

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

February 19, 2025

The Board of Directors ("Board") of Reid Road Municipal Utility District No. 1 ("District") met on Wednesday, February 19, 2025, 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; Mr. Mason Mueller, District engineer; Ms. Robin Goin, tax assessor-collector for the District; Ms. Erin Garcia, District bookkeeper; Mr. Robert Garcia of Champions Hydro-Lawn; Lieutenant Curry of the Harris County Precinct 4 Constable's office; Mr. Bear Oakley of Acclaim Energy; 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. John Taylor presented the joint sewage treatment plant operations report. The plant operated at 44% of permitted capacity during the month, and there were no permit violations. Filter cloth replacements arrived today and will soon be installed. Mr. Taylor next described issues with the controllers in the ultraviolet (UV) disinfection system and estimated a cost of \$14,000 to replace the controllers and rewrite the programming. The work could be completed in 90 days. Finally, Mr. Taylor stated that the one-year inspection of odor mitigation facilities will be conducted in May, 2025. After further discussion, upon motion by Director Sumpter, seconded by Director Christensen, the Board voted unanimously to approve the operator's report and authorized replacement of the UV controllers.

2. Ms. Garcia presented the joint plant bookkeeper's report, copy attached. She reviewed checks presented for payment of current bills and also requested approval of check No. 1550 payable to Arthur J. Gallagher in the amount of \$4,252.98. This check was not listed on the report but was needed to pay additional insurance premium due after update of replacement values of the plant facilities. Ms. Garcia next reviewed a budget comparison report for the first 10 months of the fiscal year ending March 31, 2025. Finally, she presented a draft budget for the fiscal year ending March 31, 2026 and requested input from directors and consultants before adoption next month. After further discussion, upon motion by Director Christensen, seconded by Director Sumpter, 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. 1550.

3. Mr. Mueller reported to the Board on engineering matters. There are no active projects, and he confirmed that the one-year inspection of odor control mitigation facilities is upcoming.

4. Lieutenant Curry addressed the boards concerning law enforcement patrol within the districts and reviewed a written report on patrol activities in January, 2025.

5. The Board discussed an interlocal agreement with Harris County for participation in the County's Wastewater Surveillance Program. Since the last meeting, Harris County had provided a draft agreement for review and also recommended a preliminary visit to the plant site with the District's operators to confirm an adequate location for sampling. The Boards of both districts unanimously indicated their intent to participate in the program and authorized the plant visit by the Harris County representatives. No action was taken regarding the draft agreement at this time.

6. Mr. Bear Oakley of Acclaim Energy introduced himself to the boards and presented materials on Acclaim's Utility Scale Microgrid Pilot Program. He described the project, noting that Acclaim has been working with CenterPoint Energy and others to put in place a microgrid that could help water district participants maintain water pressure and sewage treatment services while also helping electricity customers within the district maintain electricity service and reliability. The program is site-specific, and the District's engineer would be heavily involved from the beginning to evaluate District suitability for participation. Mr. Oakley noted that the program would render obsolete the District's generators currently in place, and the boards expressed concern in this regard, indicating an intent to keep and use the generators as needed when there is no large-scale power outage. Mr. Oakley then addressed participation costs, noting no cost to enter the program or for the engineering study; however, as the program progressed, there could be an opt-in charge for all households/businesses who use the system. For an entity to participate in the program, it must enter into an agreement committing to participate subject to a determination of suitability by the entity's engineer. The boards indicated their appreciation for receiving this information and noted they would contact Acclaim about any interest in participating. Mr. Oakley excused himself from the meeting.

The Board further discussed the program, noting its interest in participating as long as continued use of the District's generators could be coordinated with the generator(s) to be installed under the program. The Board also noted the importance of being able to withdraw from the program. To that end, the Board considered adoption of a Resolution Authorizing Statement of Intent to Participate in Energy Redundancy Program. The Resolution conditions participation on, among other things, the District's facilities and community benefitting from the program. After further discussion, upon unanimous vote, the Board adopted the attached Resolution and asked Ms. Parks to forward it to Acclaim.

