

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors November 15, 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 November 15, 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 Norris, 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"); Sergeant Curry, Deputy Martinez, Deputy Lee, and Deputy Blackledge of Harris County Constable Pct. 4 ("HCCP4"); Frank Mitchell and Shaila Shah of Roach & Mitchell, PLLC ("RMPLLC"); Bob DeForest of KGA DeForest Design, LLC ("KGA"); and Michael Murr of Park Rangers, LLC ("Park Rangers"), who arrived later in the meeting;

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 the samples taken within the last two months were within the acceptable permit limits. Discussion ensued regarding the sampling and the likely source of the matter as a dentist office with RR1. Mr. Montgomery then discussed the Texas Commission on Environmental Quality ("TCEQ") review process if the mercury levels had remained elevated in additional months. After no questions, the No. 1 Board approved the JSTP operations and maintenance report. 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 Bookkeeping Report for the JSTP, 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 Austin seconded said motion, which carried unanimously.

ENGINEERING REPORT (JSTP)

Mr. Hughes presented the Engineering Report for the JSTP. He noted that there were no pay estimates from B5 Construction for the ongoing JSTP improvements and he then provided an update on the various ongoing projects. The No. 1 Board approved the Engineer Report. Director Allen then made a motion to approve the Engineer's Report. Director Austin seconded said motion, which carried unanimously.

JOINT CONSTABLE PATROL REPORT

Deputy Martinez gave the Joint Constable Patrol Report and noted the service calls to which they had responded during the month. Deputy Martinez also noted that Deputy Gay from HCCP4 was shot during a response to a service call. He noted that Deputy Gay is in rehabilitation and recovering.

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

Mr. Murr entered the meeting at this time.

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of the October 18, 2017 regular meeting. Upon motion by Director Austin, seconded by Director Allen, the Board voted unanimously to approve the minutes of the October 18, 2017 regular meeting, as amended.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the disturbances within the District for the month of October. He then addressed the shooting of Deputy Gay, stating the Deputy was addressing a domestic disturbance call in Harvest Bend—The Meadows when he was shot. Deputy Blackledge also noted that there will be a benefit in Deputy Gay's honor on December 6, 2017.

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 August, the District was approximately 99.8% 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, a copy of which is attached hereto as Exhibit D. After no questions, Director Austin 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 stated that there was no delinquent tax collections attorney report 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 presented his recommendations for investing in Certificates of Deposits ("CDs") at Plains State Bank for one (1) year at an interest rate of 1.20%. He next presented two (2) additional checks to Park Rangers and the Reid Road Sewer Treatment Plant account, and noted that the checks would be reflected on next month's report. Mr. Banos then noted that two (2) Directors had registered for the AWBD mid-winter conference. After no questions, Director Phillips moved to approve the Bookkeeper's Report, payment of invoices, and investment of the CD as recommended. Director Owen seconded the motion, which carried unanimously.

REVIEW INVESTMENT POLICY

This item was deferred.

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

There was no discussion.

STATUS OF SERIES 2017 BONDS ("Bonds") AND RELATED MATTERS, INCLUDING APPROVAL OF UPDATED ORDER AUTHORIZING APPLICATION TO TCEQ

Mr. Mitchell noted that RMPLLC is currently obtaining the remaining information needed from the developers for the Bonds.

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

This item was deferred.

ENGINEERING REPORT

Mr. Hughes presented to the Board a written Engineering Report, a copy of which is attached as **Exhibit F**. Mr. Hughes stated that he has begun design of the sanitary sewer rehabilitation project based on the evaluation of the televising results. Mr. Hughes next noted that he is still reviewing the final bond application report with some necessary updated documents, and it will be submitted to the TCEQ once all items are obtained. Mr. Hughes also provided an update on the Homewood Suites construction, stating that it is ongoing and the contract completion date is in April 2018. He then reported that Panorama

Construction mobilized at the water plant site on November 6, 2017 for the construction of the generator and storage building. Mr. Mitchell also stated that Williams Dove had not contacted RMPLLC to discuss the possible annexation into the District. After no questions, Director Austin made a motion to approve the Engineering Report. Director Phillips seconded said motion, which carried unanimously.

