

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors
January 16, 2019

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 16, 2019, 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

all of said members were present, except for Director Allen and Director Phillips who arrived later in the meeting.

Also present were Pat Cieslewitz, Carla Christensen, Bob Brengel, Gilbert De La Cruz, and Robert Sumpter of the Reid Road Municipal Utility District No. 1 Board of Directors (the "No. 1 Board"); Vickey Sullivan of Equi-Tax Inc. ("Equi-Tax"); Robin Goin of Bob Leared Interests; Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"); Lenny Hardoin of Champions Hydro-Lawn ("Champions"); Debbie Shelton of Masterson Advisors, LLC ("Masterson"); Erin Garcia of Myrtle Cruz, Inc. ("MCI"); Scott Blissett and Julian Garza Jr. of Landev Engineers, Inc. ("Landev"); Jim Murdaugh of Smith, Murdaugh, Little & Bonham, L.L.P. ("SMLB"); Deputy Martinez and Deputy Blackledge of Harris County Constable Pct. 4 ("HCC4"); Jonathan Roach and Joshua Zientek of Roach & Mitchell, PLLC ("RMPLLC"); Michael Murr (late) of Park Rangers, LLC ("Park Rangers"); and Susan Norris, a resident of the District.

The Board Vice President noted that a quorum was not yet present at the meeting.

OPERATIONS AND MAINTENANCE REPORT FOR JOINT SEWAGE TREATMENT PLANT ("JSTP")

Mr. Martin presented and reviewed the operations and maintenance report for the JSTP, a copy of which is attached hereto as **Exhibit A**. Director Brengel inquired about rainwater going into the system and which lift station is handling the extra capacity. Mr. Martin responded that a historical report could be completed, and he can report back with an answer. After no questions, the No. 1 Board approved the Operations and Maintenance Report for the JSTP.

BOOKKEEPING REPORT AND INVOICES (JSTP)

Ms. Garcia presented and reviewed the bookkeeping report, a copy of which is attached hereto as **Exhibit B**. Additionally, she presented the draft budget for the No. 1 Board to review. After no questions, the No. 1 Board approved the Bookkeeper's Report for the JSTP, including payment of the checks presented therein.

ENGINEERING REPORT (JSTP)

Mr. Blissett presented the Engineering Report for the JSTP and joint facilities. He reported that there are issues with the control panels and they will be monitoring the panels until the panels can be calibrated. He noted that if the calibration does not fix the control panel, then the air diffusers may need to be cleaned. Mr. Blissett reported that they will be troubleshooting over the next week. Director Brengel discussed the possibility of litigation against the contractor for the extra costs associated with delays in completion of the JSTP project and requested that SMLB consider litigation. Mr. Murdaugh stated that they would request more information. After no additional questions, the No. 1 Board approved the Engineering Report for the JSTP and joint facilities and the final pay estimate for the JSTP.

Director Phillips arrived during the Engineer's Report, thus creating a quorum.

JOINT CONSTABLE PATROL REPORT

Deputy Martinez gave the Joint Constable Patrol Report and reviewed incidents which occurred in the District. The Board took no action at this time.

STATUS OF EFFLUENT RE-USE AGREEMENT, PERMIT, AND RELATED APPLICATION TO THE TCEQ (WITH THE LAKESIDE CLUB)

Mr. Roach noted that there is no update at this time.

Mr. Murr and Director Allen entered the meeting at this time.

MISCELLANEOUS

Mr. Roach noted that with a quorum now present, the Board needed to approve the JSTP matters. Director Austin then moved that the Board accept the Operations and Maintenance Report, the Bookkeeping Report including the checks presented therein, and the Engineering Report for the JSTP. Director Phillips seconded said motion, which carried unanimously.

APPROVE PREVIOUS MINUTES

The Board considered approving the minutes of the December 19, 2018 regular meeting and December 12, 2018 special meeting. After no questions, Director Austin moved to approve the minutes of the December 20, 2018 regular meeting and December 12, 2018 special meeting. Director Owen seconded said motion, which carried unanimously.

CONSTABLE PATROL REPORT

Deputy Blackledge provided an oral report and reviewed incidents which occurred in the District for the month of December. The Board took no action at this time.