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

8. The Board opened the floor for public comments at the District's meeting, but no public comments were offered. The Board then considered the minutes of its meeting held January 15, 2025. After discussion, upon motion by Director Brengel, seconded by Director Sumpter, the Board unanimously approved the minutes as presented.

9. Robin Goin presented the tax assessor-collector's report, copy attached. Through January 31, the District's 2024 taxes were 93.98% 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 \$146,158.13. Ms. Goin also distributed a report showing sales tax payments received from the City of Houston as well as listing commercial entities within the District collecting sales tax. Thereafter, upon unanimous vote, the Board approved the tax assessor-collector's report as presented and authorized release of the disbursements listed thereon.

10. The Board considered an Order confirming engagement of a delinquent tax collection attorney and levying an additional 20% penalty on 2024 taxes which remain delinquent on April 1, 2025 (personal property) and July 1, 2025 (real property). After discussion, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously adopted the attached Order.

11. 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 presented checks written for payment of current operating bills and also presented check No. 2239 payable to Arthur J. Gallagher for \$2,640.02 for additional insurance premium due to increased replacement costs. Ms. Garcia then reviewed a budget comparison report reflecting operating activity during the first 10 months of the fiscal year. She also reviewed the monthly investment report and confirmed purchase of a new certificate of deposit earning interest at the rate of 5%. The Board returned to review of the budget comparison report and also discussed a proposed budget for the fiscal year ending March 31, 2026. Ms. Garcia requested budget comments from directors and consultants before next month's meeting. After further discussion of bookkeeping matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously approved the report as presented and authorized release of the checks listed thereon as well as check No. 2239.

12. Robert Garcia presented the monthly parks report, copy attached. The District's detention and drainage facilities and parks are in good shape. The Board noted an abundance of ducks on an island in Harvest Bend Park. The Board then mentioned the presence of graffiti at park facilities. Director Christensen stated she had provided photos of the graffiti to the contract law enforcement officers and requested their presence in the area at night in an effort to prevent future incidents. The Board understood the officers will involve the Harris County Graffiti Abatement Department, which should remove the graffiti. Mr. Garcia stated he had prepared a proposal for graffiti removal. The Board thanked him but noted it was not necessary, given the above. After further discussion, the Board unanimously approved Mr. Garcia's report.

13. John Taylor presented the operator's report, copy attached. Water accountability for the month was 97%, and there were 17 vacant accounts out of the District's total of 1,609 connections. Mr. Taylor reported that four water leaks were repaired during the month. The Board reviewed the water usage report, noting that usage had declined at the Jason's Deli but was still relatively high. Mr. Taylor stated he would check with this customer about a leak or other reason for the high usage. Mr. Taylor next confirmed that the District still has not received payment for its water line repair costs owed by the North Harris County Regional Water Authority (NHCRWA) or its contractors. After discussion, the Board requested that the operator provide the records to the attorney so that she can send a formal demand letter to the contractors and the Authority.

Mr. Taylor reviewed customer billing and collections data and submitted a list of 78 delinquent accounts subject to termination of utility service. These customers had been given written notification of the pending termination, and Mr. Taylor reported the operators have received no appeals from any customers; further, no customers were present at the Board meeting to contest their bills. Mr. Taylor noted that of the 78 listed accounts, only about half are still delinquent. 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 described irrigation work needed at the District's administration building and reported that Lupe Montoya had agreed to do the work for \$2,495. The Board discussed other items to be addressed in the area, including removal of dead trees. Mr. Taylor will approach Mr. Montoya about this additional work and present an updated proposal next month. The Board also noted its desire to further discuss work needed on the building's foundation.

Mr. Taylor updated the Board on his additional communications with White Oak Bend MUD concerning its issues with a District interconnect invoice that it paid in February, 2024 when the interconnect had been found partially opened. He reported details about the communications between the operators for both districts and stated he is preparing a spreadsheet with all relevant data and verified readings. He will provide this spreadsheet to the operator for White Oak in a final attempt to resolve the situation. Mr. Taylor also reported on proposals he had obtained to replace the existing interconnect meters with Emerald Forest Utility District (UD) and White Oak Bend MUD. When he sends the spreadsheet to White Oak Bend, he will also send the meter replacement proposal. There are two meters at the White Oak interconnect, and each district is responsible for one. After further discussion of operating matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board unanimously approved the operator's report as presented.

