

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors June 21, 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 June 21, 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 entered later in the meeting, thus constituting a quorum.

Also present were Pat Cieslewitz, Carla Christensen and Bob Bregel 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"); Dana Davis of Myrtle Cruz, Inc.; Deputy Martinez, Deputy Curry, and Deputy Blackledge of Harris County Constable Pct. 4; Jonathan Roach and Daniel Scruggs of Roach & Mitchell, PLLC ("RMPLLC"); Michael Murr of Park Rangers, LLC ("Park Rangers"), who arrived later in the meeting; 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. Mr. Montgomery noted that there were a number of power outages within the month. He also noted that MOC had requested a number of changes to both Districts' industrial waste orders and that RMPLLC and SMLB are in the process of reviewing the requested changes. The No. 1 Board then approved the JTSP 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)

Ms. Davis 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 Phillips 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 and expansion projects. After discussion, the No. 1 Board then accepted the JSTP engineering report. Director Norris moved that the Board accept the JSTP engineering report. Director Allen seconded said motion, which carried unanimously.

JOINT CONSTABLE PATROL REPORT

Deputy Martinez gave the joint patrol report and noted that they had responded to several calls for service. The No. 1 Board inquired as to a number of events that occurred in the District within the month. The No. 1 Board then accepted the joint constable patrol report. Director Allen moved that the Board accept the joint constable patrol report. Director Austin seconded said motion, which carried unanimously.

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

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of prior meetings held on May 10, 2017 (special) and May 17, 2017. Director Owen noted a correction to the May 17, 2017 minutes. After brief discussion, Director Austin moved to approve the minutes of the prior meetings, with amendment(s) as discussed. Director Owen, seconded said motion, which passed unanimously.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the activities within the District for the month. He noted that there was one burglary within the month and that the burglar was caught. There were no questions from the Board and the Board thanked the officers for their continued service to the District.

PUBLIC COMMENTS

The President recognized an employee of the Cypress-Fairbanks Independent School District ("CISD") who requested that the Board waive the additional non-taxable entity mark-up cost associated with the tap fee for an additional fire line to serve Willbern Elementary School. After discussion, Director Austin made a motion to waive the additional tap fee cost. Director Phillips seconded said motion, which passed unanimously.

REVIEW DRAFT DISTRICT WEBSITE AND UPDATE ON DIRECTOR E-MAIL ACCOUNTS

This item was deferred.

REVIEW AUDIT REPORT FOR FISCAL YEAR ENDED MARCH 31, 2017

This item was deferred.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

This item was deferred.

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 at the end of May, the District was approximately 98.3% 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 Phillips 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.

AMENDMENT TO TAX ASSESSOR CONTRACT

Ms. Sullivan presented to the Board the amendment to the tax assessor contract. She noted that the amendment includes an increase in the Equi-Tax fee for the management of the SPA report. She stated that the new fee will be \$750 per quarter. Upon motion by Director Phillips, seconded by Director Owen, the Board voted unanimously to accept the amendment to the tax assessor contract.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mr. Roach and Ms. Sullivan presented the delinquent tax collections attorney report. They noted that there were few outstanding accounts and that no action was required.

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 D. He noted that the application for the vendor payment by electronic funds for the SPA payments was approved and the District was now receiving electronic SPA payments. Mr. Banos then presented his recommendations for investing in Certificate of Deposits ("CDs"). Director Allen inquired about another tap fee being reflected on the report and Mr. Martin advised that the fee was for Homewood Suites and was collected prior to the tap being completed. Director Phillips asked a question regarding the lab fees invoice. After brief discussion, Director Owen moved to approve the bookkeeper's report, payment of invoices, and investment in the CDs as recommended. Director Norris seconded the motion, which carried unanimously. Director Allen then asked a question about the annexation accounts.

Ms. Sullivan exited the meeting at this time.

FILING OF UNCLAIMED PROPERTY REPORT

Mr. Roach noted the requirements for submitting an annual unclaimed property report and escheating funds to the state, as applicable. He then noted that the deadline to file the report is July 1, 2017. The Board concurred in approving the bookkeeper's filing of the unclaimed property report.

REVIEW PROPOSED SERIES 2017 BONDS (ISSUE NO. 7) AND RELATED MATTERS

Mr. Roach stated that RMPLLC anticipates submitting the application to the Texas Commission on Environmental Quality ("TCEQ") once all the necessary documentation has been submitted. He noted that the District's financial advisor had reviewed the application and provided one additional comment.

