

## REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

### Minutes of Meeting of Board of Directors April 17, 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 March 20, 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 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"); John Montgomery and Jared Martin of Municipal Operations and Consulting, Inc. ("MOC"); David Banos of Municipal Accounts & Consulting, L.P. ("MA&C"); Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Scott Blissett, Julian Garza Jr., and Li Chen of Landev Engineers, Inc. ("Landev"); Deputy Martinez and Deputy Ener of Harris County Constable Pct. 4 ("HCC4"); Jonathan Roach and Joshua Zientek of Roach & Mitchell, PLLC ("RMPLLC"), Robin Goin of Bob Leared Interests ("Bob Leared"); Lenny Hardoin of Champions Hydro-Lawn ("Champions"); Debbie Shelton of Masterson Advisors, LLC ("Masterson"); Justin Bennett of Phelan-Bennett Development ("Phelan"); Michael Murr (late) of Park Rangers, LLC ("Park Rangers"); and Susan Norris, a resident of the District.

#### 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. The No. 1 Board discussed the JSTP basin and requested that an inspection be performed. Mr. Montgomery gave an update on repairs that needed to be made to the JSTP. After discussion of the recommended repairs, the No. 1 Board approved the Operations and Maintenance Report for the JSTP. Director Allen, seconded by Director Owen, then moved to approve the Operations and Maintenance Report for the JSTP. The motion passed unanimously with Director Phillips being absent for the vote.

#### BOOKKEEPER'S REPORT FOR JSTP

Ms. Garcia presented and reviewed the Bookkeeping Report for the JSTP, a copy of which is attached hereto as Exhibit B. Ms. Christensen inquired about adding engineering fees to the JSTP

operating budget. Ms. Garcia stated that she spoke with the engineers, who confirmed that they do not foresee any unusual expenses. The No. 1 Board then approved the Bookkeeper's Report for the JSTP, including payment of the checks presented therein. Director Austin then moved, seconded by Director Allen, to approve the Bookkeeper's Report for the JSTP, including payment of the checks presented therein. The motion passed unanimously with Director Phillips being absent for the vote.

### **ENGINEERING REPORT FOR THE JSTP AND JOINT FACILITIES**

Mr. Blissett presented the Engineering Report for the JSTP and Joint Facilities. He reported that the Waste Discharge Permit renewal is being processed. Mr. Blissett reported that he is working with contractors on correcting an issue relating to the control panel on one of the blowers of the JSTP. Then Mr. Blissett recommended that the District have an inspection performed on the JSTP. He requested approval to take off-line the aeration basin number 4 for the JSTP. After no questions, the No. 1 Board approved the Engineering Report for the JSTP and Joint Facilities and authorized Landev to take off-line the aeration basin number 4. Director Owen then moved, seconded by Director Austin, to approve the Engineering Report for the JSTP and Joint Facilities. The motion passed unanimously with Director Phillips being absent for the vote.

### **JOINT CONSTABLE PATROL REPORT**

Deputy Martinez gave the Joint Constable Patrol Report and reviewed incidents which occurred in the Districts. The No. 1 Board discussed the presence of Constable deputies at a recent homeowners association meeting. Director Austin asked about an incident in which a resident was shooting a gun. Deputy Martinez informed the Boards that the District Attorney could not press charges initially because no one saw who shot the gun; however, he explained that further investigation is being conducted.

### **STATUS OF EFFLUENT RE-USE AGREEMENT, PERMIT, AND RELATED APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ("TCEQ") (WITH THE LAKESIDE CLUB)**

Mr. Roach reported there is nothing new to report at this time.

At this time the No. 1 Board and the consultants for the No. 1 Board exited the meeting, and Director Phillips entered the meeting.

### **APPROVE MINUTES OF PRIOR BOARD OF DIRECTORS MEETING(S)**

The Board considered for approval the minutes of the March 6, 2019, special meeting and the March 20, 2019, regular meeting. Director Austin moved, seconded by Director Allen, to approve the minutes of the March 6, 2019, special meeting and the March 20, 2019, regular meeting as presented. The motion passed unanimously.

### **CONSTABLE PATROL REPORT**

Deputy Ener provided an oral report and reviewed incidents which occurred in the District for the month of March 2019. The Board discussed tires and rims that were stolen in the area.

