REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors
August 16, 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 August 16, 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, Carla Christensen, Bob Brengel and Gilbert De La Cruz 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 Blisett 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"); Christina Perry of Myrtle Cruz, Inc. ("Myrtle"); Deputy Martinez, Deputy Ener, Deputy Blackledge, and Deputy Marquez of Harris County Constable Pct. 4 ("HCCP4"); Frank Mitchell, Shaila Shah, and Jonathan Roach 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 next presented information on a sludge haul pilot program at both the NorthPointe Regional and North Green Municipal Utility District wastewater treatment plants. He discussed the product being tested and the cost savings associated with the sludge hauls. He recommended that the program be tried for 60 days at the JSTP, which will be at no cost to the Districts. He then stated that after the 60 days, the Districts will have to pay for an additional 30 days of final testing. Discussion ensued regarding the pros and cons of the program. Mr. Montgomery stated that if the Boards agreed, MOC would begin the trial on August 31, 2017. The No. 1 Board then approved the JTSP operations report and participation in the sludge haul pilot program. Director Phillips then moved to accept the JSTP operations report and to approve participation in the pilot program. Director Owen seconded said motion, which passed unanimously.

BOOKKEEPING REPORT AND INVOICES (JSTP)

Ms. Perry 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 Norris then moved that the Board accept the JSTP bookkeeping report. Director Owen seconded said motion, which carried unanimously.

ENGINEERING REPORT (JSTP)

Mr. Hughes presented the engineer's report for the JSTP. He stated that construction on the rehabilitation and expansion projects is expected to begin in approximately thirty (30) days.

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 the shooting incident at an apartment complex located within the boundaries of the two districts. Deputy Martinez stated that the Sheriff's Office is handling the investigation.

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

Director Phillips also exited the meeting at this time.

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of the June 21, 2017 and July 19, 2017 regular meetings. Upon motion by Director Austin, seconded by Director Norris, the Board voted unanimously to approve the minutes of the June 21, 2017 and July 19, 2017 regular meetings.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the thefts and other incidents within the District for the month. After brief discussion, the Board thanked the officers for their continued service to the District.

STATUS OF ANNUAL CONTINUING DISCLOSURE REPORT

Mr. Roach noted that the audit for fiscal year ended March 31, 2017 was finalized and filed with the Texas Commission on Environmental Quality ("TCEQ"). He then noted that McCall, Parkhurst & Horton L.L.P. would complete and file the annual continuing disclosure report for the District.

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 July, the District was approximately 98.7% 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 Austin and passed unanimously, to approve the tax assessor-collector report and payment of checks reflected therein.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Ms. Sullivan presented the delinquent tax collections attorney report. She noted that there was one (1) account that needed to be transferred to the uncollectible roll from 2013 in the amount of $2.31. Director Norris made a motion to approve the transfer of the 2013 account to the uncollectible roll. Director Owen seconded the motion, which passed unanimously.

RECEIVE FINANCIAL ADVISOR'S TAX RATE RECOMMENDATION

This item was deferred to the September meeting.

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 then presented his recommendations for investing in Certificates of Deposits ("CDs") at Green Bank and Spirit Bank. After brief discussion, Director Norris moved to approve the bookkeeper's report, payment of invoices, and investment in the CDs as recommended. Director Austin seconded the motion, which carried unanimously.

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

Mr. Byron presented an update on the next phase of the Park construction and noted that the pavilion was delivered and is being assembled. He also noted that the concrete for the walking maze was poured. He then presented Pay Applications No. 1 and No. 2 in the amounts of $40,725 and $16,920, respectively. Upon motion by Director Norris, seconded by Director Austin, the Board voted unanimously to approve Pay Applications No 1. and No. 2. Mr. Byron also noted that Mr. Murr ordered the replacement pieces for the exercise equipment and picnic table. Mr. Roach then informed the Board that Mr. Byron would be moving to Arizona at the end of the month. The Board thanked Mr. Byron for his work with the District.

CONSIDER REQUEST FROM HARVEST BEND - THE VILLAGE HOA FOR THE PARK/PLAYGROUND REHABILITATION/UPGRADE

This item was deferred to the next Board meeting.

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

Mr. Roach reported that there are a few documents to obtain/finalize prior to the submission of the Bond Application Report for Issue No. 7. Mr. Roach stated that the application could be submitted as non-expedited, which would allow RMPLLC to submit the application now and then submit the missing documents upon receipt. Mr. Martin then provided an update on the outstanding issues with the DCT Industrial/Peltier tract detention pond and advised that the necessary repairs had mostly been completed.

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

There was no update provided at this time.

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 he is reviewing the report for the final phase of televising of the sanitary sewer lines. He requested approval to finish review and provide recommendations for the rehabilitation of the sanitary sewer lines and noted that he would include repairs noted from the previous televising phases in the design. Mr. Hughes also noted that the construction is still ongoing for the Homewood Suites and there is no additional information to report. Mr. Hughes next presented the contract from Panarama for the generator building and the building for storage of the chemicals and materials at Water Plant No. 1. He requested execution of the contract by the Board President.

Mr. Hughes next stated that Landev completed the utility feasibility study for a 5.85-acre tract located at 11915 Windfern Road owned by the Elizabeth Svabic 2012 Trust (Armadillo Glass). He noted the utility capacity and connections that are needed and stated that he obtained the list of businesses that would be opened at the location. Brief discussion ensued regarding the future businesses. Mr. Roach also noted that RMPLLC prepared and sent an annexation deposit request letter to the Elizabeth Svabic 2012 Trust (Armadillo Glass) and was awaiting a response.

