

## REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Special Meeting of Board of Directors

August 14, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) held a special meeting on Wednesday, August 14, 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. John Taylor, District operator; Mr. Mason Mueller and Ms. Amber Hurd, District engineers; 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 properly come before it.

1. The Board discussed the failure of the District’s ground storage tank (GST) at Water Plant No. 2 in the early hours of July 30, 2024. It appeared an explosion of some sort occurred inside the 429,000-gallon GST and caused it to fail and release the potable water stored inside. Water service in the District was not interrupted by this event and continues to be provided by another District water plant. Neither the District’s operator nor engineer is aware of or has made a determination as to the cause of the apparent explosion. They have reviewed a video recording from the District’s surveillance camera system which does show the explosion and failure. The video shows no indication of foul play, and the District’s personnel and the constables on site immediately after the event did not find evidence of unauthorized entry into plant site.

2. Ms. Parks reported to the Board on contact with the District’s insurance agent to file claims for the tank failure under the District’s property, boiler & machinery, and general liability policies. Ms. Parks reviewed the policies and the coverages under each. Claim numbers and adjusters have been assigned to the claims, and the District’s attorney, operator, and engineer are working together to provide information requested by the insurance carriers and their representatives. The Board discussed damage to two homes located near the plant that was apparently caused by the tank failure. The District has provided contact information for these homeowners to its own liability carrier and has, at the recommendation of the District’s insurance agent, suggested that the homeowners contact their home insurance carriers.

3. The Board and its consultants discussed other actions taken since the tank failure. Mr. Taylor reported having been contacted by the Texas Commission on Environmental Quality's (TCEQ) Region 12/Houston office about the event. Mr. Taylor then reported that one site inspection has already been conducted by Engineering Design & Testing Corp., a forensic engineer engaged by the District's boiler & machinery carrier, Liberty Mutual. The forensic engineer visited the plant site on Friday, August 9 along with the District's operator and engineer. The purpose of the forensic engineer's visit was to observe the conditions and determine the cause of the failure. The District has not yet received the results of that engineer's inspection. Mr. Taylor also reported that he had been contacted by a claim adjuster at Engle Martin about meeting at the site on Friday, August 16. Ms. Parks has contacted the adjuster to ask which insurance carrier engaged Engle Martin for this visit. The District's operator will accompany the adjuster on the visit once it has been calendared and after this information is obtained.

4. Mason Mueller and Amber Hurd addressed the Board. They described actions taken to date and presented a proposal, copy attached, for assessment of damages at Water Plant No. 2. Specifically, the proposal includes obtaining documentation from internal and external sources; coordination with subconsultants, the District's operator, and various entities; preparation of TCEQ documentation of emergency procedures/actions; and documentation of findings, to be submitted to the District in the form of a technical memorandum. The subconsultants are expected to include geotechnical engineering, hydrogeologist, and electrical engineers. The information and conclusions reached from this engagement can be used to determine the remedial actions to be taken at the District's facilities. The Directors discussed the proposal, and thereafter, upon unanimous vote, unanimously accepted it.

5. John Taylor addressed the Board and described proposals he had obtained for eventual work at the plant at the appropriate time. Mr. Taylor reported that the soft start is malfunctioning on the water well at plant No. 2, and he has obtained a proposal from D&D Electric Solutions for installation of a new soft start. D&D quoted material and labor for this work at \$18,878. Mr. Taylor had also contacted C&C Water Services LLC about pulling the well pump and televising the well. An informal estimate for this work was \$11,000. Mr. Taylor stated that upon such an inspection, it is most likely that problems in addition to those anticipated will be found. The Board discussed this information and agreed to proceed with this work, but only after all inspections of the tank failure as deemed necessary have been concluded by the insurance carriers. Mr. Taylor had also obtained a proposal of \$6,000 from Cherry Demolition DBA Arcosa Construction Services (ACS) for demolition and removal of the failed tank and the concrete foundation. Again, any such work would not begin until insurance investigations are complete. The Board further discussed the above proposals and, upon motion by Director Christensen, seconded by Director Sumpter, agreed to accept same, subject to the timing limitations mentioned above.

Finally, Mr. Taylor reported that the operators had installed temporary fencing around the plant site after the incident due to damage of the existing fence. The District is renting the temporary fencing, and Mr. Taylor recommended it be removed and the original fence be replaced in the near future. He intended to obtain proposals for installation of an eight-foot fence and bring them for Board review at its regular meeting next week. After further discussion, however, upon motion by Director Sumpter, seconded by Director Christensen, the Board

authorized the operator to proceed now with replacement of the original fence in an amount not to exceed \$20,000, subject to the operator contacting the District's insurance agent to confirm whether or not such action was advisable before completion of insurance investigations of the tank failure.

6. The Board discussed pending business. Mr. Taylor reported that his office had received correspondence from Liberty Mutual, the District's boiler and machinery insurance carrier, denying coverage for damage to the District's vertical turbine line shaft motor which occurred soon after the May, 2024 derecho storm. The damage was to the motor windings which were shorted from a high voltage surge. The carrier indicated in its denial letter that the damage was caused by lightning, and lightning damages are not a covered peril under the boiler and machinery policy. Mr. Taylor stated the operators believe that the electrical surge is of unknown origin and therefore cannot be proved to have been caused by lightning. The Board expressed great disappointment in the denial and requested that the attorney and operator contact the District's insurance agent in an effort to dispute it.

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

  
\_\_\_\_\_  
Secretary

**REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1  
NOTICE OF SPECIAL PUBLIC MEETING**

Notice is hereby given to all interested parties that the Board of Directors of the captioned District will hold a public meeting at **11245 Harvest Bend Blvd., Houston, Texas**. The meeting will be held at **6:00 p.m. on Wednesday, August 14, 2024**.

The subject of the meeting is to receive public comment, consider, and act on the following:

1. Status of Ground Storage Tank incident of July 30, 2024
2. Review and approve plan of action; authorize actions, as appropriate
3. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071, et seq.
4. Reconvene in Open Meeting to act on matters considered in Executive Session
5. Pending business



A handwritten signature in cursive script that reads "Melissa J. Parks".

---

**Melissa J. Parks**  
Attorney for the District