14. The Board discussed the District's Identity Theft Prevention Program and was advised that no changes to the program were required at this time. Mr. Taylor confirmed administration of the program is handled by his office and that no red flag incidents occurred in 2024. Accordingly, upon motion duly made, seconded, and unanimously carried, the Board adopted the attached Resolution Affirming Identity Theft Prevention Program.

15. The Board discussed recovery efforts since the failure of the ground storage tank (GST) at water plant No. 2. Mr. Mueller presented a \$0 change order to the District's contract with B5 Construction Co. Inc. to reallocate a portion of the electrical work to GST bid items. He then noted that C & C Water Services LLC should finish installation of new well pump equipment by early March, which will allow B5 to begin work on the ground storage tank. Mr. Mueller then addressed the pilot study to be conducted by a subcontractor of B5 for determination of the appropriate treatment process and equipment to be installed, such as a methane scrubber. Mr. Mueller mentioned possible payment of a deposit to this subcontractor for its construction of such equipment. It was not clear whether a deposit was contractually required, but if a deposit would speed up the process, the Board indicated its willingness to pay. After further discussion, the Board authorized Mr. Mueller to broach this subject with the subcontractor.

Ms. Parks discussed the status of the Open Records request and reported that the Texas Attorney General had ruled that the requested documents must be provided, with redactions allowed for certain email addresses and identifying insurance policy numbers. Ms. Parks reported on her conversations with defense counsel designated by the District's liability insurance carrier concerning release of these records, as well as an additional record not requested. After discussion, the Board unanimously indicated no objection to supplying both records. Finally, Ms. Parks reported on recent communications with representatives of the District's property insurance carrier, who indicated that while analysis and assessment of the District's claim continues, the carrier has approved a \$500,000 advance payment based on the representatives' analysis thus far.

16. Mason Mueller presented the engineer's report, copy attached. Mr. Mueller reported the engineers continue work on updating the District's Emergency Preparedness Plan. He then discussed the Phase 1 water line rehabilitation project. Harris County has approved the project plans, and the attorneys are reviewing the contract with SKE Construction, LLC that the Board awarded last month. Ms. Parks confirmed that the District's application for change in project scope and use of surplus funds was submitted to the Texas Commission on Environmental Quality and was declared administratively complete on February 6. Mr. Mueller next addressed the B5 Construction Co. Inc. change order mentioned earlier and requested Board approval of same.

Mr. Mueller updated the Board on communications between C.F. MacDonald and CenterPoint about starting electricity service at the motor control center at Water Plant No. 1. He next

addressed the status of construction of the NHCRWA's Project 31A facilities in relation to the District's plant No. 2 recovery project. The Authority projects beginning work at Plant No. 2 during a period ranging from May to October, 2025. The District anticipates but cannot guarantee that the GST recovery work will be completed by May. Mr. Mueller's communication with the Authority is ongoing regarding the District's preference that the Authority extend and connect its transmission line to the District's facilities as it originally agreed. The Board discussed this situation and emphasized its desire for the Authority to perform this work, rather than the District. The Board requested that Ms. Parks and Mr. Mueller share information and that Ms. Parks communicate with the Authority's attorney to clarify the District's position.

Mr. Mueller discussed the status of various projects requesting utility service from the District. The District had provided an updated utility commitment to Holt Lunsford for its proposed commercial development on the former Mulligan's tract. Ms. Parks believes the developer continues working with one landowner to obtain a private water line easement. Mr. Mueller reported on the Cy-Hope Ballfields project, noting that the engineers had provided a letter of no objection to the developer's revised plans. Ms. Parks presented for Board execution the out-of-District service agreement with Cy-Hope Inc. Next, the Board reported that a ditch along Windfern Road was still holding water. Mr. Taylor stated the operators had checked for leaks and confirmed the water was not coming from the District; he believed Harris County was working on a culvert in the area and will check further in that regard. Either Mr. Taylor or Mr. Mueller will contact the County precinct on the matter. After further discussion of engineering matters, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to approve the change order for the B5 contract, authorized execution of the contract with SKE Construction and the Cy-Hope service agreement, and approved the engineer's report.

