

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 9, 2016

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on Monday, May 9, 2016, 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, John Montgomery, Jason Hajduk, Christie Leighton, Jim Nichols, Kathryn Nichols, Paul Green, Sergeant Weis, 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 26, 2016 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 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 an increase from \$14.53 per home to \$14.82 per home. The Board had no complaints or issues regarding the service.

3. Sergeant Weis presented a law enforcement report and reported the following statistics: there were 383 contract calls; zero District calls; 39 reports taken; one felony arrest, four misdemeanors; 359 citations and tickets; 12 crashes; and seven charges filed.

Sergeant Weis discussed various incidents during the month and reported that Precinct 3 constables apprehended suspects in the park in Legends Run in possession of a gun and a stolen vehicle.

Upon unanimous vote, the law enforcement report was approved by the Board.

4. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,762,824.52. The capital projects fund will stand at \$91,922.13. The operating fund will stand at \$3,066,566.43. Revenues exceeded expenditures for 11 months of the fiscal year by \$385,478.46. The bookkeeper reported

that the District has a year's worth of reserves in the operating fund. 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, 2017. Upon unanimous vote, the Board adopted the Resolution as presented.

6. John Montgomery presented an operator's report. The District billed \$253,056.89 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 93% of the water produced. The District served 3,818 customers, and 3,601 customers received all services including garbage. The sewage treatment plant operated at 76% of capacity with no permit violations. The operator requested write-off of three accounts in the total amount of \$681.62, and the Board approved the request.

The Board reviewed proposals for used generators. Three bids were solicited with the low bidder being STP Services at a price of \$52,000 for a 500KVA diesel generator. Upon unanimous vote, the Board approved award of the contract to the low bidder, subject to receipt of a completed 1295 form. The operator will obtain a quote to repair the existing generator at a cost of approximately \$10,000.

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

7. The Board considered a request for amendment of the operator's contract. The last rate increase was in 2006. The Board reviewed the proposal in detail. After discussion, upon unanimous vote, the Board approved the operator's request for additional compensation.

8. The Board considered amending the District's rate order to recover the costs associated with the increase in compensation to the District's operator. After brief discussion, the Board unanimously approved the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Waste Collection and Disposal Service and Imposition of Penalties.

9. There was no parks and recreational facilities report to present; however John Montgomery reported that some trees were cut down. The rest of the park matters were routine.

10. Jason Hajduk presented an engineer's report. The engineer continues to field calls from the TCEQ requesting more information and clarification with regard to the elevated storage study and variance request.

The engineer presented some preliminary proposals for a concrete fence on the back side of the sewage treatment plant. The District has experienced ongoing issues with theft and vandalism with entry being gained in this area. The low bid for the preliminary proposal was \$67,957.50. The Board noted that they were interested in pursuing the options in more

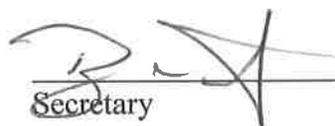
detail. After discussion, the Board requested the engineer obtain more quotes for the project.

The District engineer is still discussing the subject of conveyance of facilities with the staff at San Jacinto River Authority. They completed construction of the surface water receiving facilities some months ago, and the District is required by contract to convey easements necessary for their staff to use and maintain the surface water receiving facilities. The SJRA staff is still drafting the descriptions of the easement and conveyance documents.

Jason Hajduk and Lori Aylett reported on correspondence recently sent by other neighboring districts concerning county drainage approvals. In particular, the other districts are concerned about the Montgomery County Engineer's practice of approving drainage plans for neighboring developments that discharge developed flows into the Woodson's Gully watershed. A portion of the District's drainage also flows into this watershed. After discussion, the Board authorized the attorney to send correspondence from the individual Board members to the County Engineer respectfully requesting that their office adopt a regional approach to drainage approvals and seek input from all affected parties before approving developments. In particular, representatives of Montgomery County Drainage District No. 10 should be consulted prior to allowing discharge of any developed flows to Woodson's Gully.

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

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


Secretary