

## REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

### Minutes of Meeting of Board of Directors January 18, 2017

The Board of Directors (the "Board") of Reid Road Municipal Utility District No. 2 (the "District" or "No. 2") met at 11245 Harvest Bend Boulevard, Houston, Texas, on January 18, 2017, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted officers and members of said Board, as follows:

Sean Allen	President
Vicki Owen	Vice President
Fredrick Phillips	Assistant Secretary
Keith Austin	Secretary
Susan Norris	Director

all of said members were present, thus constituting a quorum.

Also present were Pat Cieslewitz, Marvin Fesler, Gilbert De La Cruz, Carla Christensen and Bob Brengel of the Reid Road Municipal Utility District No. 1 Board of Directors (the "No. 1 Board"); Robin Goin of Bob Leared Interests ("Bob Leared"); Vickey Sullivan of Equi-Tax Inc. ("Equi-Tax"); John Montgomery and Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"); Dennis Hughes and Scott Blissett of Landev Engineers, Inc. ("Landev"); Richard Morrison of Smith, Murdaugh, Little & Bonham, L.L.P. ("Smith Murdaugh"); David Banos of Municipal Accounts & Consulting, L.P. ("MA&C"); Deputy Rebeles and Deputy Ener of Harris County Constable Pct. 4; Jonathan Roach, Frank Mitchell and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Michael Murr of Park Rangers, LLC ("Park Rangers"); and Shawn Byron of KGA DeForest Design, LLC ("KGA").

The Board President declared the meeting to be open for such business as might come before it.

#### OPERATIONS AND MAINTENANCE REPORT FOR JOINT SEWAGE TREATMENT PLANT ("JSTP")

Mr. Montgomery presented and reviewed the operations and maintenance report for the JSTP for the month of December 2016, a copy of which is attached hereto as **Exhibit A**. He noted that there is a vendor that will place a temperature magnet on some of the equipment at no cost to the Districts to test the product and monitor for changes in the equipment. He also noted that the torque arm switch had gone out and needed to be replaced. The No. 1 Board approved replacement of the torque arm switch at the JSTP. Director Allen then moved to approve the replacement of a torque arm switch and accept the JSTP operations report. Director Austin seconded said motion, which passed unanimously.

#### BOOKKEEPING REPORT AND INVOICES (JSTP)

Director Fesler presented the bookkeeping report for the JSTP, a copy of which is attached hereto as **Exhibit B**. After no questions, the No. 1 Board approved the bookkeeper's report for the JSTP. Director Allen then moved that the Board accept the JSTP bookkeeping report. Director Austin seconded said

motion, which carried unanimously.

### ENGINEERING REPORT (JSTP)

Mr. Hughes presented the JSTP engineering report to the Boards and gave updates on the ongoing rehabilitation projects. He noted that plant modification plans are still being reviewed at the City of Houston for approval. After little discussion, the No. 1 Board then accepted the JSTP engineering report. Director Owen moved that the Board accept the JSTP engineering report. Director Allen seconded said motion, which carried unanimously.

### JOINT CONSTABLE PATROL REPORT

Deputy Rebeles gave the joint patrol report and noted that they had responded to several calls for service and additionally there had been several arrests. There were no questions from the Boards.

The No. 1 Board and consultants exited the meeting at this time.

### STATUS OF GARBAGE COLLECTION AND RECYCLING SERVICES TRANSITION

Mr. Roach noted that the garbage and recycling services transition was complete with the new service provider, Texas Pride Disposal, commencing on January 1, 2017. Mr. Martin stated that he had placed a small notice of the service transition in the District's water bill. The Board noted some questions about whether and how notice was provided by Texas Pride Disposal.

### APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of prior meetings held on December 21, 2016 and January 4, 2017. After brief discussion, the Board deferred approving the minutes of the prior meetings.

### CONSTABLE PATROL REPORT

Deputy Ener provided an oral report of the activities within the District for the month. He noted that they had been quite busy during the month, including an arrest made for a DWI in the District. He noted that the numerical value for calls received was actually higher than stated on the report due to a recently stolen vehicle. There were no questions from the Board and the Board thanked the officers for their continued service to the District.

All officers exited the meeting at this time.

