

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

October 16, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, October 16, 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

and the following absent:

Ed Swannie, Director.

Also present were Mr. John Taylor, District operator; Ms. Tina Soto, District bookkeeper; Mr. Mason Mueller, District engineer; Sergeant A. Martinez 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; 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 45% of permitted capacity during the month, and there were no permit violations. Mr. Taylor reported that due to problems at the drum screen, it has now been bypassed and the bar screen is being used while the problems are addressed. The Board further discussed operating matters, and thereafter, upon unanimous vote, the Board approved the operator’s report as presented.

2. Ms. Soto presented the joint plant bookkeeper’s report, copy attached. She reviewed checks presented for payment of current bills and then reviewed a budget comparison report for the first half of the fiscal year ending March 31, 2025. After further discussion, upon unanimous vote, the Board approved the bookkeeper’s report as presented and authorized release of the checks listed thereon.

3. Mr. Mueller presented the attached joint plant engineer’s report. There were no pay estimates this month for the wastewater treatment plant outfall improvement project. The odor mitigation project is complete, as the District’s operators have approved the functioning of the blowers since this contractor’s completion of construction. After further discussion of the engineer’s report, upon unanimous vote, the Board approved the report as presented.

4. Regarding renewal and restatement of the joint wastewater treatment plant agreement, Mr. Parks has incorporated comments received from No. 2, but the draft agreement is being further reviewed by No. 2's litigation counsel. The boards of both districts unanimously agreed to 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. Sergeant Martinez addressed the boards concerning law enforcement patrol within the districts. He reviewed a written report on activities that had occurred in September.

6. No public comments were offered in the joint meeting of the District and No. 2. The Board and consultants of No. 2 then exited the meeting.

7. The Board reviewed the minutes of its meetings held September 18 and October 2, 2024. Upon motion by Director Brengel, seconded by Director Sumpter, 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 September 30, the District's 2023 taxes were 98.93% collected, leaving \$18,732.89 outstanding for that year. Ms. Goin reviewed checks for payment of current bills and noted that upon their release, the balance in the tax account would stand at \$53,147.36. Ms. Goin presented a written report prepared by Perdue, Brandon, Fielder, Collins & Mott LLP showing the status of collection efforts. The report listed 10 accounts to which water termination letters had been sent last month and for which taxes remain unpaid. After discussion, the Board unanimously authorized Perdue Brandon to check for any late payments or responses and thereafter to notify the District's operator of the properties which should be tagged for termination. The Board further authorized termination of service to such accounts that are not thereafter paid or from which no response is received. After further discussion of the tax assessor-collector's report, upon motion by Director Sumpter, seconded by Director Christensen, the Board unanimously approved the tax assessor-collector's report as presented and authorized release of the disbursements listed thereon.

10. The Board acknowledged publication of a Notice of Public Hearing to consider a total 2024 tax rate of \$0.40 per \$100 assessed valuation. The Board opened a hearing for public comment or questions on the proposed rate and, receiving none, closed the hearing. The Board then considered the attached Order adopting the District's 2024 tax rate, consisting of a debt service tax of \$0.1575 and a maintenance tax of \$0.2425. Upon motion the Director Christensen, seconded by Director Sumpter, the Board unanimously approved the Order. The Board further authorized an update to the required internet posting to reflect the 2024 tax rate in compliance with the Texas Tax and Government codes, and it executed an Amendment to Statement of Directors for filing in the Harris County real property records.

11. Tina Soto presented the bookkeeper's report, copy attached. She reviewed activity and ending balances in the District's debt service, capital projects, and general fund accounts. She presented checks written for payment of current operating bills, as well as a budget

comparison report reflecting operating activity during the first half of the fiscal year ending March 31, 2025. Ms. Soto then presented the monthly investment report. After further discussion, upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized release of the checks listed thereon.

12. 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 October 14. Repairs to the irrigation system as discussed last month had been completed, and Mr. Garcia now presented and reviewed a proposal for cleanup and removal of fallen tree limbs. He described the work to be done, and thereafter, upon unanimous vote, the Board approved the proposal and authorized its execution. Thereafter, the Board unanimously approved Mr. Garcia's report.

13. John Taylor presented the operator's report, copy attached. Water accountability for the month was 94%, and there are only 14 vacant accounts out of the District's total of 1,606 connections.

The Board further discussed water accountability with the operator, including fluctuations to accountability levels. Mr. Taylor noted the operators had repaired five leaks during the month, and he also stated that the operators regularly check water interconnections with other districts to make sure they are closed. He confirmed the interconnect with White Oak Bend MUD is regularly read and stated the operators will continue taking actions to monitor accountability. Mr. Taylor then further discussed the billing issue of White Oak Bend MUD concerning its payment of a District interconnect usage invoice. He noted he had provided a large amount of data to that district's operators. If after review of same White Oak Bend still has concerns, Mr. Taylor will inform the Board.

