

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Special Meeting of Board of Directors May 10, 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 May 10, 2017, in accordance with the duly posted notice of a special 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 Daniel Scruggs and Frank Mitchell of Roach & Mitchell, PLLC ("RMPLLC"); Jared Martin of Municipal Operations & Consulting, Inc. ("MOC"); and Phillip Givens of Superior Water Management of Texas, LLC ("Superior Management").

The meeting was called to order and declared open for such business as might regularly come before it.

REVIEW RATE ANALYSIS, AND DISCUSS POSSIBLE AMENDMENTS TO RATE ORDER

Mr. Givens presented his final rate study analysis for the District, including his recommendations and revised options snapshot for possible Rate Order amendments, which now includes commercial and apartment accounts within the District. He further discussed the availability fee and how depreciation played a role in his recommendations. Director Allen noted his approval of the first two recommendations provided by Mr. Givens, and there was extensive discussion regarding the availability fee including how it would affect the District's larger commercial customers. The Board asked that Mr. Martin provide a usage report analysis to find out how much water the commercial customers within the District are actually using and the potential impact of the proposed Rate Order amendments on such commercial customers. After lengthy discussion, Director Allen moved to: (1) adopt a zero (0) gallon minimum bill for residential accounts with a \$20 availability fee which then utilizes the block rates suggested by Mr. Givens; (2) adopt a sewer rate of \$18.38 per residential customer account per month; (3) use the same block structure for apartment customers within the District; (4) increase the North Harris County Regional Water Authority ("NHCRWA") fee from \$2.52 to the current NHCRWA plus ten percent (10%); and (5) increase the civil penalty violation amounts from \$5,000 to \$10,000 as allowed by applicable law. Director Austin seconded said motion, which passed unanimously.

REVIEW PROPOSALS FOR DISTRICT WEBSITE DESIGN/HOSTING SERVICES

The Board briefly discussed the website proposals presented at the prior regular meeting. After discussion, Director Phillips moved to accept the Off-Cinco standard proposal, with the option 2 hosting package and the Director email accounts. Director Norris seconded said motion, which passed unanimously. The Board requested that RMPLLC review an acceptable form of services agreement between the District and Off-Cinco.

REVIEW STATUS OF THE PARK AT WILLBERN IMPROVEMENTS AND SCHEDULE

Director Owen gave a brief update regarding the park project status. Additionally, she noted that the school district would be addressing the dead tree over-hanging the park.

ATTORNEY’S REPORT

Mr. Mitchell gave a brief update regarding the Water Wise program, noting that the District would not likely be able to participate prior to the end of the school year. He also gave a status report on the 2017 Bond Application Report. Mr. Mitchell then discussed the West Harris County Municipal Utility District No. 21 (“WHCMUD21”) Interconnect Agreement and noted that the agreement is in need of revision if the District wished to keep it in place. The Board took no further action at this time.

DISCUSSION REGARDING PENDING MATTERS AND FUTURE AGENDAS

There was no discussion regarding pending matters or other matters for future agendas.

ADIJOURN

After noting no further business to come before the Board, Director Phillips moved to adjourn. Director Allen seconded said motion, which carried unanimously. The meeting adjourned at such time.



Secretary
Board of Directors