

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors October 18, 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 October 18, 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 for Director Phillips, who arrived later in the meeting, 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 ("RR1") 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"); Bill Russell of Myrtle Cruz, Inc. ("Myrtle"); Deputy Martinez and Deputy Blackledge of Harris County Constable Pct. 4 ("HCCP4"); Frank Mitchell and Jonathan Roach of Roach & Mitchell, PLLC ("RMPLLC"); Bob DeForest of KGA DeForest Design, LLC ("KGA"); Michael Murr of Park Rangers, LLC ("Park Rangers"), who arrived later in the meeting; and Danielle Lively of Harvest Bend–The Village Homeowners Association ("HBVHOA")

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 discussed the mercury level issue with the Board and noted that they located the source at a dentist office in RR1. He noted that a sample was taken at that location which tested higher than the permitted mercury levels. He also suggested that both Districts Industrial Waste Orders be amended to reflect the new permitted mercury levels. Mr. Montgomery then noted that the FEMA claim from Hurricane Harvey for the JSTP is still being processed. After no questions, the No. 1 Board approved the operations and maintenance report for the JSTP. Director Allen then moved that the Board accept the JSTP operations and maintenance report. Director Austin seconded said motion, which carried unanimously.

BOOKKEEPING REPORT AND INVOICES (JSTP)

Mr. Russell presented the bookkeeper's report for the JSTP, a copy of which is attached hereto as Exhibit B. Director Brengel asked a question regarding the MOC invoice. Mr. Montgomery responded. 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 Norris seconded said motion, which carried unanimously.

ENGINEERING REPORT (JSTP)

Mr. Hughes presented the Engineer's Report for the JSTP. He presented Pay Estimate No. 1 in the amount of \$135,633.96 payable to B5 Construction for certain JSTP improvements. He also noted that there was no update regarding the Lakeside Club permit.

JOINT CONSTABLE PATROL REPORT

Deputy Martinez gave the joint patrol report and noted the service calls to which they had responded.

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

Director Phillips and Mr. Murr entered the meeting during the Joint Constable Patrol Report.

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of the September 20, 2017 regular meeting. Director Allen noted a correction to the Operation's Report section. Upon motion by Director Norris, seconded by Director Allen, the Board voted unanimously to approve the minutes of the September 20, 2017 regular meeting, as amended.

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

Mr. DeForest presented the KGA written report, a copy of which is attached hereto as Exhibit C. He noted that the final walkthrough was completed on September 14, 2017 and that there is one punch list item remaining. He also noted that the Park was turned over to the District on October 1, 2017 for maintenance.

Mr. Murr next presented the Landscape Management Report, a copy of which is attached hereto as Exhibit D. He noted that the plastic slats were installed on the exercise equipment and picnic table. He next discussed the rye grass and requested approval for seeding. Upon motion by Director Phillips, seconded by Director Austin, the Board voted unanimously to approve the seeding for the rye grass.

Mr. Murr and Mr. DeForest exited the meeting at this time.

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

The President recognized Ms. Lively, who addressed the Board and noted the improvements that are being made by the HBVHOA. She requested financial assistance from the District for certain playground improvements. After discussion, the Board requested that the HOA obtain additional bids and then the Board will revisit the matter at the November or a subsequent meeting.

Ms. Lively exited the meeting at this time.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the disturbances within the District for the month of September. After no questions, the Board thanked the officers for their continued service to the District.

PUBLIC HEARING ON 2017 TAX RATE

Mr. Roach reminded the Board of the tax rate recommendation provided by the financial advisor for the District and approved by the Board last month, and he confirmed that notice of the public hearing regarding the proposed 2017 tax rate had been published as required by law. The Board then opened the public hearing regarding the proposed 2017 tax rate. No members of the public were present; therefore, the public hearing was closed.

LEVY TAX RATE AND ADOPT ORDER EVIDENCING SAME

Mr. Roach presented to the Board for review the Order Levying Taxes for 2017, a copy of which is attached hereto as Exhibit E. He noted that the total tax rate of \$0.35 on each \$100 of assessed valuation of taxable property within the District is comprised of \$0.15 for debt service and \$0.20 for operation, maintenance and administrative expenses of the District and other purposes as allowed by law. Director Austin then moved to adopt the Order levying the \$0.35 tax rate for 2017 as previously described. Director Phillips seconded the motion, which carried unanimously.

AMENDMENT TO DISTRICT INFORMATION FORM

Mr. Roach noted that the District is required to prepare and file an amendment to the District Information Form reflecting the new tax rate and that each Director present at the meeting is required to execute same. Director Norris then made a motion to approve the amendment to and filing of the District Information Form to reflect the aforementioned levied tax rate. Director Phillips seconded the motion, which carried unanimously.