The Board reviewed the summary of water usage by commercial customers and questioned usage at the two A3 Glass Fabricator accounts as well as at the Big Lots Store. Mr. Taylor stated he would visit the A3 location to find out more about its recent expansion and water usage patterns. The operator also asked if the attorney would send a copy of the District utility commitment originally provided for this development.

Mr. Taylor reviewed customer billing and collections data. There were two accounts eligible this month for write-off and sending to collections in the total amount of \$802.75. Mr. Taylor also reported that two accounts previously sent for collections had recently been paid. Mr. Taylor submitted a list of accounts subject to termination of utility service for delinquency. He identified accounts paid since printing of the list. All listed 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. No customers were in attendance or had 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.

The Board described a drainage ditch along Windfern Road that is holding water and causing issues with mosquitos and collection of debris, among other things. Mr. Taylor and Mason Mueller identified this ditch as County property and agreed to contact Harris County to report the matter and request that it be addressed. Mr. Taylor then described problems with setting up new electricity service in connection with the motor control center construction project. Mr. Mueller noted that the construction contractor is waiting on establishment of electricity service to complete the project. The operators had recently contacted the District's electricity broker who will provide assistance. Finally, Mr. Taylor will compile all costs incurred by the District to address the recent damage by the contractor for the North Harris County Regional Water Authority (NHCRWA) to a District water line on Bobcat Drive. After further discussion of the operator's report, upon unanimous vote, the Board approved the report as presented.

14. Mason Mueller presented the engineer's report, copy attached, and reviewed it with the Board. Mr. Mueller first addressed the Phase 1 water line rehabilitation project, noting the engineers had resubmitted plans to Harris County. The Board noted this is a project for which it will be necessary to apply to the Texas Commission on Environmental Quality (TCEQ) for change in project scope and authorization to use 2015 bond funds previously programmed for a different project. Mr. Mueller next briefly addressed the status of construction of the NHCRWA's Project 31A facilities. He noted the District still awaits an updated construction schedule from the contractor and is coordinating logistics of the improvements needed at both of the District's water plants.

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 developer had noted it may be the case that an existing District sanitary sewer line may not be located within a public easement. The District's consultants will evaluate the situation and make a recommendation on whether to pursue an easement or consider the easement to have been granted through prescriptive use. After further discussion of engineering matters, upon unanimous vote, the Board approved the report as presented.

15. The Board discussed the District's capital improvements plan. As discussed at the Board's special meeting held October 2, 2024 concerning among other things the proposed Phase 1 water line replacement project, upon unanimous vote, the Board now authorized filing an application with the TCEQ for change in project scope and authorization to use bond funds originally programmed for a different project.

16. The Board considered adoption of a Resolution authorizing use of surplus construction funds in the amount of \$235,864 for replacement of the pumping equipment in water well No. 2 and increasing the size of the well shaft. After discussion, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to adopt the attached Resolution authorizing use of surplus construction funds for such purpose.

17. The Board considered matters related to the NHCRWA and noted the Authority's action effective October 1, 2024 to reduce its surface water rate and groundwater pumpage fee by \$1 each. The District's Rate Order provides that such reduction will automatically be made to the amount the District charges its customers. The District's operators are aware of and

will implement this reduction pursuant to the District's Rate Order. The Board briefly discussed additional aspects of the Authority's most recent board meeting.

18. The attorney presented a quarterly review of AM Best ratings of the District's insurance carriers, which ratings the Board found to be acceptable.

19. The Board discussed pending business, and Ms. Parks reported that she expects representatives of Harris County Public Health to attend the Board's next meeting to discuss the County's wastewater sampling program.

20. The Board discussed damage to District facilities caused by failure of the District's ground storage tank (GST) at Water Plant No. 2. The Board also discussed the resulting damage to the two homes adjacent to the water plant site.

21. The Board temporarily adjourned the open session and met in executive session under Texas Government Code §551.071 to seek the advice of its attorney about pending or contemplated litigation. The Board entered executive session at approximately 8:00 p.m. and invited the District's operator, engineer, and attorney to attend.

22. The Board reconvened in open session at approximately 8:57 p.m. Upon unanimous vote, the Board agreed to no further delay on demolishing the failed GST at Water Plant No. 2 and authorized its demolition under the proposal approved at a previous meeting; authorized the District's engineer to review the construction plans for Water Plant No. 2 including the original GST; and authorized the District's operator to check grounding at all District plant facilities and provide information to the Board comparing and contrasting methods for addressing the presence of methane in drinking water.

23. The Board then discussed allowing decisions to be made outside of a Board meeting to authorize proceeding with landscaping-related work at District facilities as deemed appropriate by Director Sumpter after consultation with or at the recommendation of Champions Hydro-Lawn. After discussion, the Board unanimously agreed that outside of a Board meeting, Director Sumpter may authorize Champions Hydro-Lawn to proceed with such landscaping work in a total amount not to exceed \$3,000. Project(s) in excess of that amount must be considered at a Board meeting.

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

Secretary