

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors

July 16, 2025

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

and the following absent:

None.

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 and Master Hayden Garcia; Lieutenant Barcnas of the Harris County Precinct 4 Constable’s office; Mr. Joseph Ellis of McCall Gibson Swedlund Barfoot Ellis; Mr. Joshua Stone of Usource; 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. Lieutenant Barcnas addressed the Boards and discussed law enforcement patrol within the districts during the month. He reviewed a written report on activities during June and commented on the benefits of reporting suspicious cars or persons to law enforcement.

2. The Board discussed matters related to the joint sewage treatment plant. Director Cieslewitz reported that he and the Reid Road No. 2 board president had visited the plant and observed items to be addressed. Next month, these directors intend to distribute a list of such items for discussion.

John Taylor presented the joint sewage treatment plant operations report. During the month the plant operated at 45% of permitted capacity, and there were two permit excursions for mercury as noted last month. There have been no recent corresponding detections of mercury in the discharge from the dentist’s office. Mr. Taylor will be meeting with Dr. Truong tomorrow to discuss previous mercury detections. With regard to the permit excursions, Mr. Taylor stated the operators will thoroughly check other possible locations and sources for the mercury, including at lift stations and testing the ultraviolet lights used in the treatment process at the plant. Mr. Taylor also described services that a vendor can provide to assist with issues involving heavy metals such

as mercury. This vendor will visit the plant and evaluate the circumstances for a charge of \$2,300. After discussion, the Board agreed that this vendor should be engaged for such an evaluation.

Mr. Taylor described the condition of the wooden fence near the outfall from the plant and presented a quote for replacement using metal poles with a wooden rot board. He also described the condition of a section of plant fencing along the rear easement of adjacent homes and recommended its replacement. He presented cost estimates for this work, and after discussion, the Board agreed to proceed with all recommended fence work.

Mr. Taylor presented a proposal for installation of an awning over the odor control facilities as discussed last month and also presented a proposal for repainting plant piping. These pipes were last painted approximately 10 years ago. Mr. Taylor intends to get additional proposals for the repainting project. Finally, Mr. Taylor reported that Municipal Operations & Consulting has hired a new compliance coordinator and seeks Board authorization to authorize this person to the list of operator employees authorized to sign monthly discharge monitoring reports (DMR) for the District. After further discussion of operating matters, upon motion by Director Christensen, seconded by Director Swannie, the Board unanimously approved the operator's report as presented and authorized work at the fences, installation of the awning, and authorized the new compliance coordinator to sign DMRs.

3. Ms. Garcia presented the joint plant bookkeeper's report, copy attached. She reviewed checks prepared for payment of current bills in the amount of \$74,011.71. She also presented a check not listed on the report, No. 1614 payable to Smith, Murdaugh for attorneys' fees. Ms. Garcia next reviewed a budget comparison report reflecting activity during the first three months of the fiscal year ending March 31, 2026. Finally, she reviewed the plant's expense distribution and invoicing for June, 2025. After further discussion, the Board unanimously approved the bookkeeper's report as presented and authorized release of the checks listed thereon as well as check No. 1614.

4. Mr. Mueller reported to the Board on engineering matters. Regarding the one-year warranty inspection of the odor mitigation facilities discussed last month, Mr. Mueller reported that the construction contractor had replaced the cooling equipment in the blower cabinet. The contractor has also removed some equipment for review and will either repair or replace it. Mr. Mueller will provide details at next month's meeting.

5. Mr. Ellis approached the Boards to present an audit of the joint plant for the fiscal year ended March 31, 2025. He reported the auditors provided an unmodified opinion and proceeded to review the report with the boards. After discussion, the Board unanimously approved the audit.

6. The Board opened the floor for public comments, and Mr. Joshua Stone addressed the Boards. Mr. Stone is manager of sales at electricity broker Usource. The company has purchased the assets of Acclaim Energy, which previously served as the District's broker. He stated that Acclaim employees who have previously worked with the District will remain as points of contact for Usource. No further public comments were offered. The board and consultants of No. 2 then exited the meeting.

7. The Board opened the floor for public comments at the District's meeting, and none were offered.

8. The Board reviewed minutes of the special meeting held May 14 and the regular meetings held May 21 and June 18. After discussion, the Board unanimously approved these minutes as presented.

9. The Board considered an agreement with Harris County for patrol in the District by deputy constables from October 1, 2025 through September 30, 2026. Ms. Parks presented the County's new annual patrol rates, up from \$86,870 to \$87,110, and after discussion, the Board agreed to the increase. Thereafter, upon motion by Director Christensen, seconded by Director Sumpter, the Board voted unanimously to enter into the contract with Harris County at the new rates. Further, the Board unanimously named Directors Sumpter and Swannie to serve as the County contact persons for the District.