### TAX ASSESSOR-COLLECTOR REPORT

Ms. Sullivan provided the Board with a written tax assessor-collector report, a copy of which is attached hereto as Exhibit C. She noted that as of December 31, 2016 the District is approximately 7.3% collected for 2016 taxes but that number should increase significantly as of the January 31<sup>st</sup> payment deadline. Ms. Sullivan then presented four (4) checks for the Board's review and noted that there was a duplicative tax payment made that was being refunded. Ms. Sullivan also presented the Strategic

Partnership Agreement (“SPA”) report. Mr. Roach noted that the October SPA check had been recently received by the District and was forwarded to the bookkeeper. After no questions, Director Norris made a motion, which was seconded by Director Phillips and passed unanimously, to approve the tax assessor/collector report and payment of checks reflected therein.

### DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

No delinquent tax collections attorney report was presented at this meeting.

### RESOLUTION GRANTING EXEMPTIONS FROM TAXATION FOR 2017

Mr. Roach explained the exemptions from taxation by the District as set forth in the Texas Tax Code, and noted the prior years’ exemptions adopted by the Board. After discussion, Director Austin moved to adopt a Resolution granting exemptions from taxation for 2017 to include a \$35,000 exemption for individuals who are 65 years of age and older or who are under a disability pursuant to applicable federal statutes and to provide a general homestead exemption of twenty percent (20%). Director Phillips seconded said motion, which carried unanimously.

### RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES FOR 2017

Mr. Roach noted that pursuant to applicable sections of the Texas Tax Code the District can levy an additional penalty of up to twenty percent (20%) to cover the costs of collections on any delinquent personal property tax accounts as of February 1<sup>st</sup> each year. After discussion, Director Owen moved to adopt a Resolution authorizing the additional penalty on delinquent personal property taxes per the Tax Code. Director Austin seconded said motion, which passed unanimously.

### REVIEW OPTIONS FOR FUNDING OF DISTRICT FACILITIES, INCLUDING STATUS OF BOND APPLICATION REPORT FOR SERIES 2017 BONDS, POSSIBLE BOND ANTICIPATION NOTE (“BAN”), AND RESOLUTION AUTHORIZING USE OF SURPLUS FUNDS

Mr. Hughes stated he hoped that by the February or March Board meeting he would have a draft of the proposed Series 2017 Bond Application Report (“BAR”) ready for review. He asked whether the District should request an estimate of value from Harris County Appraisal District (“HCAD”). Mr. Roach noted he had spoken with the District’s financial advisor on the matter who suggested that the wait to submit a request for an estimate of value until closer to the time the BAR is ready. The Board took no action at this time.

### FINANCING/REIMBURSEMENT REQUESTS, SITE/FACILITY CONVEYANCES, ANNEXATION STATUS, POSSIBLE AMENDMENT OF UTILITY DEVELOPMENT AGREEMENT(S), AND OTHER DEVELOPMENT MATTERS

Mr. Hughes noted that there were generally no new updates regarding any financing or reimbursement requests. He explained to the Board the status of the DCT Industrial detention pond conveyance. Mr. Martin noted that the pond is still in need of some repairs. Mr. Hughes stated that currently the pond is included in the BAR, and the Board discussed options for removing same or

deducting the costs of any required repairs from the BAR reimbursement. The Board concurred that MOC should send a letter stating that the District would not be accepting conveyance of the pond until DCT Industrial or its contractor makes the necessary repairs.

### STATUS OF PARK MANAGEMENT/MAINTENANCE FOR THE PARK AT WILLBERN ("Park")

Mr. Byron discussed the park design. He presented two different plaque designs and also presented a probable cost estimate for extra trash cans and dog waste receptacles. Mr. Byron noted that the current cost estimate for the next phase of the Park is approximately \$177,000, which is a bit lower than the estimate presented at the January 4, 2017 special Board meeting. Director Norris then moved to authorize KGA to advertise for bids for the Park improvement project. Director Phillips seconded said motion, which passed unanimously. Mr. Murr presented the Park Rangers report and noted that the plants at the Park had suffered significant damage from the recent cold weather. He also noted that he had to insulate water fountains at the Park during the freeze but that all seemed to be functioning properly now. There were no questions from the Board and no actions to be taken.

### ENGINEERING REPORT

Mr. Hughes presented to the Board a written engineering report for January 2017, a copy of which is attached as Exhibit D. Mr. Hughes stated that Landev was completing review of the televising project for Harvest Bend—The Village, Section 3. He recommended that another televising project be started for Sections 4 and 5 of The Meadows. Mr. Hughes stated that Homewood Suites had cleared the site and was beginning utility installation. Mr. Hughes then recommended that the Board proceed with design of a building and related asphalt roadway for storage of the generator at Water Plant no. 1. Director Allen moved to authorize Landev to begin design of the aforementioned building. Director Norris seconded said motion, which passed unanimously.