17. The attorney stated her office was conducting its annual review of District interconnect contracts. The District is party to such contracts with Reid Road MUD No. 2, Emerald Forest UD, and White Oak Bend MUD. There are no issues with the expiration dates of such contracts. As noted earlier, the District will notify Emerald Forest and White Oak Bend about the proposals obtained for installation of electronic interconnect meters and the District's willingness to proceed with installation pursuant to the terms of the agreements.

18. Ms. Parks reported on the requirement under §203.16 of the Texas Local Government Code that municipal utility districts annually provide certain records and information concerning their finances and tax rates to the Texas Comptroller. The Comptroller posts this information on its Special Purpose District Public Information Database. The attorneys will prepare and submit the required information by the April 1, 2025 deadline.

19. The Board considered matters related to the NHCRWA, noting a bill has been filed in the Texas legislature to remove the Authority from the jurisdiction of the Harris Galveston Subsidence District. The Board will continue to monitor the Authority's actions.

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


Secretary

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1
NOTICE OF 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 **6:30 p.m.** on **Wednesday, February 19, 2025**. The subject of the meeting is to consider and act on the following:

1. Consideration of wastewater treatment plant matters, including:
 - a. Operations and maintenance report; authorize repairs, maintenance, and other appropriate actions
 - b. Bookkeeper's report and payment of bills; amendment of operating budget, as necessary
 - c. Review draft plant operating budget for fiscal year ending 03/31/2026
 - d. Engineer's report; preparation of plans, advertising for bids, award of contracts, approval of pay requests and change orders
 - e. Constable's patrol report
 - f. Interlocal Agreement with Harris County for wastewater surveillance program
 - g. Acclaim Energy presentation on Electricity Microgrid program
 - h. Presentation of public comments
2. Public Comment
3. Approve minutes of meeting held January 15, 2025
4. Tax assessor-collector's report; review invoices and authorize payment; consider delinquencies, including installment payment agreements and authorizing litigation or termination of service as necessary for collection of delinquent taxes
5. Order Levying Additional Penalty for Delinquent Taxes
6. Bookkeeper's report; review invoices and authorize payment of bills; review investment report and approve investment of District funds; amendment of operating budget, as necessary; establishment of renewal and replacement fund
7. Review draft operating budget for fiscal year ending 03/31/2026
8. Report regarding District parks; authorize repairs, maintenance and improvements, as necessary and appropriate
9. Operator's report; operation of District facilities; repairs, maintenance, and other appropriate actions; customer appeals; termination of service to open delinquent accounts
10. Annual review of Identify Theft Prevention Program
11. Ground Storage Tank failure at Water Plant No. 2 and recovery efforts, including:
 - a. Status of ongoing contracts;
 - b. authorize preparation of plans, award of contracts, and other actions as necessary and appropriate; and
 - c. correspondence with insurance representatives, defense counsel and others, including open records request

12. Engineer's report: authorize preparation of plans, advertising for bids, and/or award of contracts; approve pay requests, change orders; requests for service inside and outside of District; accept Cy Hope water meter easement and execute service agreement; update of Emergency Preparedness Plan
13. Annual Review of Interconnect Agreements; status of outstanding invoices
14. Annual Submission of Information to Special Purpose District Public Information Database pursuant to Texas Local Government Code, §203.061, et seq
15. Matters related to North Harris County Regional Water Authority, including status of recovery of water line repair costs
16. Executive Session as necessary Authorized under Texas Government Code Ann., §551.071, et seq.
17. Reconvene in Open Meeting to act on matters considered in Executive Session
18. Pending business



Melissa J. Parks
Attorney for the District