

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors April 19, 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 April 19, 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"); Jim Murdaugh of Smith, Murdaugh, Little & Bonham, L.L.P. ("SMLB"); David Banos of Municipal Accounts & Consulting, L.P. ("MA&C"); Deputy Martinez, Deputy Curry, Deputy Blackledge and Deputy Ener of Harris County Constable Pct. 4; Jonathan Roach and Daniel Scruggs of Roach & Mitchell, PLLC ("RMP LLC"); Chris Swedlund of McCall Gibson Swedlund Barfoot, PLLC ("MGSB"); Michael Murr of Park Rangers, LLC ("Park Rangers"), who arrived later in the meeting; Shawn Byron of KGA DeForest Design, LLC ("KGA"); Simon VanDyk of Triton Consulting Group, LLC ("Triton"); and Shannon Waugh of Off-Cinco.

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 noted that the biomonitoring re-tests were successful. Mr. Montgomery also noted that the discharges related to Sunny Sky Products were not bad during the month, but that MOC is still monitoring the issue. The No. 1 Board approved the JSTP operations report. Director Allen then moved to accept the JSTP operations report. Director Austin seconded said motion, which passed unanimously.

BOOKKEEPING REPORT AND INVOICES (JSTP)

Bob Brengel of the No. 1 Board presented the bookkeeping report, 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 Owen seconded said motion, which carried unanimously.

ANNUAL AUDIT ENGAGEMENT (JSTP)

Mr. Swedlund presented an audit proposal from MGSB for the JSTP. After no questions, the No. 1 Board accepted the MGSB audit proposal. Director Allen then moved that the Board accept the JSTP audit proposal. Director Owen 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. After discussion, the No. 1 Board then accepted the JSTP engineering report. Director Phillips moved that the Board accept the JSTP engineering report. Director Austin seconded said motion, which carried unanimously.

JOINT CONSTABLE PATROL REPORT

Deputy Curry gave the joint patrol report and noted that they had responded to several calls for service. He also introduced Deputy Martinez as a new Deputy servicing the Districts. There were no questions from the Boards.

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

APPROVE PREVIOUS MINUTES

Mr. Roach asked that the Board defer approval of the March 15, 2017 meeting minutes at this time. The Board deferred approval of the above referenced minutes and took no further action at this time.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the activities within the District for the month. He advised that there had been very few District calls over the past 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.

TAX ASSESSOR-COLLECTOR REPORT

Mrs. 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 March, the District is approximately 97.2% collected for 2016 taxes. Mrs. Sullivan then presented several checks for the Board's review. Mrs. Sullivan also presented the Strategic Partnership Agreement ("SPA") report. After no questions, Director Owen made a motion, which was seconded by Director Norris 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.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES

Mr. Roach advised that, pursuant to the Texas Property Tax Code, under certain conditions the District could impose an additional penalty up to 20% on delinquent real property taxes as of July 1st of each year and that the penalty is essentially to cover the costs of collections by the District's delinquent tax collections attorneys. After discussion, Director Phillips made a motion to adopt a Resolution authorizing an additional penalty to be imposed on delinquent real property taxes. The motion was seconded by Director Austin and passed unanimously.

PROPOSALS FOR DISTRICT WEBSITE DESIGN/HOSTING SERVICES

Mr. VanDyk temporarily exited the meeting. Ms. Waugh presented her proposal for District website design and hosting services to the Board. She addressed questions from the Board and then exited the meeting. Next Mr. VanDyk re-entered and presented his proposal for District website design and hosting services. After discussion, the Board took no action and deferred the item 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. Roach noted that RMPLLC is currently reviewing the Series 2017 Bond Application Report. The Board took no action at this time. Mr. Roach also noted that RMPLLC would get with Mr. Hughes and Mr. Martin to discuss possible District projects on which the District may be able to use surplus construction funds.

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

Mr. Roach stated that there is nothing new regarding the utility development agreements and related other development matters. The Board then discussed the status of the detention pond on the DCT Industrial site. The Board took no action at this time.