### ISSUANCE OF UTILITY COMMITMENTS TO SERVE LAND WITHIN THE DISTRICT

There were no issuances of utility commitments this month.

### BOOKKEEPER'S REPORT

Mr. Banos presented and reviewed with the Board the bookkeeper's report including the checks presented for payment, a copy of which report is attached hereto as Exhibit E. He noted that last month the Board approved a CD that matured to be reinvested at Frontier Bank; however, Frontier Bank was not on the District's list of qualified brokers so the money had been deposited into a money market account until Frontier Bank could be added to the District's list of approved brokers. Mr. Banos then presented a new list of qualified brokers for the Board to consider. After brief discussion, Director Allen moved to approve the bookkeeper's report and payment of invoices, adopt a Resolution approving the new list of qualified brokers, and reinvest the CDs as previously recommended. Director Austin seconded the motion, which carried unanimously.

### OPERATIONS AND MAINTENANCE REPORT

Mr. Martin presented and reviewed with the Board the Operations Report, a copy of which is

attached as Exhibit F. He noted that West Harris County Municipal Utility District No. 21 (“WHCMUD21”) was on the emergency interconnect with the District again for part of the month because WHCMUD21 was still having problems with its water well. Mr. Martin stated that MOC had scheduled to start replacing meters with the new smart meters beginning on Monday January 23, 2017. He also stated that lift station no. 1 was having issues with all of the rain the District had recently received, and the pump had to be pulled four (4) times with the truck used to de-rag the pulled pump getting stuck in the mud twice. Mr. Martin suggested that the Board approve installing a small gravel driveway to allow better access for trucks to pull the pump when necessary. Director Norris moved to approve installing a gravel driveway for a cost not to exceed \$2,000. Director Austin seconded said motion, which passed unanimously. Director Allen noted that there is another small driveway to another lift station in the District that the Board may want to consider improving and/or widening. Mr. Martin stated that he will look into the cost of same. After brief discussion, Director Allen moved to approve the operations and maintenance report including movement of accounts to collection or the uncollectible roll as discussed. Director Phillips seconded said motion, which carried unanimously.

### **REVIEW RATE ORDER ANALYSIS STRATEGIES AND CONSIDER AMENDMENT**

Mr. Roach noted that Mr. Phillip Givens had requested that the Board consider holding a special meeting to review his rate study analysis and related recommendations. The Board decided to hold a special meeting on February 22, 2017 at 6:30p.m.

### **DIRECTOR’S REPORTS**

Director Owen presented an update regarding the North Harris County Regional Water Authority (“NHCRWA”). She noted that the NHCRWA directors remained unchanged after the directors election. She also noted that the NHCRWA had contracted with an entity to prepare new, more modern GIS system for the NHCRWA. The Board took no action at this time.

### **AUTHORIZE SOLICITATION OF BIDS FOR INSURANCE**

Mr. Roach noted that the District’s current insurance policies AquaSurance, LLC will expire March 31, 2017. After brief discussion, the Board concurred to authorize RMPLLC to request a renewal quote from AquaSurance., LLC.

### **ATTORNEY’S REPORT**

Mr. Roach presented the attorney’s report and requested that the Board defer its Code of Ethics review until after the pending 2017 Legislative Session has concluded to capture any legislative/statutory updates. He also noted that the District’s 2017 Master Calendar had been prepared and provided to the Board.

### **EXECUTIVE SESSION**

The Board did not enter executive session during this meeting.

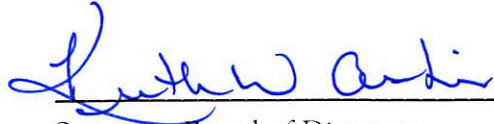
FUTURE AGENDA ITEMS AND PENDING BUSINESS

The Board did not discuss any additional future agenda items or pending business.

ADJOURNMENT

After no further discussion, upon motion made by Director Allen, seconded by Director Austin and unanimously carried, the Board adjourned the meeting.



  
Secretary, Board of Directors

## LIST OF ATTACHMENTS

Exhibit A	O&M Report for JSTP
Exhibit B	Bookkeeper's Report for JSTP
Exhibit C	Tax Assessor/Collector Report
Exhibit D	Engineer's Report
Exhibit E	Bookkeeper's Report
Exhibit F	Operator's Report