UPDATE ON HARVEST BEND-THE VILLAGE HOMEOWNER'S ASSOCIATION ("HBVHOA") FOR PARK/PLAYGROUND REHABILITATION/UPGRADE

Mr. Roach presented an update on HBVHOA's request for assistance for their park/playground rehabilitation/upgrade project. He reported that the delinquent taxes had been paid through foreclosure proceedings by Bank of America. He also advised that HBVHOA had previously provided a fully executed original of the corresponding agreement with the District. After discussion, Director Austin made a motion, seconded by Director Owen, to release the check for \$25,000 previously approved for HBVHOA's park/playground rehabilitation/upgrade project after the payment of taxes is confirmed. The motion passed 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 C. Ms. Sullivan next presented the Strategic Partnership Agreement ("SPA") report. Upon no further discussion and a motion by Director Phillips, seconded by Director Austin, the Board voted unanimously to approve the Tax Assessor-Collector Report, including payment of checks contained therein.

DELINQUENT TAX COLLECTIONS ATTORNEY REPORT

Mrs. Sullivan presented the Delinquent Tax Collections Attorney Report and noted that there was no action required this month.

RESOLUTION GRANTING EXEMPTIONS FROM TAXATION FOR 2019

Mr. Roach presented the Resolution Granting Exemptions from Taxation for 2019, a copy of which is attached as Exhibit D. After discussion with Ms. Shelton, she recommended maintaining the prior years' exemptions adopted by the Board. Director Austin then moved, seconded by Director Allen, to maintain the prior years' exemptions and approve the Resolution. The motion passed unanimously.

RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT PERSONAL PROPERTY TAXES FOR 2019

Mr. Roach presented the Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes for 2019, a copy of which is attached as Exhibit E. 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, seconded by Director Phillips, moved to adopt a Resolution Authorizing the Additional Penalty on Delinquent Personal Property Taxes for 2019. The motion passed unanimously.

STATUS OF FINAL AUDIT AND EXECUTION OF DEVELOPER RECEIPTS

Mr. Roach reported that all the developers, except Liberty Property LP ("Liberty") who is still reviewing its receipt for reimbursement, have signed off on their Receipts for reimbursement

form the Series 2018 Bonds. Mr. Roach stated that remaining proceeds may be considered surplus construction funds and could be used as part of the additional reimbursement amount discussed at the recent special meeting.

REVIEW OF OPTIONS FOR POSSIBLE SERIES 2019 REFUNDING BONDS

Mrs. Shelton explained various matters to the Board related to a possible issuance of refunding bonds and presented schedules detailing the costs, savings to the District and related financial considerations. The Board discussed at length and after questions, Director Austin moved, seconded by Director Phillips, to authorize Masterson and RMPLLC to prepare a request to Standard and Poor's ("S&P") for a rating of the District and other action as necessary to proceed with preparation of the refunding bond documentation for review at the next Board meeting. The motion passed unanimously.

Deputy Blackledge and Ms. Sullivan exited the meeting at this time.

BOOKKEEPER'S REPORT

Mr. LaConti presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit F**. Mr. LaConti reported that the Third Coast Bank CD is maturing, and he recommended splitting the Third Coast Bank CD account by having \$100,000 deposited in Business Bank of Texas at a rate of 2.75%, and \$140,000 in Bankcorp South Bank at a rate of 2.75% for one (1) year. After no questions, Director Allen moved, seconded by Director Austin, to approve the Bookkeeper's Report including checks listed therein and to invest the proceeds of the Third Coast Bank CD by splitting it into two accounts as discussed. The motion passed unanimously.

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

Mr. Roach stated there is nothing new to report on Peltier Windfern, L.L.C. ("Peltier") or G.L. Machine Works ("G.L.") at this time.

ENGINEERING REPORT

Mr. Garza presented to the Board a written Engineering Report, a copy of which is attached as **Exhibit G**. He provided an update on the Stream-Flo Industries Ltd. ("Stream-Flo") capacity request and advised that Stream-Flo is not ready to proceed with development at this time but there is capacity available to support them currently. Mr. Roach advised that the previously approved Third Amendment to the agreement with Stream-Flo is ready for Director Allen's signature. Mr. Garza next reported on a sinkhole within the District, noting that Landev is reviewing CCTV tapes to determine which course of action to take, if any. There were no questions and the Board took no action at this time.

