

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

November 20, 2024

The Board of Directors (“Board”) of Reid Road Municipal Utility District No. 1 (“District”) met on Wednesday, November 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 Mr. John Taylor, District operator; Ms. Erin Garcia, District bookkeeper; Mr. Mason Mueller and Ms. Rachel Broom, District engineers; 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; Ms. Christie Leighton of Best Trash and Mr. Landy Leighton; 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. Ms. Parks reported that Harris County representatives were unable to attend tonight’s meeting to make their presentation on the County’s wastewater surveillance program. The boards agreed to ask Harris County to delay the presentation until January, 2025.

2. Mr. Taylor presented the joint sewage treatment plant operations report. The plant operated at 42% of permitted capacity during the month, and there was an exceedance of the mercury parameter. The operators will check the quality of the sample and resubmit it if there was a problem. In an attempt to identify the source of the mercury discharge, the operators have begun sampling for mercury on a weekly basis at all nine lift stations in both Districts and at the manhole serving the dentist’s office. That customer is presently disconnected from the District’s sewer collection system. Mr. Taylor discussed other operating activity during the month, reporting that the drum screen at the plant had been repaired. After further discussion of operating matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board approved the operator’s report as presented.

3. Ms. Garcia presented the joint plant bookkeeper’s report, copy attached. She reviewed checks presented for payment of current bills, including check No. 1513 not listed on the report payable to PLD Construction LLC in the amount of \$4,872.50 for its pay estimate No. 3 and final. Ms. Garcia then reviewed a budget comparison report for the first seven months

of the fiscal year ending March 31, 2025. After further discussion, upon motion by Director Swannie, seconded by Director Christensen, the Board voted unanimously to approve the bookkeeper's report as presented and authorized release of the checks listed thereon as well as check No. 1513.

4. Mr. Mueller presented the attached joint plant engineer's report. He presented pay application No. 3 and final of PLD Construction for the wastewater treatment plant outfall improvement project, as discussed during the bookkeeper's report. He recommended Board approval and payment of same. Upon motion by Sumpter, seconded by Director Christensen, the Board approved the pay estimate in accordance with the engineer's recommendation. After further discussion of the engineer's report, upon unanimous vote, the Board approved the report as presented.

5. Sergeant Martinez addressed the boards concerning law enforcement patrol within the districts. He reviewed a written report on activities that had occurred in October and then cautioned everyone to avoid leaving packages in plain view in their cars during the Christmas season.

6. The Board discussed renewal and restatement of the joint wastewater treatment plant agreement ("Plant Agreement"). Ms. Parks reported that the Plant Agreement had been revised after extensive review and discussion with the general and litigation counsel for Reid Road MUD No. 2. The Plant Agreement was now presented and reviewed, and several terms and provisions needing input from both boards were discussed. The boards agreed on two of the three items and then further discussed Section 7.02 concerning voting on matters governed by the Plant Agreement. The boards considered this section in detail and then agreed to discuss it further in their separate meetings tonight and advise each other as to the final decision.

7. 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.

8. The Board reviewed the minutes of its meeting held October 16, 2024. Other than a typographical error of a name in paragraph 4, the Board voted unanimously to accept the minutes as corrected.

9. Rachel Broom of Cobb Fendley & Associates, Inc. addressed the Board. She presented and reviewed a proposal for engineering design services for the project for recovery at Water Plant No. 2 after the July 30 failure of the ground storage tank (GST). She discussed a technical memorandum consisting of engineering recommendations for work that is intended to bring Water Plant No. 2 back to functional use. The engineers had visited the site to observe components that can be reused and to identify facilities and components to be removed and replaced. The engineers may recommend replacement or addition of other components as may be identified during engineering design and as the project progresses. Ms. Broom noted the preliminary construction cost estimate for this project is \$2,491,800, inclusive of a 20% contingency. Based on that estimate, the proposed lump sum fee for engineering services is a not-to-exceed amount of \$228,900, and the time and materials fee for additional services is proposed not to exceed \$90,800.

