

REID ROAD MUNICIPAL UTILITY DISTRICT NO. 2

Minutes of Meeting of Board of Directors June 19, 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 June 19, 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
Susan Norris	Director

all of said members were present thus constituting a quorum.

Also present were Pat Cieslewitz, Bob Brengel, 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"); Charlie LaConti of Municipal Accounts & Consulting, L.P. ("MA&C"); Erin Garcia of Myrtle Cruz, Inc. ("Myrtle Cruz"); Scott Blissett and Julian Garza Jr. of Landev Engineers, Inc. ("Landev"); Deputy Martinez and Sergeant Ener of Harris County Constable Pct. 4 ("HCC4"); Jonathan Roach and Joshua Zientek of Roach & Mitchell, PLLC ("RMPLLC"); Richard Morrison of Smith, Murdaugh, Little & Bonham, L.L.P. ("SMLB"); Robin Goin of Bob Leared Interests ("Bob Leared"); and Lenny Hardoin of Champions Hydro-Lawn ("Champions").

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 provided updates on the status of maintenance and repairs to the JSTP. Mr. Montgomery further requested that MOC be authorized to clean the JSTP aeration basins after July 4, 2019. After discussion, the No. 1 Board approved the Operations and Maintenance Report for the JSTP including aeration basin cleaning. Director Allen then moved, seconded by Director Norris, to approve the Operations and Maintenance Report for the JSTP. The motion passed unanimously.

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. The Boards discussed adding an agenda item for next month's meeting for amending the budget for the JSTP. The No. 1 Board then approved the Bookkeeper's Report for

the JSTP, including payment of the checks presented therein. Director Norris 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.

ENGINEERING REPORT FOR THE JSTP AND JOINT FACILITIES

Mr. Blissett presented the Engineering Report for the JSTP and Joint Facilities. He reported that the final Waste Discharge Permit was received from the Texas Commission on Environmental Quality ("TCEQ"). Then Mr. Blissett reviewed items that need attention due to inefficient operations at the JSTP, specifically the blowers, which were identified during a recent inspection. Additionally, he discussed cleaning aeration basins one, two, and three of the JSTP with the Boards. The Boards discussed and expressed concerns with design flaws and fundamental inefficiencies in the original design of the JSTP. After discussion, the No. 1 Board approved the Engineering Report for the JSTP and Joint Facilities. Director Allen then moved, seconded by Director Norris, to approve the Engineering Report for the JSTP and Joint Facilities. The motion passed unanimously.

JOINT CONSTABLE PATROL REPORT

Deputy Martinez gave the Joint Constable Patrol Report and reviewed incidents which occurred in the Districts.

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.

STATUS OF JSTP AUDIT REPORT FOR FYE MARCH 31, 2019

Mr. Roach explained that the District's auditor is still preparing the audit report for fiscal year ended March 31, 2019 and requested that this item be deferred.

APPROVE MINUTES OF PRIOR BOARD OF DIRECTORS MEETING(S)

The Board considered for approval the minutes of the May 15, 2019 regular meeting. After discussing requested revisions, Director Allen moved, seconded by Director Austin, to approve the minutes of the May 15, 2019 regular meeting with the requested revisions. The motion passed unanimously.

CONSTABLE PATROL REPORT

Sergeant Ener provided an oral report and reviewed incidents which occurred in the District

for the preceding month.

REVIEW AND APPROVE FILING OF AUDIT FOR FYE MARCH 31, 2019

Mr. Roach explained that the District's auditor is still preparing the audit report for fiscal year ended March 31, 2019, and requested that this item be deferred.

STATUS OF CONTINUING DISCLOSURE REPORT

Mr. Roach requested that this item be deferred until after the audit report for fiscal year ended March 31, 2019, is completed.

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**. Mrs. Sullivan next presented an update on the Strategic Partnership Agreement ("SPA") report. Upon no further discussion and a motion by Director Norris, seconded by Director Phillips, 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.