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

Mr. Byron presented the Amerson contracts for review and signature by the Board. Director Owen asked to be informed when the project is scheduled to begin. Mr. Murr then presented the Park Rangers report and noted that the plants at the Park had come back very nicely after the early spring freeze and the Park looked to be in good shape. The Board discussed the dead tree hanging over part of the Park. Director Owen inquired about some cracks that had formed on the picnic tables within the Park. Mr. Murr stated

he would follow up with the distributor of the tables to see if they were still covered under a warranty and he would check with Cypress-Fairbanks ISD regarding the tree. The Board took no further action 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 presented the Magna Flow contracts for the final phase of the sanitary sewer televising project and noted that the Board had already approved the Magna Flow bid at the last regular meeting. Mr. Hughes then discussed the status of the Homewood Suites being developed in the District. Mr. Hughes also discussed the design of the generator building and the building for storage of the hypochlorite materials to be located within the Water Plant No. 1 site. He stated that the estimate may require going out for bids on the construction, and he will confirm once the estimate is done. Mr. Hughes asked that the Board authorize the notice to proceed on the televising project and authorize bids on the two buildings if the estimate required same. Director Allen moved to authorize the notice to proceed and authorize obtaining bids on the two referenced buildings if it is required. Director Phillips seconded said motion, which passed unanimously.

ADDITIONAL REVIEW OF RATE STUDY ANALYSIS, INCLUDING POSSIBLE RATE ORDER AMENDMENTS

Mr. Roach discussed the possible amendments to the Rate Order that the Board should consider in addition to Mr. Phillip Givens analysis of rate options. He explained the three suggested changes include: (1) increasing the North Harris County Regional Water Authority ("NHCRWA") fee to match the amount imposed by NHCRWA; (2) increasing the residential sanitary sewer rate to reflect the new contract price for garbage services; and (3) increasing the civil penalty enforcement fine from \$5,000 to \$10,000. After discussion, the Board asked that a special meeting be held on May 10, 2017 to discuss the Rate Order amendments.

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 RMPLLC had received the most recent SPA check from the City of Houston. Mr. Roach stated that the amount was higher than typical likely due to it being from winter holiday sales. Mr. Banos stated that he had resubmitted the application to the City of Houston to have the SPA checks received electronically. After brief discussion, Director Norris 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 F. He noted that West Harris County Municipal Utility District No. 21 ("WHCMUD21") had opened the emergency water interconnect for a period of time. He also noted that the District is currently experiencing some water loss and he is working to identify the problem. He requested that the Board authorize the Board President to execute an agreement to find the leaks which may be causing the water loss issues, if Mr. Martin is unable to find the cause within the next few days. The Board then discussed the status of the smart meters. Mr. Martin next presented and reviewed initial information for the District's asset management plan. Mr. Martin also presented the Identity Theft Prevention program annual update and noted that no 'red flag' incidents had occurred so MOC is not suggesting amending the program. After brief discussion, Director Allen moved to approve the Operations Report including movement of accounts to uncollectible and authorizing Director Allen to act on behalf of the Board in executing any agreement needed to investigate the water loss issues. Director Austin seconded said motion, which carried unanimously.

DIRECTOR'S REPORTS

Director Owen presented an update regarding the NHCRWA and noted that NHCRWA is planning to issue a periodic magazine to its constituents which might be of interest to the District.

ATTORNEY'S REPORT

Mr. Roach discussed the Water Wise program with the Board, and the Board acknowledged that participation this school year may not be an option but they would like to continue for future years. The Board noted no additional action was required under this item at this time.

EXECUTIVE SESSION

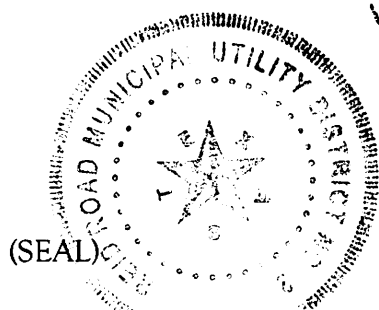
The Board did not enter executive session during this meeting.

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