

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
September 18, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, September 18, 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; Ms. Erin Garcia, District bookkeeper; Mr. Mason Mueller, District engineer; Corporal V. Pierson of the Harris County Precinct 4 Constable’s office; Ms. Robin Goin, tax assessor-collector for the District; Mr. Robert Garcia of Champions Hydro-Lawn; Ms. Debbie Shelton of Masterson Advisors LLC; a quorum of the Board of Directors of Reid Road MUD No. 2 (“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. Taylor presented the joint sewage treatment plant operations report. The plant operated at 46% of permitted capacity during the month, and there were no permit violations. The operators continue sampling and testing at the dentist’s office, and Mr. Taylor reported thus far there have been no more elevated mercury readings. Mr. Taylor reported that the upper gearbox on clarifier No. 1 was replaced yesterday at a cost between \$1,500 and \$2,000. He will confirm the costs as next month’s meeting. After further discussion of operating matters, upon unanimous vote, the Board approved the operator’s report as presented.

2. Ms. Garcia presented the joint plant bookkeeper’s report, copy attached. She reviewed checks presented for payment of current bills and noted checks written to PLD Construction, LLC and JTR Constructors, Inc. She reviewed a budget comparison report for the first five months of the fiscal year ending March 31, 2025. After further discussion of bookkeeping matters, upon unanimous vote, the Board approved the report as presented and authorized release of the checks listed thereon.

3. Mason Mueller presented the attached joint plant engineer’s report. A substantial completion walkthrough was held for the wastewater treatment plant outfall project, and Mr. Mueller presented and recommended payment of pay estimate No. 2 on this project to PLD Construction LLC in the amount of \$15,222.50. He noted retainage is not yet recommended for release.

Mr. Mueller then presented and recommended payment of pay estimate No. 9 and final of \$18,625.78 from JTR Constructors Inc. for the odor mitigation project, subject to sign off by the District's operator on continuing function of the blower. Mr. Mueller noted that under the contract warranty, the contractor will be required to perform any remedial work needed regarding the entire project, including the blower.

Mr. Mueller confirmed the Texas Commission on Environmental Quality (TCEQ) had renewed the waste discharge permit and recently mailed the final permit to the District. After further discussion of the engineer's report, upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously authorized payment of the pay estimates and change order and approved the monthly report as presented.

4. Regarding renewal and restatement of the joint wastewater treatment plant agreement, Ms. Parks reported that she has reviewed the comments from Reid Road No. 2's attorney and engineer and is discussing them with the District's operator and engineer. The districts continue operating under the existing agreement on a month-to-month basis until the new agreement is finalized and executed, which is expected next month.

5. Corporal Pierson addressed the boards concerning law enforcement patrol within the districts. She reviewed a written report on activities that had occurred in August.

6. 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.

7. The Board reviewed the minutes of its meetings held July 17, August 14 and August 21, 2024. Upon unanimous vote, the Board approved the minutes as presented.

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

9. Robin Goin presented the tax assessor-collector's report, copy attached. Through August 31, the District's 2023 taxes were 98.776% collected, leaving \$21,441.26 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 \$64,656.85. Ms. Goin then presented a written report prepared by Perdue, Brandon, Fielder, Collins & Mott LLP which showed the status of collection efforts, including accounts for which the attorneys recommended service termination. If the listed accounts are not paid before the Board's next meeting or the taxpayers have not otherwise contacted the District to make payment arrangements, the attorneys will recommend the Board authorize service termination. After discussion, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously approved the tax assessor-collector's report as presented and authorized release of the disbursements listed thereon.

