

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

November 15, 2023

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, November 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 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; Ms. Amber Hurd, District engineer; Ms. Erin Garcia of Myrtle Cruz Inc; Mr. Erik Scott of Champions Hydro-Lawn; Sergeant A. Martinez and Deputy Guzman of the Harris County Precinct 4 Constable’s office; Mr. Dane Turner of Best Trash; 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 no permit violations. The plant had operated at 41% of permitted capacity. Mr. Montgomery reviewed the remainder of the monthly report and thereafter, upon motion by Director Brengel, seconded by Director Swannie, the Board unanimously approved the operator’s report.

2. Ms. Garcia presented the joint plant bookkeeper’s report, copy attached. She reviewed income to and disbursements from the joint plant operating account and presented checks for payment of current bills. She mentioned the check payable to JTR Constructors Inc. in the amount of \$101,032.50 for Pay Estimate No. 1 on the odor mitigation project. The bookkeeper invoiced the districts for their pro rata shares of this amount under the Agreement for Construction and Funding of Odor Mitigation Improvements approved earlier this year. Ms. Garcia reviewed the joint plant budget comparison report for the first seven months of the fiscal year ending March 31, 2024. Finally, she noted that the bookkeepers will begin utilizing Central Bank’s Positive Pay system for the District’s accounts beginning in January, 2024. After further discussion of the bookkeeper’s report, upon unanimous vote, the Board approved the report as presented.

3. Sergeant A. Martinez addressed the Board concerning law enforcement patrol within the District. He introduced Deputy Guzman to the Board and noted she had begun

patrolling within the District. Deputy Guzman reviewed and discussed a written report on law enforcement activities occurring during the month.

4. Amber Hurd addressed the Board and presented the attached joint plant engineer's report. The engineers have resubmitted plans to Harris County addressing minor comments on the plans for the wastewater treatment plant outfall project. Ms. Hurd requested Board authorization to start the bidding process for this project in January. Upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously authorized bidding to proceed. Ms. Hurd next reported on the odor mitigation construction project and presented Pay Estimate No. 1 in the amount of \$101,032.50. A change order to address the entry doors and staircase will be needed for this project as the existing door and staircase were damaged during a weather event and cannot be reused as originally planned. Ms. Hurd reviewed proposed alternatives which the Board discussed in detail. The Board would prefer using metal doors and requested more information about the coating on the doors. After discussion, upon motion by Director Christensen, seconded by Director Swannie, the Board authorized expenditure of up to \$9,000 for such a change order and would consider final approval next month. Finally, Ms. Hurd reported on renewal of the District's waste discharge permit, noting the required notices are in the process of finalization before publication. After further discussion, the Board unanimously approved the engineer's report and payment of the pay estimate.

5. The Board deferred action until January on a letter agreement with Reid Road MUD No. 2 for its financial contribution toward costs of law enforcement patrol in the portion of Harvest Bend-The Meadows located within No. 2. Thereafter, the Boards opened the floor for public comment, but no public comments were offered. The Board and consultants of Reid Road No. 2 then exited the meeting.

6. The Board considered the minutes of its meeting held October 18, 2023. Upon motion by Director Swannie, seconded by Director Brengel, the Board unanimously approved the minutes.

7. 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.

8. Robin Goin presented the tax assessor-collector's report, copy attached, which showed that through October 31, the District's 2022 taxes were 98.697% collected and the 2023 taxes were 0.354% collected. The report reflected certified 2023 taxable value of property in the District at \$432,338,348. Ms. Goin presented checks for payment of current bills which upon release would leave a balance of \$15,859.36 in the tax account. Ms. Goin next presented a report from Perdue Brandon Fielder Collins & Mott LLP updating the status of delinquent accounts previously recommended for termination of water service. After discussion, the Board authorized final notification followed by termination of service to taxpayers who had not responded to the initial termination notice. The Board briefly discussed the status of the Unity Auto Repair & Tire account, believing the business may no longer be operating. Ms. Goin will check and, as appropriate, update the list of businesses reviewed each year in connection with the District's Strategic Partnership Agreement with the City of Houston. After further discussion, upon unanimous vote, the Board approved the tax assessor-collector's report and authorized release of the disbursements listed thereon.

