

**RAYFORD ROAD MUNICIPAL UTILITY DISTRICT**

Minutes of Meeting of Board of Directors

June 12, 2017

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on June 12, 2017, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

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

and the following absent:

Frank Moore, Vice President.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Paul Green, Sergeant Baker, Jim Nichols, Kathryn Nichols, James Ridgway, Jr., Deputy Brent Ryan, Clayton Harry, 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 May 8, 2017 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Sergeant Baker presented a law enforcement report and reported the following statistics: there were 384 contract calls; 49 District calls; 43 reports taken; one felony arrest; six misdemeanor arrests; 12 crashes; and 12 charges filed. Sergeant Baker introduced Deputy Brent Ryan who will be working under the District's contract and reported that after Friday, the District will have a full law enforcement coverage again. Sergeant Baker reported that there has been an uptick in car crashes due to construction on Rayford Road. Upon unanimous vote, the Board approved the law enforcement report as presented.

3. The Board considered comments from the public. James Ridgway approached the Board and wanted to make sure that the Board was aware of his interest in serving on the Board of Directors. Mr. Ridgway then thanked Director Alli for his service.

4. Bill Russell presented the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,622,084.23. The capital projects fund will stand at \$91,976.22. The operating fund will stand at \$3,056,527.91. Revenues exceeded expenses for 12 months of the fiscal year by \$30,357.91. Mr. Russell reported that unclaimed security deposit refunds were sent to the State of Texas Comptroller's Office as required by the escheat laws. 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 reviewed the ethics letter and update by investment officer, Bill

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Russell. The attorney noted that annually the investment officer is asked to disclose whether he has any personal business relationships (as that term is defined by statute) with anyone offering to engage in an investment transaction with the District. Mr. Russell submitted the required disclosure which indicated that he had no such relationships to disclose. The attorney noted that this document would be filed with the Texas Ethics Commission and in the District's records as required by law. Upon unanimous vote, the Board approved the investment officer disclosure as presented and authorized its necessary filing.

6. The attorney distributed a conflict of interest questionnaire to the Board. The Board members completed the questionnaires, noting no conflicts, and provided copies for the District's records.

7. The attorney presented a tax rate calendar for the Board's review and approval. After discussion, the Board authorized the attorney to submit the tax rate calendar to the tax assessor/collector.

8. Mike Williams presented an operator's report. The District billed \$269,726.52 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 97% of the water produced. The District served 3,819 customers, and 3,594 customers received all services including garbage. The sewage treatment plant operated at 65% of capacity with no permit violations.

The operator requested write-off of five accounts in the total amount of \$519.26, and the Board approved the request.

The operator reported that construction of the ditch below the fire station has been completed, and drainage in the area has improved. The operator reported that the auxiliary diesel tank has been ordered.

The operator reported that the District needs to add equipment at the sewage treatment plant to introduce manganese oxide. This is needed because the composition of the water received from the San Jacinto River Authority is different from that in the District's wells. The SJRA has verbally agreed to pay the costs for the alkalinity system. They would prefer if the District installed the system and requested reimbursement. The estimated costs are in the range of \$20,000. The Board noted that the equipment should be installed so that the District could maintain permit compliance. Upon unanimous vote, the Board authorized the operator to install the necessary equipment and authorized the attorney to request reimbursement from the SJRA.

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

9. Mike Williams presented a parks and recreational facilities report. There were 22 calls regarding issues in the parks. Seven calls were for the pavilion, 14 calls were for the ball fields, and one call was received this month for information. Two parties were held during the month.

Mr. Ridgway noticed a leak at the fountains and reported it to the operator, and Director Vallery reported that there is graffiti on some equipment in the parks.

10. Jason Hajduk presented an engineer's report. The engineer reported that the Rayford Road expansion is underway. With regard to the District's interconnect with Spring Creek Utility District, no further communication has been received on the purchase of a portion of the District's water line. The engineer will obtain pricing to disconnect and relocate the interconnect.

The wastewater treatment plant fence is complete and the engineer is awaiting the final pay application from the contractor. The drainage swale work on Mossy Branch is complete, and the drainage situation in this area appears to be much improved. The engineer is still working on the car wash annexation feasibility report. The District needs to schedule inspection of Water Plant No. 2. The operator reported that all generators have been serviced and exercised and the facilities are ready for hurricane season.

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

11. The attorney reported that there was no action on the sale and conveyance of the water line facilities to Spring Creek Utility District.

12. The attorney noted that the San Jacinto River Authority has not yet responded with a draft of the conveyance of facilities documents and easements. The attorney noted that she would follow-up with the counsel for the SJRA.

13. There was no developer's report provided.

14. Paul Alli presented his resignation from the Board of Directors and stated that he was moving from the District. Director Vallery and the other Board members expressed their appreciation to Mr. Alli for his years of service, and upon unanimous vote, accepted his resignation.

The Board discussed the appointment of someone to fill the vacancy created by Mr. Alli's resignation. The attorney noted that she had received correspondence from Mr. James Ridgway and Mr. Ronnie Hall indicating interest. Mr. Ridgway addressed the Board and asked if it would be appropriate for the Board to wait until a future meeting to appoint a director. Director Vallery advised the Board that he had approached James Nichols, and Mr. Nichols has indicated that he is willing to serve on the Board of Directors. Director Vallery noted that Mr. Nichols had attended meetings of the Board for many years, and it was Director Vallery's recommendation that the Board appoint Mr. Nichols. After consideration, upon unanimous vote, the Board adopted the attached Order Appointing Director, which order reflects the appointment of James Nichols to fill the vacancy created by the resignation of Paul Alli. The Board approved the letter of qualifications, statement of appointed officer, and oath of office of Mr. Nichols. Mr. Nichols acknowledged receipt of a questionnaire regarding potential conflicts of interest and a memorandum regarding completion of Public Information Act/Open Meetings Act training.

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

  
Secretary