

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors February 15, 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 February 15, 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, except Director Phillips who arrived later in the meeting, 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"); Jim Murdaugh of Smith, Murdaugh, Little & Bonham, L.L.P. ("SMLB"); Christina Garcia of Myrtle Cruz, Inc. ("Myrtle"); David Banos and Charles LaConti of Municipal Accounts & Consulting, L.P. ("MA&C"); Deputy Rebeles, Deputy Blackledge 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, a copy of which is attached hereto as **Exhibit A**. He presented a proposal from STP Services for \$22,500 to repair the clarifier torque arm which had locked up. He noted that MOC would be installing red beacon lights to warn of any future lock-ups to prevent the need additional repairs. The No. 1 Board approved the proposal to repair the torque arm at the JSTP and accept the JSTP operations report. Director Allen then moved to approve the proposal to repair the torque arm and accept the JSTP operations report. Director Owen seconded said motion, which passed unanimously.

BOOKKEEPING REPORT AND INVOICES (JSTP)

Ms. Garcia presented a copy of the bookkeeping report and a draft of the proposed 2017-2018

budget 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 about the ongoing rehabilitation projects. He noted that JSTP modification plans had been reviewed and approved by the City of Houston ("COH"). He asked the Boards to authorize advertisement of bids for the project. After discussion, the No. 1 Board then accepted the JSTP engineering report and authorized Landev to request bids for the JSTP modification. Director Allen moved that the Board accept the JSTP engineering report and authorize Landev to request bids for the JSTP modification. Director Norris 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 an increase in calls related to burglaries of motor vehicles at night. 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 inquired whether residents had received any additional notices regarding the garbage service transition, and the Board noted that no additional notices had been provided. The Board took no action at this time.

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of prior meetings held on December 21, 2016, January 4, 2017 (special), January 18, 2017. After brief discussion, Director Norris moved to approve the minutes of the prior meetings. Director Austin seconded said motion, which passed unanimously.

RATIFY ADOPTION OF RESOLUTION APPROVING NEW LIST OF QUALIFIED BROKERS

Mr. Roach noted that at the previous regular meeting, the Board adopted a Resolution approving the new list of qualified brokers presented by MAC; however, he asked that the Board ratify said approval. Director Allen then moved to ratify adoption of the Resolution approving the new list of qualified brokers. Director Austin seconded said motion, which passed unanimously.

CONSTABLE PATROL REPORT

Deputy Ener provided an oral report of the activities within the District for the month. He advised that, other than the items previously noted by Deputy Rebeles, everything had been relatively routine for the month. 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.

REVIEW STATUS OF ELECTRICITY CONTRACT AND PROPOSED FIRST AMENDMENT TO RETAIL ELECTRICITY SERVICES ANNEX WITH TEXAS GENERAL LAND OFFICE

Mr. LaConti provided a brief overview of the history of the District's electricity contract and discussed a proposed amendment to the current retail electricity services annex. He noted that the District could possibly get up to 5% savings for a three (3) year contract or a 4.2% savings for a four (4) year contract compared with their current contract rate. After additional discussion, Director Allen moved to authorize MAC and Acclaim Energy Advisors to approve the proposed amendment to the retail electricity services annex for a term of four (4) years if the District will receive savings of at least 4.2%, and if they will not receive savings of at least 4.2%, then to approve a term of three (3) years so long as a minimum of 5% savings is secured. Director Austin seconded said motion, which passed unanimously.

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 the start of February, the District is approximately 95% collected for 2016 taxes. Ms. Sullivan then presented several checks for the Board's review. Ms. Sullivan also presented the Strategic Partnership Agreement ("SPA") report. After no questions, Director Austin made a motion, which was seconded by Director Owen and passed unanimously, to approve the tax assessor/collector report and payment of checks reflected therein.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mrs. Sullivan then presented and reviewed the delinquent tax collections attorney report. The Board took no action at this time.

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 noted that some additional information came in from the developers with a few more items pending. Mr. Roach stated that he would begin review the bond application report when substantially all required documentation was available. Mr. Roach stated that the goal is to submit the bond application report with all (or nearly all) supporting documents to the Texas Commission on Environmental Quality ("TCEQ") sometime in mid-late March. 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

The Board took no action at this time.

