

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

January 17, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, January 17, 2024, 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 Mr. Erin Garcia, District bookkeeper; Ms. Robin Goin, tax assessor-collector for the District; Mr. John Montgomery, District operator; Mr. Mason Mueller, District engineer; Mr. Erik Scott of Champions Hydro-Lawn; Sergeant A. Martinez of the Harris County Precinct 4 Constable’s office; Ms. Chris Arispe; Ms. Christina Williams-Woodard; 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. He noted there were no permit violations and that the plant had operated at 38% of permitted capacity. Mr. Montgomery described operations activity during the month. No major issues had arisen during the recent hard freeze. Upon motion duly made, seconded, and unanimously carried, the Board approved the operator’s report as presented.

2. Ms. Garcia presented the joint plant bookkeeper’s report, copy attached, and reviewed checks presented for payment of current bills. She also presented the joint plant budget comparison report for the first nine months of the fiscal year ending March 31, 2024. Thereafter, upon unanimous vote, the Board approved the bookkeeper’s report as presented and authorized release of the checks listed thereon.

3. Mason Mueller presented the attached joint plant engineer’s report. The engineers have begun the bid process for the wastewater treatment plant outfall project and anticipate receiving bids prior to the Board’s February meeting. Mr. Mueller presented pay estimate No. 3 of \$113,088 from JTR Constructors, Inc. for the odor mitigation construction project. This project is approximately 41% complete, and Mr. Mueller recommended Board approval of the pay estimate. After discussion, the Board unanimously authorized payment of pay estimate No. 3. In connection with renewal of the District’s waste discharge permit, the required notices have now been published. Thereafter, upon motion by Director Brengel, seconded by Director Christensen, the Board unanimously accepted the engineer’s report.

4. The Board discussed renewal of the Wastewater Treatment Facilities and Drainage Facilities Construction and Financing Agreement with Reid Road MUD No. 2 expiring April 1, 2024. Ms. Parks reported that drafting of the document is underway and the intention is to maintain the operative provisions of the expiring agreement.

5. Sergeant A. Martinez addressed the Board concerning law enforcement patrol within the District. He reviewed a written report on activities that had occurred during December. The Board deferred discussion on a letter agreement for contribution by Reid Road MUD No. 2 for law enforcement patrol costs within Harvest Bend-The Meadow. The Boards thereafter 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 opened the floor for public comment. Ms. Arispe presented the Board with several executed contracts for use of the District's administrative building in 2024 which she had obtained on behalf of the District. The Board appreciated Ms. Arispe's efforts in this regard. The Board was next addressed by District customer Christina Williams requesting adjustment of her bill. She described the series of events leading to the current situation. Mr. Montgomery also addressed the matter, noting that under the circumstances, the operators had paid for water leaking from Ms. Williams' home between July 28 and August 9. After this payment and application of all available adjustments, the amount remaining due to the District is \$3,597.68. Ms. Williams requested further adjustment of this amount, but the Board noted the District must recover its water production costs as well as amounts charged by the North Harris County Regional Water Authority (NHCRA). The Board agreed it remained willing to accept payment in installments and, given the financial hardships described by Ms. Williams, also was willing to defer initiation of installment payments so that Ms. Williams can make arrangements to begin paying installments or contact entities willing to assist with payment of utility bills. The Board intends to work with Ms. Williams if she makes efforts towards payment of her bill. No further public comments were offered.

7. The Board considered the minutes of its meeting held November 15, 2023. Upon motion by Director Christensen, seconded by Director Sumpter, the Board approved the minutes as presented. The Board next considered the minutes of its meeting held December 20, 2023 and upon motion by Director Christensen, seconded by Director Brengel, it unanimously approved the minutes.

8. Robin Goin presented the tax assessor-collector's report, copy attached. Through December 31, the District's 2022 taxes were 99.316% collected and the 2023 taxes were 29.105% collected. Ms. Goin reported that through today, 2023 taxes are 62% collected, as previously delayed payments have now been received from a large mortgage servicing company. The certified 2023 taxable value of property in the District is \$438,816,979. Ms. Goin reviewed checks for payment of current bills and noted that upon their release the balance in the tax account would stand at \$8,430.30. It was reported that incumbent Jonathan Cowen had been re-elected as the conservation and reclamation district representative on the Harris Central Appraisal District's Board of Directors. After further discussion of tax matters, the Board unanimously approved the tax assessor-collector's report and authorized release of the disbursements listed thereon.

9. The Board reviewed and thereafter unanimously approved the attached Orders adopting District tax exemptions for the year 2024 in the amount of 20% for general homestead and \$30,000 for over 65/disabled.

