

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 8, 2017

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on May 8, 2017, 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, Mike Others, Sergeant Baker, Deputy Costa, Corporal Hare, Christie Leighton, Mike Others, Jim Nichols, Kathryn Nichols, James Ridgeway, Jr., Lucy Ridgeway, 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 April 10, 2017 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Christie Leighton presented the Best Trash quarterly report and addressed the District's annual CPI adjustment pursuant to the residential solid waste collection agreement. The adjustment is automatic and occurs annually to account for changes in operating costs. The CPI adjustment reflects a 2.1% increase from \$14.82 for curbside service with recycling per residence to \$15.13 per residence. The attorney confirmed that the calculation of the CPI increase by Best Trash was correct, and in conformance with their contract with the District.

3. Sergeant Baker presented a law enforcement report and reported the following statistics: there were 328 contract calls; 54 District calls; 52 reports taken; one felony arrest; five misdemeanor arrests; 11 crashes; and six charges filed. In response to a question, the officers noted that crime rates in the District were very low as compared to other districts. The Board commended the officers for their performance. The Neighborhood Watch representatives who were present at the meeting stated that the officers were doing a good job. Upon unanimous vote, the Board approved the law enforcement report as presented.

4. The Board reviewed the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,621,997.26. The capital projects fund will stand at \$91,975.84. The operating fund will stand at \$3,380,709.74. Revenues exceeded expenses for 11 months of the fiscal year by \$351,185.09. 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.

5. There was presented the attached Resolution Adopting Operating Budget for the Fiscal Year Ending May 31, 2018. Upon unanimous vote, the Board adopted the Resolution as presented.

6. The Board then considered engagement of an auditor to perform the audit for the fiscal year ending May 31, 2017. Mike Others of McCall Gibson Swedlund Barfoot PLLC presented a proposal to perform the audit and noted that the proposed engagement would be evergreen in nature to avoid annual costs associated with compliance with HB 1295. The engagement would be subject to termination with 30 days' notice with or without cause. His firm was anticipating audit fees of \$13,000 to \$14,000. The auditor passed out the letter concerning fraud in the District's financial statements and asked the Board to review it and contact their office only if they had something to report or a question about the letter concerning fraud. The auditor also presented a completed Form 1295. After discussion, upon unanimous vote, the Board engaged McCall Gibson Swedlund Barfoot PLLC to perform the audit.

7. Mike Williams presented an operator's report. The District billed \$261,297.93 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 95% of the water produced. The District served 3,822 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 requested write-off of three accounts in the total amount of \$477.98, and the Board approved the request.

The operator reported receipt of a letter from Ms. Chavez, who has several rental properties within the District. In the letter, Ms. Chavez addressed that one of the water bills was over \$400. The operator calibrated the meter and confirmed that the customer used 48,000 gallons of water during the month. Usage at this address normally ranges between three to five thousand gallons per month. It appears that the customer may have had a leak or someone may have left the water on. The Board authorized the operator to run a bench test on the meter to verify its accuracy.

The operator presented a draft of the Consumer Confidence Report. The report indicated that all of the District's water tests were within acceptable EPA limits. The operator noted that in prior years, the District had met the requirements of state and federal law regarding distribution by placing the Consumer Confidence Report on the operator's website and providing a direct link URL address which will provide access to the report in the customer water bills. After discussion, upon unanimous vote, the Board approved the Consumer Confidence Report as presented and authorized the operator to publish it on the website with a direct link being provided to customers on their bills.

Director Vallery noted that the hurricane season would start soon. He requested that the operator obtain a contract for provision of fuel.

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

8. Mike Williams presented a parks and recreational facilities report. There were 25 calls regarding issues in the parks. Five calls were for the pavilion, 18 calls were for the ball fields, and two calls were received this month for information. The operator repaired broken sprinkler heads during the month. The operator reported that activities are increasing as is customary for the summer. There have been several parties and ball games in the parks.

9. Jason Hajduk presented an engineer's report. The engineer reported that the TCEQ issued the elevated storage variance and the District can now serve up to 3,750 connections. The variance listed five conditions the District must follow.

At the wastewater treatment plant, the fence is complete, and razor wire has been installed.

The engineer received an e-mail from a homeowner at 2702 Mossy Branch, which is within the District. Their backyard has been inundated with water during heavy rains since construction of the fire station, which is not within the District's boundaries. The District does have a drainage swale in an easement in the area and could improve drainage by digging out the swale for 264 feet. The operator noted that his company could perform the work for a price not to exceed \$10,000. The Board noted that it would be important for the engineer to review the fire station plans to make sure their drainage has been installed and is functioning properly. Upon unanimous vote, the Board authorized the operator to improve the swale and authorized the engineer to review the fire station plans.

The engineer then reported on a development underway next to Imperial Oaks Forest, Section 2. The development is draining into the District's channel, and because of a lack of stormwater pollution prevention plan maintenance, silt has been deposited into the District's channel. In particular, the filter fabric fence has collapsed and needs to be repaired. The engineer was not given an opportunity to review the plans prior to the start of construction. He requested and received Board authorization to require the owners to remove the silt from the channel and reinstall a filter fabric fence, provide detailed calculations showing the drainage area before and after construction, and provide detention calculations validating that there is no impact to District facilities.

Mr. Hajduk is still preparing an annexation feasibility report for Sam's Car Wash.

With regard to District maintenance items, Water Plant No. 1 has been inspected, and inspection of Water Plant No. 2 has been tentatively scheduled for this Friday. With regard to the sanitary sewer rehabilitation, the Notice to Proceed was issued on April 26, 2017 and work is underway. The engineer presented a geotechnical proposal for the Board's review and approval. The contract is an hourly contract not to exceed \$6,401. The Board had no objection to the proposal and noted that it could be approved upon receipt of a Form 1295.

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

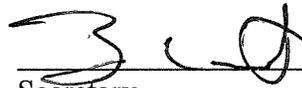
10. The Chair opened the floor for public comments. James Ridgeway asked for clarification regarding the District's location, and the attorney confirmed that the District is within the extraterritorial jurisdiction of the cities of Houston and Conroe. There was general discussion regarding District boundaries and the process for being removed from a city's extraterritorial jurisdiction.

11. The attorney reported that she heard from representatives of Spring Creek Utility District today. They have indicated that they are reviewing all options because the District's sales price for the water line was too expensive. Accordingly, the Board tabled any further consideration.

12. There was no action for the Board to take regarding the SJRA – conveyance of facilities and easements.

13. There was no developer's report for consideration.

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


Secretary