Ms. Broom reviewed a detailed summary of recommendations, including contacting the Texas Commission on Environmental Quality (TCEQ) to request waiver of public bidding requirements for the various construction activities that will be necessary for recovery. The engineers recommended ordering a replacement GST as soon as possible. They also recommended selecting an electrical contractor to address the well motor once inspection of the water well is complete and to identify which electrical components need repair or replacement. The engineers also recommend engagement of a hydrogeologist to recommend water treatment options after the well is put back in service. Ms. Broom suggested working with general contractor B5 and specifying its use of the new GST which the Board was advised to order at this time in keeping with the project's critical path. Ms. Broom also presented information about an aerator unit for treatment of water pumped from the well before its entry into the GST.

Ms. Broom discussed the mechanics of proceeding with these recommendations and described several alternative recommendations in detail. After thorough discussion, upon motion by Director Christensen, seconded by Director Sumpter, and passed unanimously, the Board approved: (a) Cobb Fendley's proposal for engineering design services; (b) negotiation of a contract with STP Services in an amount not to exceed the figures in its proposal; (c) an agreement with Superior Tank Company Inc. for engineering and purchase of a new ground storage tank and payment of the necessary deposits; and further, the Board authorized the engineer to apply to the TCEQ for emergency authorization to waive bidding requirements for all contracts necessary for the recovery project. The Board thanked Ms. Broom for this information, and thereafter, she exited the meeting.

10. Christie Leighton of Best Trash approached the Board regarding an adjustment of the rate for curbside garbage collection service with recycling. Under the existing contract, an automatic adjustment of the monthly rate will occur on the contract anniversary date, based on the 12-month change in the consumer price index (CPI) for garbage and trash collection. Ms. Leighton stated that the CPI increase is 5.1%, resulting in a new monthly rate of \$23.30 effective January 1, 2025. After discussion, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously acknowledged its receipt and acceptance of the annual rate adjustment. The Board requested that the operators accordingly adjust the amount charged to District customers starting in January, 2025 under the Rate Order and Fee Schedule.

11. Robin Goin presented the tax assessor-collector's report, copy attached. Through October 31, the District's 2023 taxes were 99.184% collected, and the 2024 taxes were 0.278% collected. Ms. Goin reviewed checks for payment of current bills and noted that upon their release, the balance in the tax account would stand at \$17,115.74. Ms. Goin asked the Board if it would like to obtain an aerial photograph of all property within the District as of January 1, 2025. After discussion, the Board agreed no photograph was necessary at that time, but it would likely request one be taken on January 1, 2026. 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. Erin Garcia 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 noted an update to the recap of Series 2015 capital projects funds reflecting the transfer of surplus construction funds to the general fund account for replacement of the pumping equipment in water well No. 2 and increasing the size of the well shaft. To that end, the Board noted it may decide to use additional surplus funds for the water plant No. 2 recovery project. Ms. Garcia then presented checks written for payment of current operating bills, as well as an additional check not shown on the report (No. 2162) for payment of a 25% deposit to Superior Tank for purchase of a new GST. Thereafter, Ms. Garcia reviewed a budget comparison report reflecting operating activity during the first seven months of the fiscal year ending March 31, 2025. She also presented the monthly investment report. After further discussion of bookkeeping matters, upon motion by Director Brengel, seconded by Director Swannie, the Board voted unanimously to approve the bookkeeper's report as presented and authorized release of the checks listed thereon, including check No. 2162.

13. Robert Garcia of Champions Hydro-Lawn addressed the Board and presented the monthly parks report, copy attached. Cleanup and removal of fallen tree limbs was complete, but it had required more hours of work than originally proposed. Mr. Garcia presented a change order for Board authorization of an additional \$1,000. The Board had no objection and voted unanimously to approve and execute the change order. After further discussion, the Board unanimously approved Mr. Garcia's report.

14. John Taylor presented the operator's report, copy attached. Water accountability for the month was 95%, and there are 16 vacant accounts out of the District's total of 1,608 connections.

