

## **REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1**

Minutes of Meeting of Board of Directors

March 20, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, March 20, 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 Ms. Tina Kelsey, 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; 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 Board 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 were no permit violations during the month, and the plant operated at 38% of permitted capacity. Mr. Montgomery described operations activity during the month. He then discussed the condition of the District’s administration building, noting he planned to contact Olshan Foundation Repair and a few other companies to investigate cracks in the building foundation and present proposals to address them. Thereafter, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously approved the operator’s report as presented.

2. Ms. Kelsey presented the joint plant bookkeeper’s report, copy attached. She reviewed checks presented for payment of current bills and then presented the budget comparison report for the plant for the first 11 months of the fiscal year ending March 31, 2024. She presented and reviewed a proposed budget for the 2025 fiscal year and requested Board adoption at this time. Any amendments needed can be approved at an upcoming Board meeting. After review and discussion, upon motion by Director Brengel, seconded by Director Swannie, the Board unanimously approved the bookkeeper’s report as presented, authorized release of the checks listed thereon, and adopted the attached Resolution adopting the budget for the fiscal year ending March 31, 2025.

3. It was confirmed that pursuant to a previous engagement, the District’s auditors, McCall Gibson Swedlund Barfoot, PLLC, would audit the books and records for the joint plant for the fiscal year ending March 31, 2024, for a fee estimated between \$4,750 and \$5,750.

4. Mason Mueller presented the attached joint plant engineer's report. He presented for Board execution the contract awarded last month to PLD Construction LLC for the wastewater treatment outfall project. The executed contract will be provided to PLD after review by the District's attorneys. Next, Mr. Mueller presented and recommended payment of pay estimate No. 5 of \$54,245 from JTR Constructors Inc. for the odor mitigation project. The project is approximately 86% complete by value. After discussion, the Board unanimously approved payment of the pay estimate. Mr. Mueller then discussed renewal of the District's waste discharge permit, noting communications with the Texas Commission on Environmental Quality (TCEQ) about the possibility of reducing the frequency of mercury testing. After further discussion of engineering matters, upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously accepted the engineer's report.

5. The Boards discussed renewal of the Wastewater Treatment Facilities and Drainage Facilities Construction and Financing Contract with Reid Road MUD No. 2 expiring April 1, 2024. The draft contract for renewal and restatement of the agreement was still under review by the attorney and engineer for Reid Road No. 2. To that end, and as a new agreement will not be in place by April 1, both boards agreed unanimously to continue operating under the existing joint plant agreement on a month-to-month basis until a new agreement has been finalized and executed.

6. Sergeant Martinez addressed the Boards concerning law enforcement patrol within the District. He reviewed a written report on activities that had occurred during February.

7. The Board considered a proposed letter agreement from Reid Road MUD No. 2 for No. 2's contribution to the District for costs of law enforcement patrol within Harvest Bend-The Meadow. After discussion, upon motion by Director Swannie, seconded by Director Sumpter, the Board voted unanimously to approve the agreement and authorized its execution by the Board President.

8. 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.

9. The Board considered the minutes of its meeting held February 15, 2024. It was noted that the minutes should be corrected to reflect that meeting date. Thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously approved the minutes as amended.

10. The Board opened the floor for public comment. No comments were offered.

11. Robin Goin presented the tax assessor-collector's report, copy attached. Through February 29, the District's 2023 taxes were 95.929% collected, leaving \$73,121.89 outstanding. Ms. Goin reviewed checks for payment of current bills and noted that upon their release the balance in the tax account would stand at \$133,453.85. Next, Ms. Goin presented a report from the District's delinquent tax collection attorneys showing the extent of actions taken thus far to collect outstanding accounts. The attorneys requested no Board authorizations and had provided the report solely for the Board's information. After further discussion of the tax assessor-collector's report, upon motion by Director Christensen, seconded by Director Sumpter, the Board

unanimously approved the report as presented and authorized release of the disbursements listed thereon.