9. Ms. Garcia reviewed the bookkeeper's report, copy attached, discussing activity and ending balances in all District accounts. She reviewed checks written for payment of current bills, including two checks on the capital projects fund account. To that end, the Board reviewed capital projects funds as allocated for projects funded with proceeds from previous bond issues. The Board mentioned an eventual need to apply to the Texas Commission on Environmental Quality for a change in project scope to fund a water pipe replacement project discussed at recent meetings. The Board agreed to address this matter further in January, 2024. Ms. Garcia then reviewed checks written on the general fund account and described two checks written at the meeting to pay premiums for insurance coverage in 2024. Ms. Garcia next presented an operating budget comparison report showing activity during the first seven months of the fiscal year ending March 31, 2024, after which she reviewed the monthly investment report. After discussion, upon motion by Director Brengel, seconded by Director Swannie, the Board unanimously approved the bookkeeper's report as presented and authorized release of the checks listed thereon and as discussed above.

10. The Board discussed the District's contract with Best Trash for provision of residential garbage collection services. Dane Turner addressed the Board concerning the automatic annual Consumer Price Index-based rate adjustment under the contract. Beginning with the January 2024 billing cycle and continuing through December, 2024, Best Trash will increase the current rate of \$19 for curbside trash and recycling collection service by 7.2% to \$20.37 per month per residence. Last year, Best Trash also requested an additional rate adjustment to address increased operations and fuel costs, but no such adjustment was requested this year. Mr. Turner discussed collection services and noted Best Trash has impressed upon its employees the importance of returning cans to their proper locations and treating them with care. Mr. Turner then described a pilot program in which the District could participate to obtain 65-gallon cans for an additional \$2 per connection per month upon an extension of the collection contract. The Board indicated an interest in participating in this program and agreed to consider the matter in January, 2024. Thereafter, the Board formally acknowledged receipt and acceptance of the annual rate adjustment, and John Montgomery noted that starting in January the operators will accordingly adjust the amount charged to customers under the District's Rate Order and Fee Schedule.

11. Mr. Montgomery presented the operator's report, copy attached. The report reflected 93% water accountability for the month. Mr. Montgomery reviewed customer billing and collections data, after which he discussed installation of an additional surveillance camera at the District's administration building. It would be necessary to extend electric lines to power the new camera. Mr. Montgomery also suggested relocating an existing camera at the building. With these changes, the monthly payment to SentiForce will increase by \$950. After discussion, the Board authorized the work.

Mr. Montgomery presented correspondence written on behalf of a District customer requesting further adjustment of her bill. The Board discussed this account last month, noting the outstanding amount had occurred due to a water leak from a line damaged by Ezee Fiber's installation of fiberoptic cable. The customer requested waiver of charges incurred due to the leak. Last month the Board authorized acceptance of installment payments after application of all available adjustments. The Board agreed it remains willing to accept payment in installments, but it must recover its production costs as well as amounts charged by the NHCRWA. The Board again noted the customer could contact Ezee Fiber and seek

reimbursement. The operators will contact the customer concerning the above and can also refer her to entities willing to assist with payment of utility bills.

Mr. Montgomery discussed other 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. After further discussion of operating matters, upon unanimous vote, the Board approved the report as presented.

12. The Board discussed the District's Harris County stormwater quality permit expiring January 24, 2024 and was advised by Mr. Montgomery that Municipal Operations & Consulting Inc. is handling renewal of the permit.

13. The Board considered a Resolution authorizing opt out and/or filing a request for exclusion from proposed class action settlements related to PFAS. PFAS, also known as "forever chemicals," will soon become regulated by the U.S. Environmental Protection Agency and the TCEQ. Maximum contamination levels will be set and testing and other actions will be required of water providers such as the District. The District has received notice that it has been identified as a member of the class in two nationwide class action lawsuits filed against 3M and DuPont for their production of PFAS. At this time, the District has neither tested nor been required to test for PFAS. Ms. Parks noted that after consultation with other attorneys familiar with these cases, her firm's recommendation is for the District to opt out of the class action settlements, as any funds to be received as a result of the settlements were not likely to be significant enough to cover District costs to construct facilities for removal of PFAS from drinking water. Ms. Parks further reviewed the Resolution authorizing opt out as well as associated affidavits necessary to submit along with the Resolution. After discussion, upon unanimous vote, the Board agreed with the recommendation to opt out of the class settlements and approved the Resolution and related documents as presented.

14. Erik Scott presented the monthly parks report, copy attached. The most recent facility inspection was completed on November 8, and no major issues were observed. After discussion, upon unanimous vote, the Board approved Mr. Scott's report.

