

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors January 17, 2018

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 January 17, 2018, 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 Owen, 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"); Deputy Blackledge, Deputy Ener, and Deputy Martinez of Harris County Constable Pct. 4 ("HCCP4"); and Jonathan Roach and Frank Mitchell of Roach & Mitchell, PLLC ("RMPLLC").

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**. He noted that the drum screen was taken down in order to remove the debris buildup. Mr. Montgomery also noted that the mercury levels were within the accepted range again for the month. He then stated that MOC is still collecting higher than normal mercury samples in the wastewater discharge from the dentist office in RR1 and that MOC informed the owner that he will be subject to a fine if the high levels continue. After no questions, the No. 1 Board approved the JSTP operations and maintenance report. Director Norris 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)

No representative from the bookkeeper was present but it was noted that the report was previously distributed and the No. 1 Board then unanimously approved same.

ENGINEERING REPORT (JSTP)

Mr. Hughes presented the Engineering Report for the JSTP. He provided updates regarding the JSTP improvements construction project and presented Pay Estimate No. 2 from B5 Construction in the amount of \$218,982. After no questions, the No. 1 Board approved the Engineer Report and payment of Pay Estimate No. 2. Director Allen then made a motion to approve the Engineer's Report. Director Norris seconded said motion, which carried unanimously.

JOINT CONSTABLE PATROL REPORT

Deputy Ener gave the Joint Constable Patrol Report and noted the service calls to which they had responded during the month. He noted that there were no major incidents to report.

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

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of the December 20, 2017 regular meeting. After no questions, Director Norris moved to approve the minutes of the December 20, 2017 regular meeting. Director Austin seconded said motion, which carried unanimously.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report of the disturbances within the District for the month of December. He noted that there were no major incidents to report.

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

Director Norris reported that the HOA is gathering quotes, and they requested to defer any action at this time.

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 B. She noted that at the end of December, the District was approximately 5.2% collected for 2017 taxes. Mrs. Sullivan then presented several checks for the Board's review. After no questions, Director Phillips 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.

RESOLUTION GRANTING EXEMPTIONS FROM TAXATION FOR 2018

Mr. Roach presented the Resolution Granting Exemptions from Taxation for 2018 ("Resolution"), a copy of which is attached as Exhibit C. He explained the exemptions from taxation by the District as set forth in the Texas Tax Code, and noted the prior years' exemptions adopted by the Board. After discussion, Director Austin moved to adopt a Resolution to include a \$35,000 exemption for individuals who are 65 years of age and older or who are under a disability pursuant to applicable federal statutes and to provide

a general homestead exemption of twenty percent (20%). Director Norris seconded said motion, which carried unanimously.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES FOR 2018

Mr. Roach presented the Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes for 2018, a copy of which is attached as **Exhibit D**. He noted that pursuant to applicable sections of the Texas Tax Code the District can levy an additional penalty of up to twenty percent (20%) to cover the costs of collections on any delinquent personal property tax accounts as of February 1st each year. After discussion, Director Austin moved to adopt a Resolution authorizing the additional penalty on delinquent personal property taxes per the Tax Code. Director Norris seconded said motion, which passed unanimously.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mrs. Sullivan presented the Delinquent Tax Collections Attorney Report and noted that there was no action required 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 recommendation to invest in a Certificate of Deposits ("CD") at Third Coast Bank for one (1) year. After no questions, Director Phillips moved to approve the Bookkeeper's Report, payment of invoices, and investment of the CD at Third Coast Bank, as recommended. Director Norris seconded the motion, which carried unanimously.

REVIEW INVESTMENT POLICY

This item was deferred.

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

There were no updates to report.

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

Mr. Roach noted that he received the Declaration of Administrative Completeness letter from the Texas Commission on Environmental Quality for the pending bond application and that their technical review process should begin soon.

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

Mr. Roach noted that John Peltier had requested to meet with RMPLLC and Mr. Hughes to discuss the annexation and development processes.

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 the design plans of the sanitary sewer rehabilitation project have been submitted to Harris County and the City of Houston for review. Mr. Hughes also provided an update on the Homewood Suites construction, stating that it is ongoing and the contract completion date is scheduled for April 2018. He then presented Pay Estimate No. 2 from Panorama Construction in the amount of \$31,905 for the construction of the generator and storage building. He noted that the small generator building is complete and the electrical conduits and walk-in-door have been installed. After no questions, Director Allen made a motion to approve the Engineer's Report and Pay Estimate No. 2 to Panorama Construction. Director Norris seconded said motion, which carried unanimously.

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 G**. He noted that one leak was repaired in the District within the month of December. Mr. Martin then presented the uncollectible list and the cut-off list to the Board. After no questions, Director Norris made a motion to approve the operations report including movement of accounts to the uncollectible roll and/or action on the cutoff list. Director Phillips seconded said motion, which carried unanimously.

DIRECTOR'S REPORTS

There were no reports presented.

AUTHORIZE SOLICITATION OF BIDS FOR INSURANCE POLICIES

Mr. Roach noted that the District's current insurance policies through AquaSurance will expire on March 31, 2018. He noted that the Board solicited proposals in 2016 from AquaSurance, HARCO Insurance Services, and Arthur J. Gallagher. The Board concurred to request a renewal insurance proposal from AquaSurance.

ATTORNEY'S REPORT

Mr. Roach noted that RMPLLC is preparing an electronic records/signatures policy to present to the Board at an upcoming meeting. He next noted that the 2018 Master Calendar was updated and posted for Board review and requested that they review same as an outline of pertinent matters and dates for legal issues to be addressed throughout the year.

2018 DIRECTORS ELECTION MATTERS

Mr. Roach noted the important election dates and then reviewed the supplemental election agenda to the Board.

ORDER CALLING DIRECTORS ELECTION

Mr. Roach presented the Order Calling Directors Election ("Order") to the Board, a copy of which is attached as **Exhibit H**. Mr. Roach noted the relevant information and the Directors up for re-election. After discussion, upon motion by Director Austin and a second by Director Phillips, the Board voted unanimously to adopt the Order.

APPOINTMENT OF ELECTION AGENT

Mr. Roach next reviewed with the Board the role of the election agent and noted that the Board could appoint Ms. Shaila Sreedharan of RMPLLC as the 2018 Directors Election agent. Upon motion by Director Norris, seconded by Director Austin, the Board voted unanimously to appoint Shaila Sreedharan of RMPLLC as the election agent.

ELECTION OFFICIAL COMPENSATION

Mr. Roach then noted that as part of the Order, the Board is required to appoint election officials to assist with early voting and election day voting, and he advised that the Board is required to compensate those officials in an amount at least equal to the federal minimum wage. Upon motion by Director Allen, seconded by Director Norris, the Board voted unanimously to approve payment of \$15 per hour worked for the election officials.

EXECUTIVE SESSION

The Board did not enter executive session during this meeting.

FUTURE AGENDA ITEMS AND PENDING BUSINESS

There was no discussion.

ADJOURNMENT

After no further discussion, upon motion made by Director Norris, seconded by Director Austin and unanimously carried, the Board adjourned the meeting.

Approved on March 21, 2018

(SEAL)


Secretary, Board of Directors

LIST OF ATTACHMENTS

Exhibit A	O&M Report for JSTP
Exhibit B	Tax Assessor/Collector Report
Exhibit C	Resolution Granting Exemptions from Taxation for 2018
Exhibit D	Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes for 2018
Exhibit E	Bookkeeper's Report
Exhibit F	Engineering Report
Exhibit G	Operations and Maintenance Report
Exhibit H	Order Calling Directors Election