10. District financial advisor Debbie Shelton addressed the Board and presented a cash flow analysis and recommendation with respect to the District's 2024 tax rate. The Board reviewed these materials which among other information reflected a 2024 taxable value of \$438,253,880, including the owners' opinion of uncertified value. The Board also reviewed the 2024 voter approval tax rate worksheet. The Board considered the attached Resolution Finding District to be Low Tax Rate, Developed, Developing, or Developed District in a Declared Disaster Area, Calling Public Hearing on 2024 Tax Rate, and Authorizing Tax Assessor-Collector to Prepare and Publish Notice of Public Hearing. After discussion, upon motion by Director Christensen, seconded by Director Swannie and unanimously carried, the Board found that the

District is a developed district and adopted the attached Resolution so stating. The Board also authorized publication of a notice of a public hearing at which the Board will consider adoption of a total 2024 tax rate of \$0.40 per \$100 assessed valuation, consisting of a debt service tax of \$0.1575 and a maintenance tax of \$0.2425. It was noted that while the proposed total rate was above the voter approval rate of \$0.39868, it was less than the mandatory tax election rate of \$0.40237, so no election is required. The attorney noted that after considering a proposed tax rate, the District must update the internet posting required by Tax Code §26.18 and Government Code §2051.202. The Board unanimously authorized the tax assessor-collector to post the required materials in compliance with these laws.

11. Erin Garcia presented the bookkeeper's report, copy attached. She reviewed the debt service and capital projects fund accounts. The bookkeeper reviewed an updated summary of the balance of proceeds of the District's Series 2015 bonds used for construction and engineering costs as originally programmed and as recently disbursed. The Board noted that construction and engineering costs for the recent emergency repairs at the District's water well could be paid using surplus construction funds. Thereafter, the Board agreed to hold a special meeting on October 2, 2024 to further discuss use of the remaining bond proceeds. Ms. Garcia then presented checks written for payment of current operating bills and reviewed activity and ending balances in all accounts. The Board authorized an additional check on the General Fund account to pay the deposit for the District's holiday meal in December. Next, Ms. Garcia reviewed a budget comparison report reflecting activity during the first five months of the fiscal year ending March 31, 2025. She then presented the monthly investment report. Thereafter, upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized release of the checks listed thereon.

12. John Taylor presented the operator's report, copy attached. Water accountability for the month was 98%.

Mr. Taylor reviewed customer billing and collections data. There were no accounts eligible this month for write-off and sending to collections. Mr. Taylor next submitted a list of accounts subject to termination of utility service for delinquency. He identified accounts paid since printing of the list. 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. No customers had attended the Board meeting or contacted the operator's office or the District about their outstanding accounts. After discussion, upon unanimous vote, the Board authorized the operator to proceed with termination of utility service to the remaining delinquent accounts pursuant to provisions of the District's Rate Order.

Mr. Taylor reported on recent damage to a District water main on Bobcat Dr. The damage was caused by a subcontractor working for a North Harris County Regional Water Authority contractor that was installing a 24" water line along Windfern Rd. Mr. Taylor described the damage and noted that at 18' deep, the District's line was much deeper than expected. As a result, the repair required extra effort and cost. The repair has since been completed, and the Board requested that Mr. Taylor compile the costs and contact the Authority and the contractor concerning payment of same.

Regarding the failure of the District's ground storage tank (GST) at Water Plant No. 2, the operator reported that the fence around the site has been repaired and the temporary fencing has been removed. The Board agreed to further discuss the GST failure later in the meeting.

Mr. Taylor reported that the TCEQ had acknowledged receipt of the required lead

service line inventory for all service connections in the District as submitted by the District's operators. No lead lines had been identified, but some lines were made of galvanized piping, and the customers at those locations must be notified of this. The operators are handling provision of the required notice.

Mr. Taylor reported that the issue with White Oak Bend MUD concerning an interconnect invoice that White Oak Bend paid in February, 2024 had not yet been resolved. The matter is still being addressed, and Mr. Taylor will report back to the Board as necessary. After further discussion of the operator's report, upon unanimous vote, the Board approved the report as presented.

13. The Board addressed the failure of the District's GST and discussed findings of a report prepared by an engineer engaged by the District's boiler & machinery insurance carrier. This carrier sent a letter to the District denying coverage for the District's loss under the policy because its engineer's report found the damage was not caused by an explosion of covered equipment.

The Board further discussed the GST failure and the damages to the two homes adjacent to the plant site. The Board requested information from the District's liability insurance carrier on its communications from and with these homeowners, and about coverage under the District's policy and/or the homeowners' own policies.

