

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 9, 2017

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on January 9, 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, Sergeant Baker, Corporal Hare, Dayne Burson, Micah Burson, Paul Green, Jim Nichols, Kathryn Nichols, James Ridgeway, Jr., Brant Capilongo, 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 December 12, 2016 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Sergeant Baker and Corporal Hare presented a law enforcement report and reported the following statistics: there were 457 contract calls; 28 District calls; 54 reports taken; zero felony arrests; three misdemeanor arrests; 261 citations and tickets; four crashes; and four charges filed.

The officers reported that there had been a lot of issues with fireworks during the holidays. The officers noted that there is not a noise ordinance, but they will respond to and address noise complaints. A person was arrested for partial exposure in the parks.

Upon unanimous vote, the Board approved the law enforcement report as presented.

3. Under customer comments, Mr. James Ridgeway, Jr. addressed the Board and complained about a light on District facilities. The operator asked Mr. Ridgeway to contact his office regarding the issue.

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 \$3,295,387.43. The capital projects fund will stand at \$91,964.50. The operating fund will stand at \$3,374,114.55. Revenues exceeded expenses for seven months of the fiscal year by \$345,799.42. 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. The Board considered a tax assessor/collector's report. Taxes were 75% collected as of December 31, 2016.

6. The Board reviewed an Order Adopting Residence Homestead Exemption. The District has granted an exemption of 10% of the homestead value for all residence homesteads in the District for many years and can continue such exemption with adoption of this Order. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to continue the general homestead exemption of 10% in effect for the year 2017 and adopted the attached Order Adopting Residence Homestead Exemption as presented.

7. The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. Upon motion duly made, seconded and unanimously carried, the Board approved the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled, which Order reflected the granting of a \$40,000 exemption.

8. There was presented the attached Order Levying Additional Penalty for Delinquent Taxes. The order levies a 20% penalty on 2016 delinquent taxes for business personal property on April 1, 2017 and for real property on July 1, 2017. Upon unanimous vote, the order was adopted as presented.

9. Mike Williams presented an operator's report. The District billed \$322,461.11 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 3,595 customers received all services including garbage. The sewage treatment plant operated at 67% of capacity with no permit violations.

The operator requested write-off of six accounts in the total amount of \$1,039.91, and the Board approved the request.

The operator reported that his office staffed extra customer service representatives to deal with broken water pipes due to the freezing weather. The District's facilities weathered the freeze quite well.

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

10. Dayne Burson presented the Board with information on Badger Smart Meters. He showed the Board various options and presented literature and an on-screen presentation. He noted that the Badger ultrasonic meter will register up to 1/20th of a gallon per minute, so it is able to detect leaks and give the District better water accountability. Customers also have access to their own account via a phone application or their computer. The meters send hourly reports to the operator, and customers can set up leak alerts. The District can set up a tamper alert. The battery and meter have warranties. Based on other districts, the District can expect 25% to 30% initial participation by its residents in monitoring their own accounts. The

smart meter eliminates meter reading and input error. A mechanical meter costs \$245, electronic meters costs \$265, and a stainless meter costs \$295. The meter uses cellular technology, and there is a monthly subscription fee of \$0.89 per meter for the next 10 years. The operator stated that they would have to come back to the District with installation costs. Mr. Burson stated that the District could obtain a starter kit of 10 meters and four months of service for \$3,700. Director Smith asked how the District might recoup the costs of the smart meter program and what the rate of return on the investment was. After discussion, the Board concluded that the smart meter program could not be justified based upon savings to the District, but instead the District would have to justify the program on a water conservation basis. There is no program currently offered by the San Jacinto River Authority on the Lonestar Groundwater Conservation District to give credit for the use of the smart meters. After a full discussion, the Board agreed to take the matter under advisement and to take no action at this time.

11. Mike Williams presented a parks and recreational facilities report. There were nine calls regarding issues in the parks. Five calls were for the pavilion, three calls were for the ball fields, and one call was received this month for information. The operator reported that the irrigation backflows at the parks and ball fields have been winterized. At the ball fields, the operator sprayed backstops and outlined the fields with weed killer. Upon unanimous vote, the Board approved the parks report as presented.

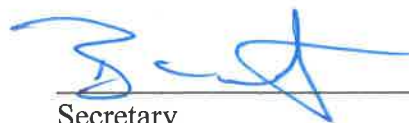
12. Jason Hajduk presented an engineer's report. With regard to the SJRA surface water conversion project, the SJRA contractor is mobilizing Tuesday to start repair to the water main "upstream" of the District in The Woodlands. The repair is anticipated to take until April. The engineer reported that the TCEQ has requested additional information on the elevated storage variance. On the Rayford Road expansion project, the plans and right-of-way acquisition is 98% complete, and construction will be begin the first quarter of the year.

The engineer has inspected the newly installed fence at the rear of the sewage treatment plant site, and the engineer has asked the fence contractor to change the bottom of the fence in a drainage area to a grate. The fence contractor still needs to install barbed wire at the top. The engineer plans to advertise for the sanitary sewer rehabilitation project next week. The engineer should begin work on renewal of the District's waste discharge permit in June.

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

13. Under pending business, Mr. Ridgeway asked the Board how they might do a better job of communicating with residents about the District's meetings. The Board requested that the attorney begin sending the agenda to be posted on the website.

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



Secretary