BOOKKEEPER'S REPORT

Mr. LaConti presented and reviewed the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit D**. Mr. LaConti discussed reinvesting the CD that the District currently has deposited with Frontier Bank for one (1) year at 2.58% interest and investing \$240,000 in a Spirit of Texas Bank CD for one (1) year at 2.60%. Next, the Board discussed voiding check number 10103 to Seaback Maintenance for work not performed and issuing check number 10112 in the amount of \$750 for work actually performed. After the Board's discussion, Director Phillips moved, seconded by Director Norris, to approve the Bookkeeper's Report including checks listed therein and voiding check number 10103 to Seaback Maintenance and replacing it with check number 10112 in the amount of \$750 as discussed. The motion passed unanimously.

Mrs. 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 informed the Board that RMPLLC is working with Phelan-Bennett Development

("Phelan") to complete the proposed annexation agreement for future presentation and approval by the Board. Mr. Roach then informed the Board that Zurg LLC ("Zurg") contacted Landev to discuss capacity availability for Phase Three of Zurg's development. Mr. Roach informed the Board that the prior capacity letter was conditioned upon annexation by the District. He further informed the Board that a new utility capacity letter could be prepared for Zurg and be conditioned upon their completion of the annexation into the District, which had not yet been completed due to some prior lienholder issues on the property. Mr. Garza informed the Board that Zurg has submitted plans to Harris County for approval and needs a utility capacity letter to present to Harris County. The Board requested that Mr. Martin research and confirm if they are paying out-of-District rates and that, if they are, then the District can proceed with the capacity commitment and annexation. Mr. Martin confirmed that the addresses are 12014, 12016, and 12018 Windfern Road. The Board deferred a decision on issuing a utility commitment letter until it can be confirmed that Zurg is paying out-of-District rates. Next, the Board discussed the status of other possible locations for annexations into the District but took no action at this time.

ENGINEERING REPORT

Mr. Garza informed the Board that there was nothing further to report other than was reported previously during the 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 E. Mr. Martin requested noted that the property owner at 11119 Grassy Glen Drive is requesting that delinquent payment penalties be removed, and the Board discussed the account's history in detail. The Board concurred with not removing the penalties and authorizing termination of service if not paid appropriately per the Rate Order payment requirements/timeline. Next, the Board discussed the status of mowing and maintenance within the District and completion of contractual obligations by Seaback Maintenance. Mr. Martin informed the Board that he will follow-up with them and report back. Mr. Martin next reported that the District is receiving water from, as payment back in-kind for water previously provided by the District to, West Harris County Municipal Utility District No. 21 ("WCHCMUD21") and that this water supply would be reflected on future Operations and Maintenance Reports. Next, the Board discussed the status of the Water Smart program. The Board then reviewed in detail the second quarter facility inspection which was completed. After further discussion, Director Norris moved, seconded by Director Austin, to approve the Operations and Maintenance Report, the cut-off list including 11119 Grassy Glen Drive, and to approve making necessary repairs to the driveway entrance of Lift Station No. 2 with a budget not to exceed \$6,750. The motion passed unanimously with Director Phillips being absent for the vote.

Director Phillips exited the meeting during the Operation and Maintenance Report.

STATUS OF PARK MANAGEMENT/MAINTENANCE FOR THE PARK AT WILLBERN

There was no update at this time.

RESOLUTION AUTHORIZING USE OF SURPLUS CONSTRUCTION (REIMBURSEMENT OF GOF FROM CPF)

Mr. Roach explained the previously discussed options for possibly reimbursing the General Operating Funds ("GOF") account of the District from the Capital Projects Funds account for certain previously completed projects. Mr. LaConti informed the Board that the issue was resolved for the CPF-GOF due-to-due-from reimbursement. The Board further discussed additional projects that could be the subject of a Resolution Authorizing Use of Surplus Construction Funds and asked the engineer, bookkeeper, and attorney to report back to the Board regarding same at a future meeting.

DIRECTORS' REPORTS

Director Owen reported on the North Harris County Regional Water Authority ("NHCRWA") meeting, providing a detailed accounting of items discussed. She further discussed an amendment to the water supply contract by NHCRWA and the City of Houston ("City") which would add capacity that would be allotted to NHCRWA participants and address issues regarding the City's Northeast Water Purification Plant operations. Next, Director Owen reported that she spoke with the owner of Texas Pride Disposal LLC ("Texas Pride") and that they have hired new personnel and are working with additional training to correct previously-reported Board concerns about garbage collection services.