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

Mr. Roach provided an update regarding Peltier's request to proceed with annexation.

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

Mr. Byron stated that the pre-construction meeting was held and the Notice to Proceed was issued for June 5, 2017 for the Wilbern School Park project. He then reviewed the construction schedule provided by the contractor.

ENGINEERING REPORT

Mr. Hughes presented to the Board a written engineering report, a copy of which is attached as Exhibit E. Mr. Hughes stated that televising is ongoing for the final phase of the sanitary sewer lines. Mr. Hughes then noted that the construction is ongoing for the Homewood Suites with an estimated completion date of April 2018. Mr. Hughes also stated that bids were received for the generator building and the building for storage of the chemicals and materials to be located within the Water Plant No. 1 site. He noted that the low bidder was AAA Time Bider Services ("AAA"); however, he reported that AAA had never worked on water plants and he consequently noted concerns regarding their low bid and stated that he would further investigate before making the recommendation to award the bid. Mr. Hughes next stated that Landev received drawings from an engineer for retail development for the vacant acreage behind the Homewood Suites and the Sam Houston Business Park. He stated that he forwarded the plans to MOC for review. Mr. Hughes then noted that he received an inquiry from Liberty Property on possible leasing of the existing development at Fallbrook Drive and Windfern Road. He stated that Liberty Property is requesting an additional 100 ESFC capacity. The Board requested that Landev send a deposit request letter to Liberty Property.

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 stated that a couple of leaks were found and repaired, which further helped the accountability of the District. He noted that North Harris County Regional Water Authority

("NHCRWA") requested Water Plant No. 2 be shut down so that they could examine the air issues causing the lower accountability numbers the District had been seeing. Mr. Martin stated that they saw the air issues and that MOC is waiting for NHCRWA to provide a credit to the District. Mr. Martin next reported that West Harris County Municipal Utility District No. 21 ("WHCMUD 21") lost power and went on interconnect with the District for five (5) hours. He requested that RMPLLC submit an open records request for previous operations reports from WHCMUD 21. Mr. Martin noted that the generator testing is ongoing and there are no issues to report. The Board and Mr. Martin then discussed the smart meters and Director Owen asked if the residents knew how to access information on their smart meter. Discussion continued regarding adding information about the smart meters to the new District website under development. Additional discussion ensued regarding the possible WHCMUD 21 interconnect agreement amendments. Mr. Roach stated that the letter to WHCMUD 21 would include the requested reports, options for a new agreement or amendment of the existing agreement with WHCMUD21, and possible installation of a meter between the interconnect. The Board concurred.

DIRECTOR'S REPORTS

Director Owen noted that NHCRWA was questioned about costs for their magazine and had decided to make the magazine digital. She also noted an inquiry that was made to the NHCRWA board by a member of the public that may provide information pertinent to the District.

FILING OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach noted that the Board is required annually to file a form with the Secretary of State regarding the voting system(s) the District may have used during the year, and he asked for authorization to complete and file the form. Director Austin, made a motion to authorize the filing of the voting system annual form as discussed. The motion was seconded by Director Norris and passed unanimously.

REQUEST OF RECORDS MANAGEMENT OFFICER TO DESTROY OLD MEETING NOTES

Mr. Roach asked the Board to consider approval of the destruction of old copies of prior Board meeting notes as allowed by applicable law. He reminded the Board that RMPLLC is retaining electronic copies of virtually all District records and that copies of all official meeting minutes are kept in perpetuity. After discussion, Director Austin made a motion to authorize the destruction of old copies of prior Board meeting notes. Director Phillips seconded the motion, which passed unanimously.

ATTORNEY'S REPORT

Mr. Roach stated that RMPLLC is working to provide an update on the legislative session but will defer until after the Governor's called special session has concluded later in the summer.

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

Mr. Roach presented to the Board an additional rate order analysis and comparisons of sample customer bills. The Board discussed the matter at length including the apartment and commercial rates set forth in the analysis. Upon additional discussion and a motion by Director Norris, seconded by

Director Phillips, the Board voted unanimously to approve the water and sewer rates as outlined in the current Rate Order with the appropriate clarifications as discussed including finalizing the new Rate Order to be effective July 1, 2017.

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 Austin and unanimously carried, the Board adjourned the meeting.



Secretary, Board of Directors

(SEAL)



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	Bookkeeper's Report
Exhibit E	Engineer's Report
Exhibit F	Operator's Report