

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

October 18, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, October 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
Robert Sumpter, Secretary
Karen Brengel, Treasurer and Assistant 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; Ms. Amber Hurd, 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, noting there had been no violations of the waste discharge permit and that the plant had operated at 42% of permitted capacity. Mr. Montgomery reported on monitoring and testing for unauthorized discharges of Reid Road MUD No. 2 customer Sunny Sky and confirmed again there had as yet been no harm to the joint sewage treatment plant from such discharges. Reid Road No. 2’s attorney Jonathan Roach discussed the matter, noting that Sunny Sky’s landlord had been given a deadline by which the discharge must be brought into compliance. Mr. Montgomery reviewed the remainder of the monthly report and thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously approved 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 half of the fiscal year ending March 31, 2024. Finally, she reviewed proposed revisions to the annual budget as discussed last month which the boards now reviewed and considered. Thereafter, upon unanimous vote, the Board adopted the attached Resolution amending the operating budget for the joint plant.

3. Amber Hurd addressed the Board and presented the attached joint plant engineer's report. She reported she had met today with a Harris County representative regarding proposed changes to the wastewater treatment plant outfall and to discuss the County's comments after its review of the plans. Based on discussions at this meeting, updated plans will be submitted for County review. Ms. Hurd next reported that the contractor for the odor mitigation construction project has mobilized on site; she expects the first pay application will be submitted for action at next month's meeting. Finally, she reported that work continues on renewal of the waste discharge permit. After further discussion, the Board unanimously approved the engineer's report.

4. The Board considered amendment of the letter agreement between the Districts for pro rata funding of odor mitigation improvements. The amendment would incorporate the cost of engineering inspection services for the project. After discussion, upon unanimous vote, the Board approved the amended agreement and authorized execution of same.

5. 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, there was brief discussion regarding an agreement between the Districts that was first considered in 2020 but never finalized. Such an agreement would address financial contribution by Reid Road No. 2 for costs of law enforcement patrol in the portion of Harvest Bend - The Meadows located within the boundaries of No. 2. An item will be placed on the November meeting agenda for consideration of such an agreement. Thereafter, the Boards opened the floor for public comment, but no public comment was offered. The Board and consultants of Reid Road No. 2 then exited the meeting.

6. The Board opened the floor for public comment. There were no members of the public present to comment, so the Board proceeded to the next agenda item.

7. The Board considered the minutes of its meeting held September 20, 2023. Upon motion by Director Christensen, seconded by Director Swannie, the Board voted unanimously to approve the minutes after correction of a typographical error.

8. Robin Goin presented the tax assessor/collector's report, copy attached, which showed that through September 30, the District's 2022 taxes were 98.65% collected. The report reflected certified 2023 taxable value of property in the District at \$396,000,142. Ms. Goin presented checks for payment of current bills which upon release would leave a balance of \$50,014.47 in the tax account. Next, Ms. Goin presented a delinquent tax report from Perdue Brandon Fielder Collins & Mott LLP. Among other things, the report listed accounts for which the firm recommended sending notice that water service is subject to termination if payment of delinquent taxes is not received by November 15. The Board unanimously agreed with this recommendation. Thereafter, upon motion by Director Sumpter, seconded by Director Christensen, the Board unanimously approved the tax assessor-collector's report as presented and authorized release of the checks listed thereon.

9. The Board acknowledged publication of a Notice of Public Hearing to consider a 2023 tax rate of \$0.409 per \$100 assessed valuation. The Board opened a hearing for public comment or questions on the proposed rate and, receiving none, closed the hearing. The Board then considered the attached Order adopting the District's 2023 tax rate, consisting of a

debt service tax of \$0.165 and a maintenance tax of \$0.244 per \$100 assessed valuation. Upon motion the Director Christensen, seconded by Director Sumpter, the Board unanimously approved the Order. The Board further authorized an update to the required internet posting to reflect the 2023 tax rate in compliance with Texas Tax and Government codes, and it executed an Amendment to Statement of Directors for filing in the Harris County real property records.

10. Ms. Kelsey reviewed the bookkeeper's report, copy attached, and discussed activity and ending balances in all District accounts. She reviewed checks written for payment of current bills, noting a general fund balance of \$7,081,014.60 upon release of same. Ms. Kelsey then presented an operating budget comparison report showing activity during the first half of the fiscal year ending March 31, 2024. She also reviewed proposed amendments to the budget discussed last month by the Board. After review and discussion, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to adopt the attached Resolution amending the operating budget. Finally, Ms. Kelsey reviewed the monthly investment report and thereafter, upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized release of the checks listed thereon.

11. Mr. Montgomery presented the operator's report, copy attached, reflecting 93% water accountability. Mr. Montgomery noted higher than usual water loss during the month due to leaks and flushing. He next reviewed customer billing and collections and noted he would check on the status of 90- and 120-day aged receivables.