Mr. Murr entered the meeting during the Constable Patrol Report, and Deputy Martinez exited the meeting at this time.

#### **STATUS OF ISSUANCE OF SERIES 2019 REFUNDING BONDS**

Mr. Roach reported to the Board that the Series 2019 Refunding Bonds closed on time. He congratulated the Board on capturing another successful savings opportunity for the District and its constituents and thanked Mrs. Shelton for your work on the matter.

#### **TAX ASSESSOR'S 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 an update on the Strategic Partnership Agreement ("SPA") report. Upon no further discussion and a motion by Director Phillips, seconded by Director Owen, the Board voted unanimously to approve the Tax Assessor-Collector Report and SPA report, including payment of checks contained therein.

#### **DELINQUENT TAX COLLECTIONS ATTORNEY REPORT**

Mrs. Sullivan presented the Delinquent Tax Collections Attorney Report. There were no action items at this time.

#### **RESOLUTION AUTHORIZING ADDITIONAL PENALTY ON DELINQUENT REAL PROPERTY TAXES**

Mr. Roach advised that, pursuant to the Texas Property Tax Code, under certain conditions the District could impose an additional penalty up to 20% on delinquent real property taxes as of July 1st of each year and that the penalty is essentially to cover the costs of collections by the District's delinquent tax collections attorneys. After discussion, Director Austin made a motion to adopt a resolution authorizing an additional penalty to be imposed on delinquent real property taxes. The motion was seconded by Director Owen and passed unanimously.

#### **BOOKKEEPER'S REPORT**

Mr. Banos presented and reviewed the Bookkeeper's Report and proposed budget for fiscal year ending March 31, 2020, a copy of which is attached hereto as **Exhibit D**. Mr. Banos recommended reinvesting the money that the District has in the Regions Bank CD for one (1) year at 2.75% and the Business Bank of Texas CD for one (1) year at 2.50%.

Next, Mr. Banos reviewed the proposed updated JSTP and District operating budgets, including items added by the No. 1 Board to the JSTP budget. The Board discussed the budgets in detail including the budgeted surplus. After the Board's discussion, Director Owen moved, seconded by Director Phillips, to approve: (1) the Bookkeeper's Report including checks listed therein; (2) reinvestment in the Regions Bank CD for one (1) year at 2.75% interest; (3) reinvestment in the Business Bank of Texas CD for one (1) year at 2.50% interest; and (4) the proposed revised budget for fiscal year ending March 31, 2020. The motion passed unanimously.

Deputy Ener and Ms. Sullivan exited the meeting during the Bookkeeper's Report.

**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 except an update on the Phelan-Bennett development matter, about which Mr. Garza noted he was coordinating the logistics with Mr. Bennett and Mr. Roach. Mr. Garza based on the City of Houston capacity calculations for comparable developments he estimates that the development will require twenty-five (25) connections and Landev's feasibility study indicates the District has such capacity available.

Mrs. Shelton presented several financial options for the Board's consideration and an annexation/reimbursement handout (entitled "Cash Flow Analysis") attached hereto as **Exhibit E**. The Board thoroughly discussed all three options, noting Mrs. Shelton's recommendation that any payments relating to the annexation matter should run with the land. Mr. Bennett informed the Board that he is requesting a 100% reimbursement for any public facilities required for his planned development. The Board then discussed the possibility of a 100% reimbursement through bond proceeds, payment in lieu of taxes ("PILT") options, and related matters. Mr. Roach reminded the Board that commercial customers pay more for water and sanitary sewer service than residential customers. The Board further discussed including a 5-year look back option for review in any annexation/reimbursement agreement that would be reached. Next, the Board discussed the tap fees associated with the proposed development, and Mr. Bennett requested that certain conditions for the tap fee as outlined in the Rate Order be waived so that the tap fee would be at the cost the District pays for installation. Mr. Martin explained the tap installation and related inspection costs to the District and advised that he would not anticipate any immediately foreseeable repairs on the water line to be installed because the line would be new.