10. Robin Goin presented the tax assessor-collector's report, copy attached. Through June 30, the District's 2024 taxes were 98.268% collected. Ms. Goin reviewed checks for payment of current bills and noted the remaining balance in the tax account upon their release. She next reported the Harris Central Appraisal District had reported 2025 preliminary taxable value for the District of \$480,252,365, an approximately \$38,000,000 increase over the 2024 value. Next, Ms. Goin discussed account delinquencies. She presented a list of accounts eligible to move to the District's uncollectable tax roll. The list included real property accounts delinquent over 20 years and personal property accounts delinquent over four years. In total, including base tax, penalty, interest, and collection fees, a total of \$46,048.08 will be moved to this roll. The Board reviewed the list and requested that the delinquent tax attorneys look into the personal property taxes owed by Steeplechase Rx. Thereafter, upon motion by Director Christensen, seconded by Director Swannie, the Board approved the list of uncollectable accounts as presented, and approved the tax assessor-collector's report and authorized release of the checks listed thereon.

11. Joseph Ellis entered the meeting and presented the District's audit for the fiscal year ended March 31, 2025. He reported that for this report, the accountants had also provided an unmodified opinion. Mr. Ellis reviewed the audit with the Board and noted that the District had at least a 12-month operating reserve as fiscal year end. He commented on the notes to the financial statements, reporting that a new note had been added to address the District's use of surplus construction funds for work at water well No. 2 at Water Plant No. 1. After discussion, upon motion by Director Christensen, seconded by Director Sumpter and unanimously carried, the Board approved the audit subject to further review and comment, and authorized its timely filing with all appropriate entities.

12. The attorney briefly reviewed the District's existing investment policy with the Board. After discussion, the Board unanimously adopted the attached Resolution affirming its review of the policy and a list of brokers/dealers.

13. Erin Garcia presented the bookkeeper's report, copy attached. She reviewed activity and ending balances in all accounts and presented checks written for payment of current bills. She noted that check No. 2351 had been issued last month to Director Cieslewitz but was not listed on today's report. The checks written last month to the other four directors do appear on today's report. Ms. Garcia also presented check No. 2379 payable to the attorneys for the monthly

fees which also was not listed on the report. Ms. Garcia next reviewed the monthly investment report and noted that given interest rate uncertainty, banks have recently begun offering certificates of deposit for shorter maturity terms. Ms. Garcia presented and reviewed a budget comparison report reflecting activity during the first three months of the fiscal year ending March 31, 2026. After further review and discussion, upon motion by Director Christensen, seconded by Director Swannie and unanimously carried, the Board approved the bookkeeper's report as presented and authorized release of the checks listed thereon as well as check No. 2379.

14. The Board reviewed an interim yield restriction report for the District's Series 2025 bonds. It reflected no yield reduction liability is due to the Internal Revenue Service for the interim six-year computation period ending September 17, 2024. Next, the Board reviewed a letter for engagement of Arbitrage Compliance Specialist Inc. to prepare the 10th year yield restriction and arbitrage rebate calculations for the Series 2015 bonds, to be undertaken in September, 2025. After discussion, upon motion by Director Christensen, seconded by Director Swannie and unanimously carried, the Board engaged the consultant for this purpose.

15. The attorney confirmed that her office would accomplish the necessary annual continuing disclosure filing for the District's outstanding bonds.

16. The Board tabled until next month a discussion on amendment of the District' Code of Ethics.

17. Robert Garcia presented the monthly parks report, copy attached, and reviewed it with the Board. The ponds and parks are in satisfactory condition. Mr. Garcia stated that his company's park maintenance personnel are reviewing the condition of benches, playground equipment, and other park facilities. When the evaluation is complete, he will bring it to the Board but will recommend waiting to perform any work until hurricane season ends. Finally, he reported to the constables patrolling within the District his observations of trespassers loitering at the pavilion at Penny Park. After discussion, upon unanimous vote, the approved Mr. Garcia's report.

18. John Taylor presented the operator's report, copy attached. Water accountability for the month was 94%, and there are 14 vacant accounts in the District. During the month, the District provided 4,300,000 gallons of water to Reid Road No. 2 in connection with issues that district experienced resulting from a power surge. Mr. Taylor noted that the District's agreement with No. 2 for provision of emergency water allows for repayment in kind. The Board reviewed usage by commercial customers and noted high usage at Windfern Plaza. Mr. Taylor reviewed customer billing and collections data and submitted a list of 97 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. No customers were present at the Board meeting to contest their bills. After further discussion, upon unanimous vote, the Board authorized termination of service to all remaining delinquent accounts in accordance with the District's Rate Order. There were no closed delinquent accounts recommended for write-off or sending to collections.