Upon further discussion and a motion by Director Allen, seconded by Director Austin, the Board voted unanimously to: (1) approve the Engineer's Report; (2) authorize Landev to finish the review of the sanitary sewer rehabilitation project and provide recommendations; and (3) approve execution of the contract with Panarama for the generator building and the building for storage of the chemicals and materials at Water Plant No. 1, subject to verification and review of the construction contract, payment & performance bonds, and insurance requirements by RMPLLC

Michael Murr entered the meeting during the Engineer's Report.

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

Mr. Murr presented the oral Park Rangers report to the Board. He noted that he had ordered the repair parts for the exercise equipment and the picnic table. He stated that he attempted to glue the broken piece on the table, but was unsuccessful. He also noted that the bronze plaque had tarnished but it might be under a lifetime warranty and that he will apply a clear coat to the plaque. He then noted that he will also work with the contractor at the Park to clean up the area and subsequently take over the routine mowing/maintenance.

OPERATIONS AND MAINTENANCE REPORT

Mr. Martin presented and reviewed with the Board the operations report, a copy of which is attached as Exhibit F. Mr. Martin noted that West Harris County Municipal Utility District No. 21

("WHCMUD21") is giving water to Northwest Park Municipal Utility District ("NWPMUD") through an interconnect. Discussion ensued regarding the false usage readings from water well no. 2 (apparently due to air in line). Mr. Martin stated that MOC is in contact with North Harris County Regional Water Authority ("NHCRWA") to request a refund of the NHCRWA fees associated with the false readings. Mr. Martin also suggested installing a meter to obtain accurate reads with WHCMUD21. Mr. Roach then discussed the information that was requested from, versus that actually received from, WHCMUD21 and related issues regarding the emergency interconnect agreement. The Board asked to consider the matter further at its next meeting.

Mr. Martin again noted that the repairs to the DCT pond are mostly complete but there are also two (2) sinkholes that have not yet been repaired. Discussion ensued regarding the cause of the sinkholes. Mr. Martin then reported on Lift Station No. 1. He noted that it was reset due to slow pumping. He stated that the pump maintenance crew was contacted and they had to clean out of the pump and remove it. Mr. Martin stated that the ears on the pump were replaced and the second pump was reset. He also noted that he requested cost estimates for replacement pumps and will research what additional repairs will be needed.

Mr. Martin then reviewed the uncollectible accounts and the cutoff list with the Board. After no further questions or discussion, Director Allen then made a motion to approve the Operator's Report including movement of the accounts to uncollectible roll and action on the cutoff list. Director Norris seconded the motion, which passed unanimously.

DISCUSS PARTICIPATION IN WATER WISE PROGRAM WITH HARRIS-GALVESTON SUBSIDENCE DISTRICT

Mr. Roach reviewed the water wise program requirements with the Board, the District's history of participation in the program, and the Interlocal Agreement with the Harris-Galveston Subsidence District for continued participation. He noted that the price per student had increased to $36.46. After brief discussion, Director Norris made a motion to approve participation in the water wise program and to execute the Interlocal Agreement. Said motion was seconded by Director Owen and passed unanimously.

DIRECTOR'S REPORTS

Director Owen provided an oral update from her attendance at the recent NHCRWA meeting. There were no major issues to report.

ATTORNEY'S REPORT

Mr. Roach noted that RMPLLC has introduced a new electronic signature ("E-Sign") program through DocuSign. He noted that another District will serve as the test District and an E-Sign policy will follow in the next few months for the Board to review. Mr. Roach then noted that RMPLLC will provide an update on the legislative session soon now that the special session ended (one day early).

EXECUTIVE SESSION

The Board did not enter executive session during this meeting.

FUTURE AGENDA ITEMS AND PENDING BUSINESS

Director Allen asked if the District's new water/sewer rate structure had been introduced to the residents. Mr. Martin confirmed that the new rates were introduced, and a brief discussion ensued regarding a near-term analysis (3-6 months) of the rates/revenues and the subsequent management of same in light of the potential impact on revenues, the District's budget, and the possible additional future changes to complete the remaining 2/3 revision per the study from Superior Management. Mr. Martin volunteered MOC to perform the initial analysis.

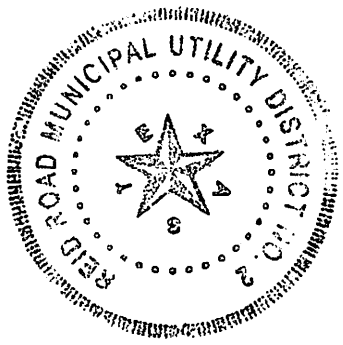
Mr. Roach next noted that the District website is not live yet, but that the Directors can view the webpages. He stated that the website would go live after OffCinco receives all the necessary documents. Mr. Roach also noted that the No. 1 Board had amended their Industrial Waste Order due to the recent issues with Sunny Sky Products and that the Board should consider a similar amendment to reflect the same changes. The Board then reminded the consultants that they no longer need to provide hard copies of the consultant reports at the meetings (other than 1 original for RMPLLC to retain with the District's records).

ADJOURNMENT

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