The Board discussed water usage by commercial customers. Mr. Taylor reported on his communications with the manager of the A3 Glass Fabricator customer, who explained why the company had recently used more water than usual. Ms. Parks then reported that the District had received an Open Records Request from the attorney for the resident at 10010 Rippling Fields Drive within the District who is suing his neighbor. Mr. Taylor provided the requested documents and Ms. Parks forwarded them on behalf of the District in response to the request.

Mr. Taylor reviewed customer billing and collections data. There was one account eligible this month for write-off and sending to collections in the amount of \$392.67. Mr. Taylor submitted a list of 95 accounts subject to termination of utility service for delinquency. These customers had been given written notification of the pending termination, and Mr. Taylor reported the operators had received no appeals from any customers; further, no customers were present at the Board meeting to contest their bills. After discussion, upon unanimous vote, the Board authorized termination of service to all remaining delinquent accounts in accordance with the District's Rate Order.

Mr. Taylor addressed the drainage ditch along Windfern Road discussed last month. The operators determined that the North Harris County Regional Water Authority (NHCRWA) contractor had been well pointing into this ditch for one of their construction pits. The operators identified additional drainage into the ditch from FM 1960 and noted that if it is a water leak, the source of the leak is outside the District.

Mr. Taylor reported that the District's failed GST had been demolished and removed from the No. 2 plant site. He next reported that the motor from the well at that plant had been pulled for inspection and the well was televised by C&C Water Services LLC. Mr. Taylor reviewed the interim report provided by that company indicating a possible structural failure at two depths. Due to uncertainty about this failure, C&C recommended wire brushing the 14-inch production casing and screen followed by reinspection by television camera at an additional cost of \$37,100. Mr. Taylor then reported that the operators took a water sample from well No. 2 at Water Plant No. 1 and had it tested for methane. The lab result showed methane at below reporting limits. Further, water from wells in Reid Road No. 2 was also tested and contained no reportable methane. Mr. Taylor confirmed there is a methane scrubber at the water plant of White Oak Bend MUD.

Mr. Taylor next reported that there is a motorized vent on only one of the GSTs at the District's Water Plant No. 1. The Board discussed this and requested a recommendation from the operator on addition of a mechanical vent on the second tank. Mr. Taylor responded by indicating that the GST is vented, but not mechanically; further, with methane below reporting limits in the water pumped by the well at this plant, there is no reason for installation of a mechanical vent. After further discussion, the Board directed the operators to perform regular methane testing of the water. Mr. Taylor then reported on his check of grounding at all District plant facilities. The American Water Works Association does not require grounding on a GST, and Mr. Taylor stated that in general, GSTs are not grounded. Nevertheless, he had obtained pricing to install grounding rods at each GST and on the generator fuel tank as well as for certain components at the sewage treatment plant. The Board authorized him to proceed with grounding the Water Plant No. 1 facilities and to mention grounding of sewer plant facilities at next month's joint meeting with Reid Road No. 2.

Finally, Mr. Taylor noted that a \$43,888 operator charge for work performed on September 23, 2024 to repair damage caused by the NHCRWA's contractor to a District water line on Bobcat Drive will soon be invoiced to the NHCRWA, along with other related repair charges. After further discussion of operating matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the operator's report as presented and authorized proceeding with the proposal from C&C for wire brushing and additional camera inspection of the well at Water Plant No. 2.

15. The Board further discussed failure of the GST, and Ms. Parks reported on an Open Records Request received from the attorney representing a District customer whose home was damaged due to the tank failure. Ms. Parks reported that her office had responded to this request by submitted a request to the Texas Attorney General to withhold the records under the litigation exception of the Texas Public Information Act. As required, her office had notified the customer's attorney of the submission. The Attorney General has not yet ruled on the matter.

16. The Board considered adoption of a Resolution authorizing emergency repairs under §49.274 of the Texas Water Code. After brief discussion, upon motion by Director Sumpter, seconded by Director Christensen, the Board adopted the attached Resolution.

