

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
October 12, 2015

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 312 Spring Hill Drive, Suite 100, West Entrance, Spring, Texas, on Monday, October 12, 2015, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Jon Vallery, President
Frank Moore, Vice President
Brendon Keith, Secretary
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

None.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Jared Daly, Sergeant Weis, Ms. Weis, Paul Green, Karen Sears, and Lori G. Aylett.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. Minutes of the meeting held September 14, 2015 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Sergeant Weis presented a law enforcement report and reported the following statistics: there were 829 contract calls; two District calls; 38 reports taken; five misdemeanors; 254 citations and tickets; eight crashes; and nine charges filed. The constables drove a total of 8,131 miles in the District during the month. Sergeant Weis reported that burglary suspects were taken into custody, and some of the homeowners' property was returned.

3. There were no comments from the public for the Board's consideration.

4. The Board discussed the District's electricity contract. Karen Sears of Acclaim Energy reviewed with the Board the District's current electricity contract which extends through June 30, 2018. Ms. Sears reported that electricity pricing is at a historic low, and presented indicative pricing. Ms. Sears noted that there were still opportunities for the District to save money by locking in pricing. She handed out a current pricing report that indicated the current rate of electricity was \$0.042, and the District could currently obtain a 24 month contract to begin upon the expiration of the current contract in June of 2018. Upon unanimous vote, the Board authorized Bill Russell to execute an electricity contract under those terms and conditions, subject to the attorney's review of the contract.

5. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,624,595.92. The capital projects

fund will stand at \$92,006.91. The operating fund will stand at \$2,333,402.70. Year to date revenue for the first four months of the fiscal year are \$546,500. Upon unanimous vote, the Board approved payment of director fees and expenses. Upon unanimous vote by separate motion, the Board approved the bookkeeper's report as presented and authorized payment of the remainder of the District's bills.

6. Mike Williams presented an operator's report. The District billed \$436,946.95 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 96% of the water produced. The District served 3,816 customers, and 3,596 customers received all services including garbage. The sewage treatment plant operated at 64% of capacity with no permit violations. The operator repaired nine leaks during the month, and did a lot of work responding to concerns expressed by customers at the last meeting. The operator bench tested many meters, and the large majority of these tested less than 100%. However, four meters were over 100% tolerance, and two meters were over 104% tolerance. In the cases where meters registered over 100%, the operator issued credits for the past two months of usage, adjusting the amount downward to 100%, and gave them each a new meter. The operator did point out that according to AWWA standards, meter tolerance standards of up to 102% are acceptable. That said, one District customer had a 112% meter reading. That customer had made a verbal request to the operator for a credit for the previous two years. The operator advised the customer that he would have to present his request to the Board. The customer was not present at the meeting. Upon unanimous vote, the Board authorized the operator to issue a credit to that customer down to 100% for the past two months of usage.

The operator stated that next spring, he would like to be more proactive with customers by reminding them to read their own meters. Many customers in the District have increased usage in the summer due to irrigation, and it would be good to remind all customers to take charge of their own accounts by reading their meters and confirming their usage.

Director Keith noted that he had wiped his meter face to read it after the last meeting, and four days later the meter was covered with mud again. Customers should not use the fact that the meters do get covered with mud as a complaint that they are not being read. Meters can become covered up with mud quite quickly during rainy weather. The Board discussed the advisability of preparing a newsletter to customers about reading their own meters and about how much water can be lost from a leaking toilet. The Board also discussed how much water could be used by customers who irrigate their yard. The engineer did some rough calculations: if an irrigation system is run for 25 minutes every other day, 8,000 gallons will be used in a month. If the customer simply adds 10 minutes of run time to each irrigation zone and waters every day, that customer will use 22,512 gallons per month for irrigation. Small adjustments to the irrigation system can make a big difference in water use. The operator noted that bill stuffers are a relatively inexpensive way to provide useful information about water conservation to customers. The Board agreed that it would be appropriate to send information out next April before the next summer billing cycles begin. In the meantime, Director Alli volunteered to draft a newsletter to customers regarding water conservation and educational materials.

The operator noted that he was moving his offices at the end of the month. The Board asked the attorney to send a notice of the change of the meeting place to the person who operates the District's website. The change will be effective December 1, 2015.