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

Mr. Byron stated that the construction contract documents had been prepared and bids had been requested, which should be ready for review by the next regular Board meeting. Mr. Murr presented the Park Rangers report and noted that the plants at the Park had been cut back after significant damage from the recent cold weather. He believed most of the plants would recover from the conditions, but anything that did not would be replaced. Mr. Murr stated that some metal edging had been stolen from the Park as well. After brief discussion, Director Austin moved to authorize the replacement of the edging. Director Owen seconded said motion, which passed unanimously.

Director Phillips arrived at the meeting at this time.

ENGINEERING REPORT

Mr. Hughes presented to the Board a written engineering report, a copy of which is attached as Exhibit D. Mr. Hughes stated that Landev had received all the sanitary sewer televising reports and videos back from Magna Flow for Harvest Bend-The Village Section 3. Mr. Hughes then presented a map of all of the locations within the District that had been televised. He noted that Harvest Bend-The Village Sections 4 and 5, Harvest Bend-The Meadows, and the commercial land within the District had not been televised yet. He noted that it would be approximately \$2 per linear foot to move forward with televising the additional areas, and he suggested proceeding with same based on a period televising schedule. Mr. LaConti noted that the project may be appropriate for use of surplus construction funds from previous bond issues. After additional discussion, Director Allen moved to authorize Landev to request bids for the remaining televising and to approve the engineering report. Director Austin seconded said motion, which passed unanimously.

ANNUAL SURVEY OF WAGE RATE SCALES

Mr. Roach explained the statutory requirements for the annual survey of wage rate scales for construction projects within the District. He noted that the District had historically adopted the COH wage rate scales, and he noted a few of the changes between the COH's 2016 scales and the newly released 2017 COH scales. After discussion, Director Austin moved to approve a Resolution adopting the COH scales for 2017. Director Phillips 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 MAC had received the most recent SPA check from the COH. Mr. Banos then suggested a CD investment at Preferred Bank. Mr. Banos also presented a draft 2017-2018 operating budget for the Board's review and suggested that it be adopted at the Board's next regular meeting after any comments are received. After brief discussion, Director Allen moved to approve the bookkeeper's report, payment of invoices, and

investment in the CD(s) as 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 E**. He noted that West Harris County Municipal Utility District No. 21 (“WHCMUD21”) confirmed that they were no longer receiving water through the emergency interconnect and that there was some miscommunication from WHCMUD21’s operator about whether or not they were previously using the interconnect. Mr. Martin noted that he would be installing a large lock on the interconnect valve going forward. After brief discussion, Director Allen moved to approve the Operations Report including movement of two accounts to Collections Unlimited of Texas. Director Austin 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”) and their more modernized GIS system. Director Owen also presented some information she had received from the Texas Commission on Environmental Quality (“TCEQ”) at the Association of Water Board Directors (“AWBD”) Winter Conference. Director Allen noted that he would like to see the District investigate options for creating a website. Mr. Roach noted that he would provide the Board with information regarding legal compliance for a possible District website. He also inquired whether the Board wanted RMPLLC to request proposals. The Board asked that RMPLLC wait to request proposals until the Board has had time to review the information to be provided by RMPLLC regarding compliance requirements.

REVIEW INSURANCE PROPOSALS

Mr. Roach presented an insurance coverage renewal proposal from AquaSurance, LLC for the 2017-2018 term. Mr. Murr asked whether the additional Park improvements would be covered under the policies, and Mr. Roach stated that he would contact AquaSurance to inquire about the Park coverages and also request that the insurance renewal proposal be revised if/as needed.

ATTORNEY’S REPORT

Mr. Roach presented the attorney’s report and noted RMPLLC is continuing to grow with additional personnel hires who he will introduce to the Board in the near future. There was nothing else of a legal nature to discuss at this time.

EXECUTIVE SESSION

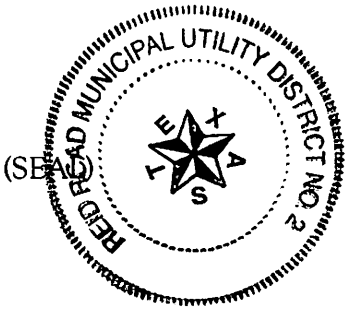
The Board did not enter executive session during this meeting.

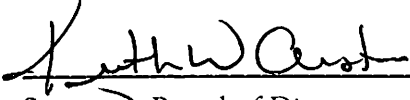
FUTURE AGENDA ITEMS AND PENDING BUSINESS

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

ADJOURNMENT

After no further discussion, upon motion made by Director Phillips, seconded by Director Norris 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