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 H. He noted that two (2) leaks were repaired in the District within the month of December. Mr. Martin reported there are two (2) uncollectible accounts and then presented the cut-off list to the Board. Next, he explained the painting process for the fire hydrants and indicated that he will provide the date that the hydrants were last painted at the next scheduled meeting. Discussion ensued regarding the Homewood Suites hotel that was built in the District and their request that MOC complete a notarized letter indicating no balance was owed. Mr. Martin stated that he would like RMPLLC to review same before completing it and the Board concurred, subject to back-charging the hotel for all District-incurred costs associated with same. Director Allen asked for an update on water usage by West Harris County Municipal Utility District No. 21 ("WHCMUD 21"), and Mr. Martin explained that there is a dispute about how much water has been used since no water meter is currently in place. Mr. Roach stated that after the interconnect agreement expires later during 2019 then the District could potentially stop providing WHCMUD 21 water is an amendment requiring a meter is not agreeable to WHCMUD21. After no further discussion, Director Allen moved, seconded by Director Austin, to approve the operations report including movement of accounts to the uncollectible roll and the cutoff list. The motion passed unanimously.

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

Mr. Murr reported on the status of park management and maintenance. He stated that any piping which is at risk of freezing has been insulated and more caps were ordered to replace those that were falling off the exercise equipment. There was discussion regarding the recycled plastic on the picnic tables breaking, and Mr. Murr responded that he knows a woodworker who can make molds and attach them in order to fix the tables. He next advised that he will report on some options for plant replacement in the spring. Director Owen then reported there was a man on an all-terrain vehicle driving on the park trail and suggested putting bollards at the front entrance to prevent this in the future. The Board requested that Mr. Murr prepare a cost estimate for the bollards.

DIRECTOR'S REPORTS

Ms. Owen noted there was nothing to report from the North Harris County Regional Water Authority ("NHCRWA") meeting but provided the Board with documentation that she received at the meeting.

REVIEW ETHICS POLICY

This item was deferred.

REVIEW COMPUTER USAGE POLICY, DIRECTOR DEVICE ISSUES, AND WEBSITE UPDATES

Mr. Roach advised that Ms. Waugh should be working on comments and

corresponding updates to the District website. Director Allen also requested that the trash holiday dates be updated on the District website.

AUTHORIZE SOLICITATION OF BIDS FOR INSURANCE PROPOSALS (current policy expires March 31, 2019 – AquaSurance-AJG)

Mr. Roach noted that the District's current insurance policies through AquaSurance will expire on March 31, 2019. He noted that the Board can solicit a proposal from AquaSurance and if they do not like the proposal then they can solicit from other providers, given the March expiration of the current policies. The Board concurred to request a renewal insurance proposal from AquaSurance only at this time.

ATTORNEY'S REPORT

Mr. Roach stated there was nothing new to report of a legal nature not already addressed under specific agenda items.

EXECUTIVE SESSION

The Board did not enter executive session during the meeting.

DISCUSSION REGARDING PENDING OR FUTURE BUSINESS

There was no discussion regarding pending or future business.

ADJOURNMENT

After no further discussion, Director Austin moved to adjourn the meeting. Director Phillips seconded said motion, which carried unanimously.

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Approved on March 20, 2019

(SEAL)




Secretary, Board of Directors

LIST OF ATTACHMENTS

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| Exhibit A | Operations and Maintenance Report for JSTP |
| Exhibit B | Bookkeeper's Report for JSTP |
| Exhibit C | Tax Assessor/Collector Report |
| Exhibit D | Resolution Granting Exemptions from Taxation for 2019 |
| Exhibit E | Resolution Authorizing Additional Penalty on Delinquent Personal Property Taxes for 2019 |
| Exhibit F | Bookkeeper's Report |
| Exhibit G | Engineering Report |
| Exhibit H | Operations and Maintenance Report |