10. Erin Garcia presented the bookkeeper's report, copy attached, noting activity and ending balances in all accounts. She presented checks written for payment of current bills and thereafter reviewed a budget comparison report reflecting nine months of activity during the current fiscal year. She will prepare a draft budget for Board review at the next regular meeting. Finally, Ms. Garcia reviewed the investment report for the month and thereafter, upon motion duly made, seconded, and unanimously carried, the Board approved the bookkeeper's report and authorized release of the checks listed thereon.

11. John Montgomery presented the operator's report, copy attached, which reflected 93% water accountability for the month. Mr. Montgomery reviewed customer billing and collections data and then presented one account eligible for write-off and sending to collections in the amount of \$201.32. He next submitted a list of accounts subject to termination of utility service for delinquency. 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.

Mr. Montgomery presented a request from customer Wyndham Park Square LLC for an adjustment of its bill due to a leak which it has had repaired. Mr. Montgomery described details of the repair, noting that the customer's plumber had bypassed the backflow prevention device during the repair process. After discussion, the Board unanimously authorized the operator to adjust the sewer portion of this customer's bill, but only after it properly reconnects the backflow prevention device.

Mr. Montgomery reported on continued monitoring and testing by Reid Road No. 2 for unauthorized discharges of its customer Sunny Sky. Mr. Montgomery confirmed there had been no harm to the joint sewage treatment plant, noting the unauthorized discharge has reached Reid Road No. 2's lift station No. 5 but has not reached the joint sewage treatment plant. Reid Road No. 2 had held a special meeting last week to further discuss the subject. The Board indicated it would like an update from Reid Road No. 2. After further discussion of operating matters, upon unanimous vote, the Board approved the report as presented.

12. The Board briefly discussed the District's contract with Best Trash for garbage collection services. The Board asked the attorney to contact Best Trash and request a proposal for amendment of the contract to address the supply of regular trash bins for use by District customers.

13. Mason Mueller presented the engineer's report, copy attached. He reported that the sinkhole at Spring Harvest Drive had been repaired by Harris County Flood Control District. Mr. Mueller addressed proposed repairs to sanitary sewer lines in areas identified as a result of smoke testing. The Board had reviewed an updated proposal for this

work last month and agreed to defer action on this project as well as a project for rehabilitation and replacement of District water lines until the District's operator and engineer communicate further on coordination of these projects. Thereafter, the Board will set a special meeting on the subject, at which it will also discuss the District's capital improvements plan and preparation of an application to the Texas Commission on Environmental Quality for a change in project scope of bond proceeds that were originally intended for drilling a new water well.

Mr. Mueller noted the engineers continue to await additional updates or information from the design engineer for the NHCRWA regarding conversion of the District's water disinfection system to chloramines. He next reported on the status of the motor control center project at Water Plant No. 1. There was no contractor pay estimate this month, and final completion of the project is anticipated in March.

Mr. Mueller presented a request for utility capacity adequate to serve a proposed office/warehouse within the District on Perry Road. The request was for two equivalent single-family connections, which Mr. Mueller stated the District has available. That being the case, the Board unanimously authorized issuance of a utility commitment to the landowner. Mr. Mueller reported that since the last meeting, he and Ms. Parks had met with representatives of Holt Lunsford concerning its plans to purchase the former Mulligan's Golf Course tract on Jones Road within the District and provision of service to the tract. After further discussion, the Board unanimously approved the engineer's report.

14. The Board discussed requests for service outside the District. There have been no further communications about out-of-District service from representatives of the Cy-Hope Ballfields.

15. Erik Scott presented the monthly parks report, copy attached. The most recent inspection of facilities was completed on January 9, and no major issues were observed. The Board discussed the presence of numerous ducks at District ponds, noting the birds can cause damage. The Board considered placing signs to discourage residents from feeding the ducks but at this point decided not to. Mr. Scott will look into regulations regarding removal of ducks and will report back to the Board. Thereafter, the Board unanimously approved Mr. Scott's report.

16. The Board briefly discussed matters related to the NHCRWA.

17. The Board reviewed a quarterly report on A.M. Best ratings of the District's insurance carriers and noted all ratings remained acceptable.

18. It appeared an election of directors should be called for and within the District on Saturday, May 4, 2024. The attached Order calling such an election was presented and reviewed by the Board. Upon motion by Director Sumpter, seconded by Director Christensen, the Board unanimously approved and adopted the Order which is attached to these minutes. The attorneys were instructed to handle the mechanics of the election.

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

Secretary