an issue with the irrigation system at Park on the Bend. There was a break in the main irrigation line which has been repaired but the wiring system is located in the woods and the cost to rewire in that location would be prohibitive. Mr. Scott recommended installing battery-operated controllers, and after discussion, the Board unanimously authorized such work at a price not to exceed \$5,000. The Board then reviewed the condition of Harvest Bend Park and Penny Park. Mr. Scott noted he will see to watering the grass and will also see that requirements of the District's voluntary Stage I drought measures are followed. Upon motion by Director Christensen, seconded by Director Sumpter, the Board approved Mr. Scott's report.

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

9. Robin Goin presented the tax assessor/collector's report, copy attached, which showed that through July 31, the District's 2022 taxes were 98.502% collected. Ms. Goin presented checks for payment of current bills which upon release would leave a balance of \$96,799.97 in the tax account. Upon motion by Director Bregel, seconded by Director

Swannie, the Board voted unanimously to approve the report as presented and authorized release of the checks listed thereon.

10. Ms. Kelsey reviewed the bookkeeper's report, copy attached, discussing activity and ending balances in all District funds. She presented check No. 1700 on the operating account in the amount of \$193.93 which was not listed on the report. She also presented check no. 1015 on the capital projects account in the amount of \$23,246.50 payable to CF McDonald Electric Inc. Ms. Kelsey next reviewed an operating budget comparison report showing activity during the first four months of the fiscal year ending March 31, 2024. The Board requested that the bookkeeper provide information each month showing the cumulative amount of director fees of office paid to date during the fiscal year. The Board then discussed payment of the District's share for the joint sewage treatment plant odor mitigation project, noting that payments will be made from the general fund account, but also noting adoption last month of a resolution authorizing use of \$47,309.77 in surplus capital projects funds for this project. The Board requested any necessary budget amendments be presented for review next month. Finally, the Board reviewed 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 including checks No. 1700 and 1015.

11. Mr. Montgomery presented the operator's report, copy attached, reflecting 94% water accountability and 21,131,000 gallons of water pumped during the month. He reported several water main breaks had occurred and he expects them to continue to occur given current hot and dry weather conditions. Mr. Montgomery stated it might benefit the District to review a summary showing the locations of the various water line breaks and consider undertaking a pipe replacement project. The Board discussed this concept and also noted its consideration of drilling a new water well. The Board agreed replacement/repair of pipes should be seriously considered and should be weighed against the timing or need of an additional well. The District may later apply to the Texas Commission on Environmental Quality for authorization to change the use of capital projects funds originally slated for the new water well, if the water well is found to be redundant. After discussion, the Board authorized the engineer to complete design of the proposed water well but directed he take no further action thereafter without additional Board discussion and direction.

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. Mr. Montgomery also mentioned receipt of numerous bad checks, and the Board unanimously authorized termination of service to customers who attempted payment of their accounts with checks later returned due to insufficient funds.

Mr. Montgomery reported the North Harris County Regional Water Authority implemented Stage I drought measures under its Drought Contingency Plan. Likewise, the District has implemented its Stage I measures. To that end, the Board noted contact should be made with the homeowners association to make it aware of watering restrictions. After further discussion of operating matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously approved the report and authorized imposition of Stage I drought measures.

Mr. Montgomery reported for the Board's information about digging in the area by EZ Fiber which may cause damage to District lines. The District's lines are buried deeper than this contractor should be digging; nevertheless, the operator is aware of this contractor's activity and will be ready to react to any damage it may cause.

12. The Board undertook its annual review of the District's Rate Order and Fee Schedule. The operators have compared amounts charged by the District to its customers and by the operator to the District and confirmed the District's charges to its customers result in net revenue. The Board then conducted its annual review of the District's Code of Ethics and agreed that no additions or revisions were necessary, especially given amendment of the document in April, 2023.

13. Mr. Mueller presented the engineer's report, copy attached, and noted the status of various projects. He described actions related to design of water well No. 4. The Board reiterated the engineers should continue with final design of the well. There was brief discussion of the sinkhole along Spring Harvest Drive, and the Board agreed it would be helpful if residents made contact with the County to request repair. Next, Mr. Mueller discussed sanitary sewer smoke testing, reporting the Phase III testing is complete and the engineers have received and are reviewing test results and will recommend appropriate action at an upcoming meeting.

Mr. Mueller then discussed construction of facilities by the NHCRWA to convert the District's water disinfection system to chloramines. NHCRWA may advertise for bids in September and award a contract in October, but Mr. Mueller has received no details from the Authority's design engineer. Next, Mr. Mueller presented pay estimate No. 3 of CF McDonald Electric Inc. in the amount of \$23,246.50 for the MCC project at Water Plant No. 1 and recommended payment of same with capital projects funds. He reviewed the remainder of his report and thereafter, upon motion by Director Christensen, seconded by Director Sumpter, the Board approved the engineer's report and authorized payment of the contractor's pay estimate.

14. The Board discussed a request for out of District service for Cy-Hope ballfields to be constructed outside the District along Windfern Road west of Bobcat Drive. The engineer for this project had contacted the District several months ago to revive the request originally made in May, 2022. The District's engineers have determined that a sanitary sewer extension would be needed to serve the project and have estimated the costs for same. No water line extension is needed, but an easement is needed for a water meter and vault. The Board noted construction of such a facility at this location would likely benefit the area and discussed parameters pursuant to which the District would consider providing service, including a capacity buy-in/nontaxable entity tap fee and an out of District rate for monthly water and sewer service.

After further discussion, the Board unanimously authorized the attorney to respond to the project engineer to pass along the above information. If Cy-Hope would agree to pay all costs, then the District will proceed to calculate a capacity fee, determine a service rate and prepare an out of district agreement.

15. The Board generally discussed matters related to the NHCRWA.

16. The Board discussed renewal of the District's contract for patrol by Harris County Precinct 4 deputy constables. The new patrol contract had not yet been received from the County, but upon motion by Director Sumpter, seconded by Director Christensen, the Board authorized renewal of the contract if the rate is equal to or less than the amount quoted by the County earlier this year and if the other contract terms remained the same as in prior years.

17. The Board discussed pending business, with Director Sumpter further describing an anticipated complaint from a Harvest Bend homeowner about a tree blocking and diffusing light from a nearby streetlight. Mr. Sumpter also reported on discussions at homeowner's association meetings concerning a resident's request for construction of a concrete wall along Fallbrook Drive. As it had several months earlier, the Board repeated its contention that these do not appear to be requests upon which the District can or should act.

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

Secretary