15. Amber Hurd presented the engineer's report, copy attached, and reviewed it with the Board. She presented a preliminary construction and engineering cost estimate of approximately \$6,400,000 for rehabilitation of sanitary sewer lines in three phases. The engineers prepared the estimate after review of the results of the smoke testing completed earlier this year. Ms. Hurd reviewed an exhibit showing all of the problems detected as well as an exhibit showing proposed phasing of the work. The condition of lines inspected in the latest phase of smoke testing was worse than in the older sections. The Board noted the project was much more extensive than it had anticipated. It requested that the engineer consider smaller phases, a plan for annual point repairs, or other alternatives for discussion at a future meeting.

Ms. Hurd next presented a proposal for design, bidding, construction management, and inspection for a project to rehabilitate and replace District water lines. Construction and engineering costs for this project were estimated at \$3,302,000. The estimate was prepared using historical information provided by the District's operators. As mentioned last month, the project was planned to utilize the services of a pipe bursting contractor through the BuyBoard local government purchasing cooperative, which should allow for fewer change orders and provide financial benefits to the District. As previously discussed, this project could be funded using bond proceeds originally intended for drilling a new water well and would require application to TCEQ for a change in project scope. After further discussion of Cobb Fendley's proposal for engineering and surveying services for this project, upon motion by Director Christensen, seconded by Director Swannie, the Board approved the proposal.

Ms. Hurd discussed construction of facilities by the North Harris County Regional Water Authority to convert the District's water disinfection system to chloramines. The engineers continue to await additional design updates or information on construction scheduling from the Authority's engineer.

Ms. Hurd presented Pay Estimate No. 6 of CF McDonald Electric Inc. in the amount of \$81,367.50 for the motor control center project at Water Plant No. 1. She recommended approval and payment of this amount, and after discussion, the Board voted unanimously to authorize payment. She noted that the shipment date of the cabinets has been delayed from late November to mid-February.

Ms. Hurd next reported the engineers are working on completion of the City of Houston consent application for the Jones Road/Kismet & Fate annexation. Regarding the request from Cy-Hope Ballfields for out-of-District service, it was reported that the Cy-Hope project manager had requested details about the required deposit for engineering and legal fees for calculation of a capacity buy in fee, consultation on monthly rates for out-of-District service, and preparation of a service agreement. The engineer and attorney will begin work upon the District's receipt of such deposit. Finally, Ms. Hurd reported on contact from a potential purchaser of the Mulligan's tract within the District about its interest in constructing a warehouse on the site. Ms. Hurd has met with the project engineer and will present any requests received in relation to the project. After further discussion, the Board unanimously approved the engineer's report.

16. The Board considered the attached Resolution authorizing an interlocal participation agreement with the BuyBoard local government purchasing cooperative. After discussion, upon unanimous vote, the Board adopted the Resolution.

17. The Board discussed matters related to the NHCRWA and was informed that the Authority had terminated Stage 1 voluntary measures under its drought plan on November 7, 2023. Mr. Montgomery confirmed that as a result, voluntary Stage 1 drought measures had also been discontinued under the District's Drought Contingency Plan.

18. The Board reviewed a proposal for renewal of District insurance coverage. The annual premium would increase to \$36,797 due in part to increased replacement values of District facilities. After discussion, the Board voted unanimously to approve the proposal. Ms. Parks confirmed that her office had completed its annual review of consultant insurance required

by contract and that all such insurance was current with certificates on file.

19. The Board discussed cleaning of the windows at the District's administration building. As requested at the previous meeting, the attorney had reviewed the District's insurance policies and spoken with the insurance agent concerning coverage for an accident or injury which may occur if the woman currently contracted to regularly clean the building is engaged to wash the windows. Based on such review and discussion and upon confirmation that this contractor does not carry worker's compensation insurance, Ms. Parks advised against engaging her to wash the windows. The Board further discussed the matter and agreed that if the District contracts for such work it should be performed by a professional window-washing company with appropriate insurance coverage. The Board agreed to further discuss this topic in February, 2024.

20. The Board discussed pending business, including additional operating matters. Mr. Montgomery reported that the results of well production tests had recently been received from GM Services and based on these tests, he recommended adjustment of the pump at water well No. 2. The tests indicated no issues at well No. 3. The Board then mentioned its care and concern about Mason Mueller and asked Ms. Hurd to send him the Board's best wishes. Finally, the Board discussed arrangements for its December meeting and the Christmas meal planned to occur afterwards.

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

Secretary