Mr. Taylor described his recent communications with Lupe Montoya about landscape work at the District's administration building. Mr. Montoya had never received Mr. Taylor's email authorizing him to repair irrigation in the flower beds. Mr. Taylor has now

confirmed with him that the Board authorized such work. Mr. Montoya had also proposed a price of \$900 each for removal of three dead pine trees. This proposal did not include stump grinding. After discussion, the Board accepted the proposal. Next, Mr. Taylor presented a proposal for removal and replacement of a booster pump motor for \$6,169.60. He recommended the Board authorize this work, and after discussion, upon unanimous vote, the Board provided such authorization.

Mr. Taylor discussed maintenance issues at the administration building. The Board agreed to table until next month discussing purchase of a new air conditioner. Mr. Taylor presented a \$4,660 proposal from American Leak Detection of Houston for repair of the damaged sanitary sewer line under the building slab. This work must be completed before the foundation work begins, as discussed last month. The Board unanimously authorized proceeding with the line repair. Mr. Taylor then reported that foundation contractor Groundworks now plans to repair the foundation using a method different than originally proposed. Mr. Taylor understands that this work can be done at a cost similar to the work as originally proposed. Using the new method, the crack in the building's exterior brick will not be closed. Mr. Taylor will present a proposal for pest control at next month's meeting.

Mr. Taylor reported on invoicing White Oak Bend MUD (WOB) for water the District provided to it through the interconnect. Mr. Taylor had updated the invoice to accurately reflect the North Harris County Regional Water Authority (NHCRWA) charges during one of the billing periods and had forwarded the updated invoice to WOB's operator. It appears the districts are now on the same page and that WOB will soon pay the invoice. After further discussion of operating matters, upon motion by Director Swannie, seconded by Director Sumpter, the Board unanimously approved the report as presented.

19. Mason Mueller presented the engineer's report, copy attached. He reviewed the report, noting work to update the Emergency Preparedness Plan. During the month the engineers assisted with repair of pavement at Early Springs Drive after the operators had completed a water line repair there. SKE Construction LLC anticipates mobilizing by August to begin work on Phase 1 of the water line rehabilitation project.

Mr. Mueller reported on recovery efforts at Water Plant No. 2. B5 Construction Co. Inc. has completed work at the ground storage tank and installed the scrubber and is now working on underground and above-ground piping. Electrical work is anticipated to be completed in time to allow a late-July startup of this plant. There was no contractor pay estimate for presentation this month.

Mr. Mueller reported on the status of work at the motor control center at Water Plant No. 1. He presented pay estimate No. 10 of CF McDonald Electric and recommended Board approval for payment of same. Mr. Mueller confirmed continuing good coordination between the NHCRWA surface water contractor and B5 Construction, and he noted he would participate in a progress call scheduled for tomorrow.

Mr. Mueller discussed the District's utility commitments to A3 Glass for its original project and its recent expansion. Neither utility commitment provided a penalty for usage in excess of the committed amount. Taking into account both commitments, A3 Glass has only exceeded the committed usage four times since 2018. It was noted that the District's water production ability

is not near its capacity limitations, and that this customer pays for all water it uses. After further discussion, the Board agreed the District should continue monitoring the customer's usage and should include in forthcoming utility commitments provisions that address consequences for usage in excess of the amount committed. Finally, Mr. Mueller reported on the status of development activity at the old Mulligan's tract. After further discussion of engineering matters, upon unanimous vote, the Board approved CF McDonald's pay estimate No. 10 and the engineer's monthly report.

20. The Board further discussed development within the District by Holt Lunsford. Per estimates from the developer's engineer, the reimbursable amount will be \$37,000, including engineering fees. Ms. Parks presented a reimbursement agreement with HL Fund III Jones Road LP for this project, as requested by the developer. She recommended Board approval of the agreement, including slight revisions requested by the developer. After discussion, upon unanimous vote, the Board approved the reimbursement agreement.

21. The Board discussed pending business, including matters related to the ground storage tank failure at Water Plant No. 2. Ms. Parks reported that one of the persons whose home was damaged as a result of the failure has requested payment to cover the person's insurance deductible. The Board considered this request and took into account advice received from the defense attorney provided under the District's general liability insurance policy. After discussion, the Board agreed that as the District is prohibited under the Texas Constitution from making payments such as the one requested, it would not authorize the payment. The Board requested that the defense attorney communicate this to the homeowner.

Further regarding pending business, Ms. Parks reported that the District had received an open records request from an attorney representing Dr. Truong. The requested records concerned results of mercury testing conducted by the District. Ms. Parks is working with the District's operators to gather documentation responsive to the request.

22. The Board discussed matters related to the NHCRWA. There was brief discussion about the Authority's July board meeting. The Board asked Ms. Parks to follow up her earlier communications with the Authority concerning the outstanding amount sought by the District to cover its costs for repair of the water line damaged last year by the Authority's contractor.

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

Secretary