Finally, the operator reported that the District has been receiving surface water from the San Jacinto River Authority since the first part of September. The District has received about 400,000 gallons per day, and there have been no complaints from customers. The water is metered into the District's system so that it can be accounted for.

After discussion, upon unanimous vote, the Board approved the operator's report as presented.

7. Mike Williams presented a parks and recreational facilities report. There were 16 calls regarding issues in the parks. Five calls were for the pavilion, 10 calls were for the ball fields, and one call was for information. Upon unanimous vote, the Board approved the parks report as presented.

8. Jason Hajduk presented an engineer's report. The engineer reported that the SJRA surface water conversion project is complete, and the District is receiving surface water.

On the wastewater treatment plant copper issue, the engineer submitted a major permit amendment to the Texas Commission on Environmental Quality on October 9, 2015. The engineer confirmed that developer Vince Casimir of Laurus Holdings has sent a check for \$31,000 to cover the costs associated with annexation of his property and amendment to the elevated storage waiver. The attorney will begin preparing annexation documents for the Board's consideration.

The engineer reported that the map books are 98% complete.

After discussion, upon unanimous vote, the Board approved the engineer's report as presented.

9. Lori Aylett presented a report on behalf of the District's developer. The developer is installing speed bumps at the Kroger Center to slow traffic coming around the back of the center. The developer has requested that the constables continue to monitor the situation. The county road bond issue and the Conroe ISD bond issue will be on the November ballot. The developer is continuing discussions for a third elementary school in the Falls at Imperial Oaks community.

10. Lori Aylett presented proposed changes to the District's Order Establishing Code of Ethics, Policies and Procedures for District Financial Affairs and Management. The attorney noted that during the last Texas legislative session, the law regarding disclosures of potential conflicts of interest was amended. The law became effective September 1, 2015 and will now require disclosure of family relationships between local government officers and vendors. The law also decreases the value of gifts a vendor may give to a local government officer without triggering a disclosure requirement to \$100, down from \$250. The law now provides that the only gifts that may be accepted by a local government official without

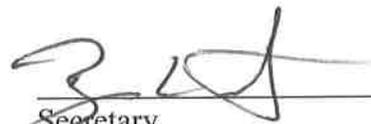
triggering an obligation to file a conflicts disclosure statement are political contributions and food accepted as a guest. In other words, lodging, transportation and entertainment accepted as a guest are no longer exempt and are now required to be disclosed. Finally, the law expands the definition of local government officer to include agents. An agent is anyone who exercises discretion in the planning, recommending, selecting or contracting of a vendor. Agents include employees and can include consultants. After a full discussion, upon unanimous vote, the Board adopted the attached Order Establishing Code of Ethics, Policies and Procedures for District Financial Affairs and Management.

11. The attorney presented Director / Agent Conflict of Interest questionnaires to each of the directors. The directors completed the questionnaires, noting no conflicts.

12. There was presented the attached Order Designating Office for Conducting Business of District and Maintaining Records of the District and Designating Additional Meeting Places Outside District. The attorney noted that the District was able to legally conduct its meetings at places outside the District's boundaries upon adoption of such resolution and publication of a notice in a newspaper of general circulation in Montgomery County. The Order establishes the following: (1) an additional office and meeting place of said Board outside the boundaries of the District at 27316 Spectrum Way, Oak Ridge, Texas 77385, effective November 1, 2015; and (2) an additional office and meeting place of said Board outside the boundaries of the District at 13430 Northwest Freeway, Suite 700, Houston, Texas 77040, effective December 1, 2015. Upon unanimous vote, the Board approved the Order as presented and authorized publication of the necessary notices.

13. The Board discussed a level billing program and amendments that would be required to the District's rate order. The attorney noted that she had performed some preliminary research and noted that currently several electricity providers offer level billing. Not many water districts have implemented a level billing program or a winter averaging program, and it could be difficult for the operator to implement. The operator noted that it would not be feasible without major reprogramming of the computer billing software. The Board discussed the pros and cons of the program and declined to participate at this time.

There being no further business to come before the Board, the meeting was adjourned.


Secretary