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 G. He noted that the deck coating will be installed on the concrete pavilion pad on November 18, 2017 and the final inspection will follow the week of November 20, 2017. He also stated that the final pay application will be held until after the inspection.

Mr. Murr next presented the Landscape Management Report, a copy of which is attached hereto as Exhibit H. He noted that there are no issues at the Park. He next noted that most of the plant materials are doing well after the construction, but a few have died. He also noted that the rye grass was planted but, due to the heat, is growing slowly. Mr. Murr then noted that there was a leak in the fountain, which will be repaired. Mr. Murr recommended that the Board consider trimming the trees in the Park and stated that he would prepare a cost estimate to present at the next meeting.

OPERATIONS AND MAINTENANCE REPORT

Mr. Martin presented and reviewed with the Board the Operations and Maintenance Report, a copy of which is attached as Exhibit I. Mr. Martin presented the uncollectible list and the cut-off list to the Board. Mr. Martin also provided an update regarding West Harris County Municipal Utility District No. 21 ("WHCMUD21") and noted that they should cease taking water via the interconnect with the District by December 1, 2017. He noted that the total amount of water used by WHCMUD21 during this cycle will be approximately nine (9) million gallons and that he will make sure that the District receives full payment. Discussion ensued. Mr. Martin next discussed the Water Smart program with the Board.

Mr. Mitchell inquired about the impact of the recently amended lower base minimum rates and corresponding rate revisions in the Rate Order. Mr. Martin noted that he had not conducted an analysis yet. Discussion also ensued regarding the allowance that was given on the water bills after Hurricane Harvey, and Mr. Martin discussed the effect of same.

After no further questions or discussion, Director Allen made a motion to approve the Operation and Maintenance Report, including movement of accounts to the uncollectible roll and/or action on the cutoff list and participation in the Water Smart program. Director Owen seconded the motion, which passed unanimously.

Ms. Sullivan exited the meeting during the Operations and Maintenance Report.

DIRECTOR'S REPORTS

Director Owen noted that she attended the recent North Harris County Regional Water Authority ("NHCRWA") monthly meeting. She noted that NHCRWA would be offering a budget planning workshop on November 20, 2017 to review and discuss the upcoming NHCRWA fiscal year budget. She

also noted that there would be a public hearing on December 4, 2017 for the proposed groundwater and surface water fee increases. She then stated that the December agenda for the NHCRWA would include an item on a handgun policy. Brief discussion ensued and Mr. Mitchell noted that the District does not need a separate policy, as current state law outlines what is permitted on District property. Mr. Mitchell did note, however, that the signage at the RR1 meeting building regarding handguns still needs to be updated.

ATTORNEY'S REPORT

Mr. Mitchell presented the Attorney's Report and explained the need for the District to file an annual eminent domain report with the State Comptroller and the penalties associated with failure to do so. Director Austin then moved to authorize the annual eminent domain filing with the State Comptroller. Director Allen seconded said motion, which passed unanimously.

EXECUTIVE SESSION

The Board did not enter executive session during this meeting.

FUTURE AGENDA ITEMS AND PENDING BUSINESS

Director Allen confirmed the advisors appreciation event for December 20, 2017 and requested a total number of attendees.

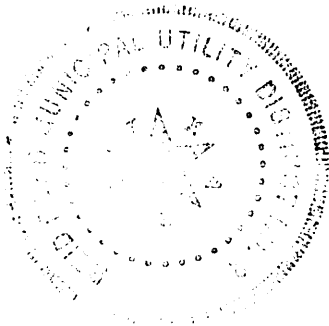
Mr. Deforest next presented the Certificate of Substantial Completion with punch list items or the Park ("Certificate") and requested execution by the Board President. Director Phillips made a motion to approve execution of the Certificate. Director Austin seconded said motion, which carried unanimously.

ADJOURNMENT

After no further discussion, upon motion made by Director Austin, 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	Tax Assessor/Collector Report
Exhibit D	SPA Report
Exhibit E	Bookkeeper's Report
Exhibit F	Engineer's Report
Exhibit G	KGA Report
Exhibit H	Landscape Management Report
Exhibit I	O&M Report