The Board then discussed release of the plant site by the insurance carriers after their investigations so that the District can plan for and move forward with repair and recovery work at the well and plant. The District's insurance agent and Ms. Parks have communicated with the insurance representatives in this regard and believe that release is imminent. Upon release of the site, the Board can begin by authorizing work under the proposal for demolition and removal of the failed tank and foundation, followed by pulling the pump and televising the well.

14. Robert Garcia of Champions Hydro-Lawn addressed the Board and presented the monthly parks report, copy attached. Mr. Garcia reviewed the report and noted the most recent inspection of facilities was completed on September 14. He reported there are many ducks in the area, apparently being fed by District residents. Mr. Garcia next reported that the irrigation system had been checked as requested by the Board. Repairs were recommended for some wiring and sprinkler heads at a cost estimated at \$400, which the Board unanimously approved. Mr. Garcia recommended that the schedule for irrigation inspections be changed so inspections are conducted each January, April, July and October, and the Board unanimously authorized the change. Director Sumpter then reported on complaints expressed at a recent homeowners association meeting about the old basketball courts. The Board discussed the possibility of changing the courts into pickleball courts and authorized Mr. Garcia to look into it. Finally, Mr. Garcia reported that Champions will soon clean up the fallen tree limbs as discussed last month. Thereafter, the Board unanimously approved Mr. Garcia's report.

15. Mason Mueller presented the engineer's report, copy attached, and reviewed it with the Board. He discussed the status of construction of the North Harris County Regional Water Authority's Project 31A facilities and noted he had informed the Authority about the failure of the GST at Water Plant No. 2. To that end, he asked the Authority to move its work at the No. 2 plant to the end of the Authority's schedule. He will also address with the Authority the recent damage by its contractor to the District's water line on Bobcat Dr.

Mr. Mueller reported that CF McDonald Electric Inc. had installed the motor control center cabinets and auto sensory panel at Water Plant No. 1. He presented the contractor's pay estimate No. 9 in the amount of \$246,163.05 and recommended Board payment. Upon unanimous vote, the Board approved payment.

Mr. Mueller reported on the status of various projects requesting utility service from the District. In connection with Holt-Lunsford's commercial project within the District on the Mulligan's tract, the District has drafted and forwarded to the developer for its review a document for consent to the developer's encroachment onto a District easement. It was next reported that the engineer for the Perry Road Office/Warehouse property that was annexed by the District had recently contacted the District's attorneys about moving forward with the project. The developer was advised to contact the District's engineers, as they were awaiting revised plans from the project engineer.

Mr. Mueller followed up discussions from last month about a proposed waterline extension by Reid Road No. 2 along Windfern Road. No. 2 needs the extension to avoid a dead end water line in connection with its service to its customer P&N Machine. No. 2 obtained City approval of its plans for the service by committing to the extension. No. 2 would like the District to pay a pro-rata share of the costs of the extension, as the extended line would provide an additional interconnect between the districts. Since last month Mr. Mueller and Ms. Parks had discussed this further with No. 2's engineer, who reiterated the request for District financial participation based on the above rationale, and also on the District's future ability to use the extended line to provide utility service to tracts currently located outside the District. The Board discussed the request and indicated little interest, but may consider negotiating with No. 2 from the standpoint of future requests for District service to, and contributions from, owners of land currently outside the District.

After further discussion of engineering matters, upon unanimous vote, the Board approved the report as presented.

16. The Board considered matters related to the NHCRWA and briefly discussed the most recent meeting of the Authority's board.

17. The Board next discussed a schedule for renewal of District insurance policies expiring December 15, 2024. The Board also discussed requesting insurance proposals. Ms. Parks reported that no notices of non-renewal have been received from any of the District's current carriers and she expects they will submit proposals for renewal. After discussion, the Board authorized the District's agent to seek a coverage proposal from Texas Municipal League, and agreed to review by November all insurance proposals obtained.

18. The Board discussed pending business. Ms. Parks reported she had recently been informed that Reid Road No. 2 had filed a counterclaim in Sunny Sky's lawsuit against it.

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

Secretary