12. Tina Kelsey presented the bookkeeper's report, copy attached. She reviewed activity and ending balances in all accounts and presented checks written for payment of current bills. Check No. 1891 on the general fund account included charges of the District's operator for work at the joint sewage treatment plant. The bookkeeper noted this amount should be split between the District and Reid Road No. 2 and stated the matter will be handled next month. Regarding the check payable to Lupe Montoya, the Board requested that Director Swannie contact Mr. Montoya about amounts charged relative to the amount of work performed. Ms. Kelsey then reviewed a budget comparison report reflecting 11 months of activity during the current fiscal year. She presented an updated draft operating budget for the fiscal year ending March 31, 2025 and, as earlier, requested Board adoption of same, with any necessary amendments to be made at an upcoming meeting. Ms. Kelsey then reviewed the District's investment report for the month. After further discussion of the bookkeeper's report and the proposed operating budget, upon motion by Director Sumpter, seconded by Director Christensen, the Board unanimously approved the report as presented, authorized release of the checks listed thereon, and adopted the attached Resolution adopting the 2025 operating budget.

13. The Board discussed an audit of the District's books and records for the fiscal year ending March 31, 2024. It was confirmed that pursuant to a previous engagement, McCall Gibson will prepare the audit for a fee estimated to be between \$16,000 and \$18,000.

14. John Montgomery presented the operator's report, copy attached. Water accountability for the month was 85%, and to that end, Mr. Montgomery described issues with the supply of water to Emerald Forest Utility District and White Oak Bend MUD through the interconnects. Mr. Montgomery suggested that the Board consider installation of electronic metering equipment at the interconnects, and he described the expected costs for same. Ms. Parks agreed to review the emergency interconnect agreements with both districts to determine ownership of the interconnect facilities and meters so that the costs of electronic metering equipment could be apportioned properly among the districts. Mr. Montgomery confirmed that the interconnections with both neighboring districts are now closed, but, as necessary in the meantime, the operators can manually read the meters. To further address water accountability, the operators will calibrate commercial meters in the District as well as the interconnect meters.

Mr. Montgomery reviewed customer billing and collections data and presented one account eligible for write-off and sending to collections in the amount of \$85.51. He next submitted a list of accounts subject to termination of utility service for delinquency. The account of Ms. Williams-Woodard appeared on the list, and no payments had been made toward her outstanding balance. At the previous meeting the Board had emphasized that this customer should make every effort to begin paying the overdue amount. At this time, the Board unanimously authorized the operator to contact the customer and inform her that in order to avoid water termination, she must pay the amount of her current bill plus an additional \$25 toward the outstanding charges. The Board further directed that the customer be given 10 days to enter into a written agreement with the District to accept these payment arrangements. Mr. Montgomery then reported that all 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 motion by Director Christensen, seconded by Director Swannie, the Board approved Mr. Montgomery's report as presented.

15. The Board discussed the District's Drought Contingency and Water Conservation plans. These plans must be reviewed and updated every five years. Drafts of updated plans had been provided to the directors in the Board meeting packet. After a full review and discussion, both plans were unanimously approved in accordance with the attached Order and Resolution.

16. Erik Scott presented the monthly parks report, copy attached. The most recent inspection of facilities was completed on March 14 and no problems were observed. Mr. Scott reported that the metal net at the basketball goal was broken, but after discussion, the Board agreed it should not be replaced. The Board then asked Mr. Scott to repair loose boards on the handrail of the observation deck at the pond, and he stated he would do so. Mr. Scott discussed the provision of rubber mulch around playground equipment in Penny Park. Mr. Scott had obtained pricing for purchase of virgin rubber in bulk as well as for regular rubber mulch in bags. He mentioned that installation of bagged mulch is more labor-intensive, and also requested direction from the Board on whether to first remove the current wood mulch or simply to apply the new mulch on top of it. The Board discussed this further with Mr. Scott and requested that he provide alternative proposals for Board review next month. Finally, the Board no longer considered removal of ducks from District ponds. After further discussion, the Board unanimously approved Mr. Scott's report.