After no further discussion, Director Allen moved to: (1) authorize RMPLLC and Masterson to prepare a draft agreement for the annexation/reimbursement matter for review at the next meeting (with a 5-year look-back recalculation concept); (2) approve the PILT concept (based on 3<sup>rd</sup> option presented by Mrs. Shelton); (3) approve the 100% reimbursement agreement from bond proceeds if and as allowed by TCEQ rules and a subsequent bond issue to be reviewed and approved by the TCEQ; (4) approve the waiver of certain provisions of the Rate Order regarding out-of-District

tap costs. Director Austin seconded and the motion passed unanimously.

Mr. Bennett and Mrs. Shelton exited the meeting at this time.

### ENGINEERING REPORT

Mr. Garza presented to the Board a written Engineering Report, a copy of which is attached as Exhibit F. He informed the Board that there were no updates other than those discussed relating to the Phelan-Bennett development annexation matter.

### 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. Mr. Martin discussed the condition of the District's fire hydrants. He presented a quote from Harold Cobb in the amount of \$7,840 to remove old paint and repaint the hydrants. Next, Mr. Martin presented a quote from Harold Cobb for \$22,663 for the work required on the detention pond on the DCT site. He stated that the project will take one or two (1-2) weeks depending on weather conditions. After no further discussion, Director Austin moved, seconded by Director Phillips, to approve: (1) the Operations and Maintenance Report including movement of accounts to the uncollectible roll and the cutoff list; (2) the quote for removal of the old paint and the repaint of the hydrants in an amount not to exceed \$7,840; and (3) the quote for the work required on the detention pond in an amount not to exceed \$22,663. The motion passed unanimously.

Mr. Martin reported that West Harris County Municipal Utility District No. 21 ("WHCMUD 21") has indicated it is ready to provide water in-kind back to the District. He requested Board approval to coordinate the water transfer starting on Monday, April 22, 2019. The Board concurred.

### STATUS OF PARK MANAGEMENT/MAINTENANCE FOR THE PARK AT WILLBERN

Mr. Murr provided an update on the park management and maintenance. The Board took no action at this time.

### DIRECTORS' REPORTS

Director Owen provided an update from the North Harris County Regional Water Authority ("NHCRWA") meeting including documentation that she received at the meeting. She noted that Harris County would like to expand Telge Road. Mr. Roach also updated the Board on the Water Wise program and the lack of a response to the Harris Galveston Subsidence District (the "Subsidence District") from Willbern Elementary School. The Board concurred that RMPLLC should contact the Subsidence District and provide a deadline for a response or consider an alternate school for the Water Wise program sponsor.

REVIEW CURRENT DISTRICT POLICIES

This item was deferred.

ATTORNEY'S REPORT

Mr. Roach gave an update on Senate Bill 239 (the "Bill") and explained the proposed requirements that would be imposed on the District if the Bill became law relating to where the District could conduct a meeting and certain recording requirements of Board meetings. He advised that a response had been prepared per the request of AWBD.

EXECUTIVE SESSION

The Board did not enter executive session during the meeting.

DISCUSSION REGARDING PENDING OR FUTURE BUSINESS

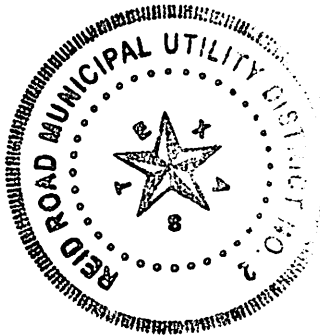
There was no further discussion at this time.

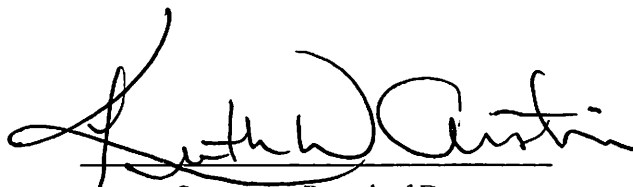
ADJOURNMENT

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

Approved on 05-15-2019

(SEAL)



  
Secretary, Board of Directors

LIST OF ATTACHMENTS

Exhibit A	Operations and Maintenance Report for JSTP
Exhibit B	Bookkeeper's Report for JSTP
Exhibit C	Tax Assessor's Report
Exhibit D	Annexation Matter Reimbursement Handout
Exhibit E	Bookkeeper's Report
Exhibit F	Engineering Report
Exhibit G	Operations and Maintenance Report