Mr. Montgomery reported the North Harris County Regional Water Authority had reduced its drought stage measures to Stage 1, and the District had taken the same action under its Drought Contingency Plan. Mr. Montgomery then discussed account delinquencies and noted four accounts in the total amount of \$426.13 which the operators recommended for write-off and sending to collections. The Board unanimously agreed with this recommendation. Mr. Montgomery also reported that the District had received payment on one account previously sent to collections. Thereafter, the operator submitted a list of 42 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 presented correspondence from a District customer requesting an adjustment of her bill due to water leaking from a line damaged by Ezee Fiber's installation of fiberoptic cable. Mr. Montgomery described the circumstances of the situation and noted the operators had already applied all available adjustments but a large amount remained outstanding. He recommended the Board authorize acceptance of payment in installments. He also noted the customer could contact Ezee Fiber and seek reimbursement. After discussion, the Board agreed to accept installment payments over a 24-month period. Further regarding Ezee Fiber, Mr. Montgomery noted that the District is backcharging this company for costs the District incurs to repair District water lines damaged by Ezee Fiber.

In connection with discussions last month about a possible water pipe replacement project, Mr. Montgomery reported the operators had reviewed their records to

determine amounts charged to the District for water line repairs. It was determined that over the past 10 years, the District has paid in excess of \$1 million to repair broken water lines. After further discussion of operating matters, upon motion by Director Swannie, seconded by Director Christensen, the Board approved the report as presented.

12. Erik Scott presented the monthly parks report, copy attached. The most recent facility inspection was completed on October 10, and no major issues were observed. As authorized last month, Champions Hydro-Lawn had removed the talk tube at Penny Park. The tube is stored at the sewage treatment plant, and the Board agreed it may be discarded after three months. Mr. Scott discussed the condition of the basketball goals and trash cans in Penny Park and agreed to take the actions requested by the Board, including getting pricing for replacement of trash can domes. Upon motion by Director Sumpter, seconded by Director Brengel, the Board approved Mr. Scott's report.

13. Amber Hurd presented the engineer's report, copy attached. She reported that a Harris Galveston Subsidence District withdrawal permit had been obtained for proposed water well No. 4, but as discussed last month, this project is on hold. She next confirmed that the engineers now have all data needed to review the results of the Phase 3 sanitary sewer smoke testing and will recommend appropriate action at an upcoming meeting. Concerning a possible water pipe replacement project, the engineers have reviewed data compiled by the operators about past line repairs and prepared a map highlighting the streets that have had recurring major repairs. The engineers have estimated construction and engineering costs of approximately \$2,496,000 to address replacement of all water lines in those locations. Ms. Hurd noted this estimate was based on obtaining the services of a pipe bursting contractor through the BuyBoard local government purchasing cooperative. The District would need to enter into an interlocal agreement with the cooperative to utilize its services. Moving forward with BuyBoard and as a design/build pipe-bursting project appeared more economical to the District than having the engineers advertise for bids for the work. The Board contemplated proceeding with this project instead of drilling a new water well. It would be necessary to apply to the Texas Commission on Environmental Quality for a change in project scope to allow the use of bond proceeds originally intended for a well. Ms. Hurd will prepare materials for further review at the Board's request.

Ms. Hurd discussed construction of facilities by the NHCRWA to convert the District's water disinfection system to chloramines and noted receipt of comments from the Authority's design engineer. The engineers will address the comments, resubmit the plans, and await information from the Authority's engineer on construction scheduling.

Ms. Hurd presented pay estimate No. 5 of CF McDonald Electric Inc. in the amount of \$64,077.50 for the MCC project at water plant No. 1. She recommended approval and payment of this amount, and after discussion, the Board gave its unanimous approval. Regarding requests for District service, the engineers are working on completion of the City of Houston consent application for the Jones Road/Kismet & Fate annexation. After further discussion of the engineer's report, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the report.

14. The Board discussed a request for out-of-district service for proposed baseball fields to be constructed by Cy-Hope Ballfields. As discussed at the previous meeting, the engineers have estimated their fees for calculation of a capacity buy-in fee and consultation

on out-of-district rates for monthly water and sewer service. Ms. Parks will forward that estimate to the project engineer along with an estimate of attorney's fees for preparation of an out-of-district service agreement and note that both will begin work upon Cy-Hope's payment of same.

15. The Board discussed matters related to the NHCRWA. The Authority had recently elected a new board president. The Board generally discussed other recent actions of the Authority's board, noting it appeared there were ongoing delays with project approvals.

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

17. The Board discussed pending business, including arrangements for its December meeting and Christmas party. Ms. Parks reported that the fully executed patrol contract had been received from the Harris County Precinct 4 Constable's Office. Director Brengel reported that the woman who is the District's independent contractor and regularly cleans the administration building has now indicated a desire to wash the windows. Before authorizing window washing, the Board asked the attorney to confirm whether an accident or injury which may occur would be covered by the District's or the contractor's insurance, and agreed to take up the matter next month.

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

Secretary