17. Mason Mueller presented the engineer's report, copy attached. The engineers had updated the District's capital improvements plan (CIP) to update the cost estimate for sanitary sewer rehabilitation point repairs. The engineers are communicating with the bookkeeper on availability of funds from previous bond issues on deposit in the capital projects fund. It may be that the District will need to issue additional bonds to complete many of the projects in the CIP. The Board has previously noted its intent to make application to TCEQ for authorization to use funds originally intended for a new water well to instead fund the Phase 1 water line rehabilitation project. These and other matters will be discussed at a special meeting which the Board will invite the engineer, financial advisor, and attorney to attend.

Mr. Mueller reported no change in the status of the North Harris County Regional Water Authority (NHCRWA) project for conversion of the District's water disinfection system to chloramines or for the Authority's surface water transmission line.

Mr. Mueller reported on the status of the motor control center project at Water Plant No. 1, and he presented and recommended payment of pay estimate No. 8 of CF McDonald Electric in the amount of \$23,037.50. Mr. Mueller expects the motor control cabinets to arrive in May and the project to be completed in June. After discussion, the Board unanimously authorized payment of the pay estimate out of amounts available for that purpose in the capital projects fund account.

Mr. Mueller briefly addressed the proposed development on the former Mulligan's Golf Course tract on Jones Road. The project continues to proceed, and the engineers expect to soon receive the developer's plans for offsite utilities. After further discussion, upon motion by

Director Christensen, seconded by Director Sumpter, the Board unanimously approved the engineer's report.

18. The Board considered the status of requests for service outside the District. It was reported that Cy-Hope Ballfields had recently paid an \$8,000 deposit for calculation of capital buy-in fees and preparation of an out-of-District service agreement. To that end, Mr. Mueller had calculated a capital buy-in fee based on replacement costs of all District facilities to be utilized to provide the requested service. A copy of this calculation is attached hereto. Mr. Mueller stated that if so directed by the Board, he could also calculate a buy-in fee based on bond-funded construction and engineering costs for the same facilities. Such calculation may be more precise and possibly higher but would also take additional time to prepare. Given Cy-Hope's request for quick action, after further discussion, the Board unanimously authorized the engineer and attorney to present to Cy-Hope the capital buy-in fee presented today to Cy-Hope and proceed with negotiating a service agreement.

19. The Board discussed a draft amended contract with Best Trash that includes new terms discussed and approved last month. Ms. Parks reviewed the amended contract with the Board and thereafter, upon unanimous vote, the Board approved the agreement and authorized its execution by the Board President.

20. The Board discussed the annual review of the District's interconnect agreements. Ms. Parks noted that review was underway, and any items needing to be addressed would be brought to the Board's attention.

21. The Board discussed the District's contracts for electricity service. The current contract will expire April 30, 2024, and the attorneys were able to obtain from Acclaim Energy the electricity contract with Reliant Energy Retail Services, LLC which will commence May 1, 2024 and continue for a five-year term. Thus, no Board action was necessary at this time.

22. There were no further matters to discuss related to the NHCRWA. The Board did note that the Authority's next election of directors will be held in November, 2024.

23. The Board discussed pending business, including actions by Reid Road MUD No. 2 concerning unauthorized discharges by its customer Sunny Sky. Last month the Board had reviewed an update from Reid Road No. 2 on actions taken by No. 2's litigation counsel. Ms. Parks now reported that Mr. Roach had informed her earlier this evening that a lawsuit had been filed against Reid Road No. 2 by its customer and that a special meeting had been scheduled for next week to conduct a hearing requested by Sunny Sky Products and ProLogis regarding the unauthorized discharges. Mr. Montgomery continued to confirm that to date, the No. 2 customer's unauthorized discharges have not reached the joint sewage treatment plant.

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

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Secretary