REVIEW CURRENT DISTRICT POLICIES

Mr. Roach reminded the Board that the District's current license with Microsoft Office 365 had expired at the end of May so District electronic records are now be available through the Director Dropbox account. Mr. Roach further informed the Board that Off Cinco has been contacted to provide Director Norris with a District e-mail address and RMPLLC would coordinate her access to the District's electronic records.

AUTHORIZE EXECUTION OF VOTING SYSTEM ANNUAL FILING FORM

Mr. Roach noted that the Board may be required annually to file a form with the Secretary of State regarding the voting system(s) the District may have used during the year, and he asked to defer this item so that further research may be completed. He informed the Board that, if necessary, the form must be filed by the end of July 2019. The Board concurred with deferring authorization of the voting system annual filing form.

AUTHORIZE RECORDS MANAGER TO DESTROY OLD MEETING NOTES

Mr. Roach asked the Board to consider approval of the destruction of old copies of prior Board meeting notes as allowed by applicable law. He reminded the Board that RMPLLC is retaining electronic copies of virtually all District records and that copies of all official meeting minutes are kept in perpetuity. After discussion, Director Allen made a motion to authorize the destruction of old copies of prior Board meeting notes as allowed by applicable law. Director Norris seconded the motion, which passed unanimously.

AUTHORIZE FILING OF UNCLAIMED PROPERTY REPORT

Mr. Roach explained the purpose and necessity of filing the unclaimed property report, and Mr. LaConti advised that he had already filed the 2019 unclaimed property report as required.

AUTHORIZE REQUEST TO HCAD FOR ESTIMATE OF VALUE

Mr. Roach presented a Resolution authorizing a request to the Harris County Appraisal District ("HCAD") for an estimate of value of property in the District. Upon motion by Director Norris, seconded by Director Allen, the Board voted unanimously to adopt a Resolution and authorize RMPLLC to request the estimate of value from HCAD.

ATTORNEY'S REPORT

Mr. Roach advised the Board that the Texas Governor's legislative approval/veto period ended on June 14 so RMPLLC is now working to finalize a legislative update for presentation at a future Board meeting.

EXECUTIVE SESSION

The Board did not enter executive session during the meeting.

OPERATION AND MAINTENANCE REPORT (CONTINUED)

Mr. Martin informed the Board that Zurg is being charged a commercial rate but on an out-of-District basis and that in-District tap fees were paid. Mr. Roach recommended that the Board not complete a utility commitment letter until the out-of-District/annexation issues are addressed with Zurg or at least make such commitment further conditioned on payment of any applicable fees and subsequent annexation into the District. After discussion, Director Norris moved, seconded by Director Owen, to authorize Landev to prepare a utility capacity availability letter rather than a commitment letter but subject to Zurg providing the necessary documentation to proceed with annexation and if not completed prior to September 1, 2019, then to increase the utility service rates to out-of-District commercial rates as outlined in the District's Rate Order. The motion passed 3-1, with Director Allen opposing.

DISCUSSION REGARDING PENDING OR FUTURE BUSINESS

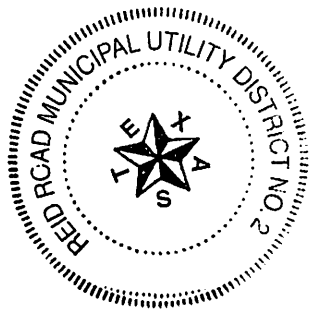
The Board discussed the scheduling of the next regularly scheduled Board meeting.

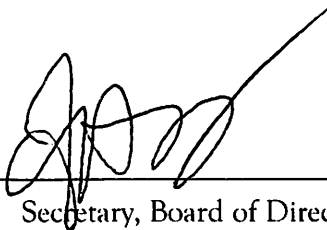
ADJOURNMENT

After no further discussion, Director Norris moved to adjourn the meeting. Director Austin seconded said motion, which carried unanimously with Director Phillips being absent for the vote.

Approved on July 17, 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 Bookkeeper's Report
- Exhibit E Operations and Maintenance Report