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 F. She noted that at the end of August, the District was approximately 99.7% 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 Norris

made a motion, which was seconded by Director Allen, and passed unanimously, to approve the tax assessor-collector report and payment of checks reflected therein.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mrs. Sullivan next presented the Delinquent Tax Collections Attorney Report, noting that there are two (2) accounts that meet the requirements for termination of water services. Director Allen made a motion to terminate the water services for both accounts, subject to verification that the accounts are held by non-renters. Director Austin seconded the motion, which carried unanimously.

REVIEW STATUS OF DISTRICT WEBSITE, DIRECTOR E-MAIL ADDRESSES AND RELATED IT MATTERS

Mr. Roach inquired if the Directors are using their new email addresses and if there were any issues or concerns regarding same or the final District website. He also noted that he would begin communication with the Directors through their District email addresses.

Mrs. Sullivan exited the meeting at this time.

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 G**. He also presented the annual electricity usage report to the Board. He next requested approval for payment of the Storm Water Solutions permit inspection and renewal invoice in the amount of \$1,100. After brief discussion, Director Norris moved to approve the bookkeeper's report, payment of invoices, and payment of \$1,100 for the Storm Water Solutions permit invoice. Director Owen seconded the motion, which carried unanimously.

REVIEW INVESTMENT POLICY

Mr. Roach requested that this item be deferred. He reviewed the legislative changes related to the Investment Policy with the Board and stated that RMPLLC is working on revising the policies.

STATUS OF SERIES 2017 BONDS (ISSUE NO. 7) AND RELATED MATTERS, INCLUDING APPROVAL OF UPDATED ORDER AUTHORIZING APPLICATION TO TCEQ

Mr. Roach provided an update on the status of the Series 2017 bond application. He then presented and reviewed the documents that required signatures and noted that these documents would be submitted to the TCEQ as part of the bond application report. After discussion, Director Austin made a motion to: (1) accept the Liberty Property utility facility conveyance; and (2) authorize execution of the documents required for completion of the bond application report; and. Director Allen seconded the motion, which carried unanimously.

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

This item was discussed with the Series 2017 bonds item (above).

ENGINEERING REPORT

Mr. Hughes presented to the Board a written engineering report, a copy of which is attached as Exhibit H. Mr. Hughes stated that he has begun design of the sanitary sewer rehabilitation project based on the evaluation of the televising. Mr. Hughes next noted that he is still reviewing the final bond application report. Mr. Hughes also provided an update on the Homewood Suites construction, stating that the construction is ongoing and that the contractual completion date is April 2018. He then reported that he received a request for a feasibility study from Williams Dove, LLC to develop a retail tract. He stated that the tract is located behind the Homewood Suites development and faces Beltway 8. He noted that they are requesting 25 equivalent connections for the development. Mr. Hughes stated that he referred them to RMPLLC to discuss the feasibility study request, and Mr. Roach advised that he had not been contacted by the developer as of today's date.

OPERATIONS AND MAINTENANCE REPORT

Mr. Martin presented and reviewed with the Board the operations report, a copy of which is attached as Exhibit I. Mr. Martin noted that West Harris County Municipal Utility District No. 21 ("WHCMUD21") took water again via the interconnect with the District during the month and ceased taking water on October 17, 2017. He next noted that all of the repairs were made at the DCT pond and that MOC will begin seeding with rye grass. He also noted that the stainless-steel manhole inflow preventers are on back order. The Board next discussed amending the Industrial Waste Order as noted during the JSTP Operations Report. Mr. Martin then presented the uncollectible list to the Board. After no further questions or discussion, Director Austin made a motion to approve the Operator's Report, including movement of accounts to the uncollectible roll and/or action on the cutoff list, and amend the District's Industrial Waste Order as discussed. Director Phillips seconded the motion, which passed unanimously.

DIRECTOR'S REPORTS

Mr. Roach distributed to the Board the latest print version of the North Harris County Regional Water Authority quarterly magazine.

There were no additional reports.

ATTORNEY'S REPORT

Mr. Roach noted he had nothing further of a legal nature to discuss with the Board.

EXECUTIVE SESSION

The Board did not enter executive session during this meeting.

FUTURE AGENDA ITEMS AND PENDING BUSINESS

Mr. Roach reminded the Board and the consultants of the advisors appreciation event on December 20, 2017.

ADJOURNMENT

After no further discussion, upon motion made by Director Norris, seconded by Director Phillips 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	KGA Report
Exhibit D	Landscape Management Report
Exhibit E	Order Levying Taxes for 2017
Exhibit F	Tax Assessor/Collector Report
Exhibit G	Bookkeeper's Report
Exhibit H	Engineer's Report
Exhibit I	O&M Report