17. Mason Mueller presented the engineer's report, copy attached, and first discussed the Phase 1 water line rehabilitation project. He presented a recommendation of award for the project to SKE Construction LLC which had submitted a proposal through the Texas Government Statewide Purchasing Cooperative known as BuyBoard. The amount of the proposal was \$2,828,040.36. As noted at previous meetings, this is a project for which it would be necessary for the District to apply to the TCEQ for a change in project scope and authorization to use 2015 bond funds previously programmed for a different project. To that end, the Board declined to act on the recommendation but after unanimous vote, authorized the attorneys to file such an application with TCEQ.

Mr. Mueller addressed the status of construction of the NHCRWA's Project 31A facilities. Mr. Mueller has informed the Authority's project engineers of the District's need to delay Authority work at Water Plant No. 2 to allow for completion of the District's recovery project. The Authority engineer indicated that its contractor may proceed to order the necessary piping and materials for connection by the District of the Authority's transmission line to Water Plant No. 2. Mr. Mueller and Ms. Parks agreed to further discuss this, as the Board noted it would prefer the Authority perform the work it agreed to, rather than possibly ask the District to.

Mr. Mueller reported on the status of various projects requesting utility service from the District. The directors noted that the Szechuan Pepper Express at 10843 FM 1960 is open for business. Mr. Mueller has not yet received plans for this redevelopment project, and the operators did not establish the service. Mr. Taylor will visit the location and report back to Mr. Mueller and the Board.

Mr. Mueller reported on communications from the District's insurance agent about the Engineer's Replacement Value (ERV) of District facilities for insurance purposes. Mr. Mueller reported that over the years the engineers have incrementally increased values in the ERV. The agents had recently requested separation of the replacement costs for the District's water wells. Mr. Mueller discussed proposed replacement values with the Board and indicated he would further discuss the matter with the insurance agent. After additional discussion of engineering matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board approved the report as presented.

18. The Board considered matters related to the NHCRWA. The Authority had recently renewed its contract with Mr. Jun Chang for another three years. It was then noted that a town hall meeting had been scheduled for November 21 for districts located in the precinct of Authority Director Melissa Rowell. Director Brengel agreed to attend this meeting on behalf of the District.

19. The Board considered renewal of District insurance coverage, as its current policies will expire in mid-December. At this time, Kim Courte of Arthur J. Gallagher Risk Management Services Inc. appeared by telephone. She addressed the Board to review proposals from the District's current insurance carriers as well as from the Texas Municipal League (TML). The Board reviewed materials comparing the coverages and premiums prepared by Ms. Courte and distributed by Ms. Parks. It was noted that the premiums for the coverage proposed by TML were higher than those in the Arthur J. Gallagher package. In addition, Ms. Courte noted that the

District's current carriers had not altered the deductibles. After discussion, upon motion by Director Christensen, seconded by Director Brengel, the Board voted unanimously to accept the proposal from Arthur J. Gallagher.

The Board then discussed replacement values of District facilities as listed in the ERV. It was noted that despite annual incremental increases, the replacement amounts should be further adjusted. The Board agreed that the new insurance should be bound as proposed and that the engineer should then adjust the ERV values as appropriate and submit them to Ms. Courte for transmission to the carriers. Thereafter, any additional amount of coverage could be obtained by endorsement and the additional premium invoiced separately. The Board agreed unanimously to proceed in this manner, and Ms. Courte then exited the meeting.

20. The Board returned to a discussion of the Plant Agreement, and at this time, Jonathan Roach re-entered the meeting. He described discussions of the No. 2 board concerning the contract provisions deliberated earlier, including addressing voting on matters governed by the Plant Agreement. The No. 2 board had agreed to accept the document as drafted, except to provide for a shorter agreement term to expire January 31, 2027. No. 2 anticipated that on or before that date, it will be necessary to amend the Industrial Waste Orders of both districts as a result of No. 2's litigation with Sunny Sky. No. 2 may also at that time ask for further consideration of changing the method of voting on matters governed under the Plant Agreement. The Board considered this information and thereafter, upon unanimous vote, the Board agreed with No. 2's conclusion and authorized finalization of the Plant Agreement to incorporate the shorter term.

21. The Board considered pending business and discussed logistics of its December Board meeting and Christmas meal thereafter.

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

Secretary