

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 11, 2017

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on September 11, 2017, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Frank Moore, Vice President
Brendon Keith, Secretary
Michael Smith, Assistant Secretary
James Nichols, Director

and the following absent:

Jon Vallery, President.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Sergeant Baker, Kathryn Nichols, Michael Others, Clayton Harrington, James Ridgway, Jr., Dr. Keisha Antoine, 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 August 14, 2017 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Mike Williams reported on the status of District operations during Hurricane Harvey. Municipal Operations and Consulting had five personnel in the District who stayed around the clock for five days. In addition, they kept live customer service representatives on telephones to respond to inquiries regarding whether the water was safe to drink. Mr. Williams was pleased to report that to his knowledge, no homes flooded in the District, and DD 10's pumps worked perfectly. No customers lost water and sewer services. Water Plant No. 2 was down because of no power for about two hours. The wastewater treatment plant had some issues because the area received 42 inches of rain. The clarifier weir is out of service now, but the operator does not believe that it is a large repair. The District lost a generator at the Willow Creek Lift Station. The operator will file insurance claims for the clarifier drive and the generator. The Board commended MOC on a job well done. The attorney briefly discussed the status of the District's bonds and its bondholders. The District could consider filing a voluntary event notice to let the bondholders know that the District experienced no damage due to the hurricane. The Board authorized the financial advisor to make such filing.

3. Sergeant Baker presented a law enforcement report and reported the following statistics: there were 355 contract calls; 59 District calls; 192 traffic contacts; 41 reports taken; four felony arrests; 11 misdemeanor arrests; 10 crashes; and 12 charges filed. Sergeant Baker thanked the POA for giving the officers a place to stay dry during the hurricane.

4. The Board considered citizen comments. Dr. Keisha Antoine introduced herself and stated that she was a representative for a manufacturer of equipment for water quality testing and wastewater treatment and simply wanted to learn more about the District.

James Ridgway stated that he was continuing to work with the POA regarding meters that could be turned off, thereby saving the POA money. He did note that there were charges for connecting and disconnecting accounts. The operator confirmed that his company charges the District for disconnections, and the attorney advised that there is a charge in the rate order to customers for such charges. The Board advised Mr. Ridgway to work with the POA and make a decision about how many meters to disconnect.

5. The Board opened a public hearing on the proposed 2017 tax rate. The attorney confirmed publication of the proposed tax rate. The proposed tax rate was \$0.51 per \$100 assessed valuation. No members of the public wished to address the Board regarding the proposed tax rate, and the President declared the public hearing closed.

6. There was presented the attached Order Setting Tax Rate, Approving Tax Roll, and Levying Debt Service Tax and Maintenance and Operation Tax for the Year 2017. The order reflected a debt service tax rate of \$0.36 and a maintenance and operations tax of \$0.15. Upon unanimous vote, the Board approved the order as presented.

7. There was presented the attached Amendment to Statement of Directors Furnishing Information Required by Section 49.455(b), Texas Water Code, as Amended. The attorney noted that the Amendment to Statement of Directors is updated anytime the District adopts a new tax rate and is filed in the real property records of Montgomery County. Potential purchasers of property are on notice that they are located in a water district and they are on notice as to the current tax rate of the District and other related District information. Upon unanimous vote, the Board approved the Amendment to Statement of Directors as presented and authorized its execution by all Board members present.

8. Bill Russell presented the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,286,782.76. The capital projects fund will stand at \$91,976.22. The operating fund will stand at \$2,988,752.49. Expenses exceeded revenues for three months of the fiscal year by \$7,287.91. 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.

9. Michael Others presented an audit of the District's books and records for the fiscal year ended May 31, 2017. He stated that his firm was issuing an unmodified "clean" opinion. He reviewed the audit and the management discussion and analysis with the Board in some detail. Mr. Others reported that the District has nine to 10 months of operating reserves and is slowly approaching the one-year reserve in the operating fund that the auditor would like to see. After review, upon unanimous vote, the Board approved the audit and authorized its filing as required by law.

10. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives. The attorney noted that pursuant to the Public

Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions at this time to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. The attorney noted that she would be recommending changes to the investment policy after she completed her review of new legislation. Upon unanimous vote, the Board adopted the resolution as presented.

11. The Board noted the necessity to authorize preparation of continuing disclosure documents. The attorney noted that the District is required by federal securities law to update certain financial information that would be of interest to bondholders of the District. The District has a contract with FirstSouthwest Company to perform the necessary continuing disclosure obligation. Upon unanimous vote, the Board authorized FirstSouthwest Company to prepare and file the necessary continuing disclosure in accordance with their contract.

12. Lori Aylett explained the requirements of House Bill 1378 enacted by the Texas Legislature in 2015. Effective January 1, 2016, districts are required to provide certain financial information to the Comptroller of the State of Texas for posting on its website. The district may comply with the requirements of House Bill 1378 by submitting its approved audit. Upon unanimous vote, the Board authorized the attorney to make the required submission pursuant to House Bill 1378.

13. Mike Williams presented an operator's report. The District billed \$321,766.06 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 3,820 customers, and 3,592 customers received all services including garbage. The sewage treatment plant operated at 95% of capacity with no permit violations.

The operator requested write-off of 11 accounts in the total amount of \$881.04, and the Board approved the request.

The operator and Board next discussed termination of accounts due to nonpayment and agreed to adhere to the rate order procedures for cut-offs as no homes in the District flooded during Hurricane Harvey.

The operator presented a proposal for a 40 kilowatt natural gas generator to replace the generator at Willow Creek. The cost of the generator is estimated to be just over \$23,750 for the generator and installation, plus costs associated with a plumber. The Board approved the proposal for STP Services to perform the work, subject to receipt of a completed 1295 form.

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

14. Mike Williams presented a parks and recreational facilities report. There were 18 calls regarding issues in the parks. Six calls were for the pavilion, 11 calls were for the ball fields, and one call was received this month for information.

Mike Williams reported that he had investigated the costs associated with

separating the irrigation systems of the Property Owners Association and the District. The cost to separate the systems would be many thousands of dollars. The majority of the irrigation serves District ballfields, with a small minority serving the Property Owners Association areas. Upon unanimous vote, the Board authorized transfer of the meter for the irrigation system into the District's name, thereby transferring responsibility for the bill to the District.

Two parties were held during the month.

Upon unanimous vote, the Board approved the parks report as presented.

15. Jason Hajduk presented an engineer's report. The engineer reported that the Rayford Road expansion project is underway. Mr. Hajduk will provide a date for capping the interconnect line with Spring Creek Utility District, and the attorney will provide the information to that district. She noted that she previously sent a notice of termination of the interconnect contract but had heard nothing from their counsel. The Board reviewed the proposal for out-of-District service with Sam's Car Wash in some detail. The Board agreed that it would be prudent to offer terms of service only if the customer agrees to pay three times the in-District rate.

The engineer is working on preliminary plans for the looped system, which will provide more reliable water service to the commercial areas of the District. He has had discussions with representatives of Drainage District No. 6 and the church. The engineer requested and received authorization to prepare metes and bounds of an easement to give to the church for their consideration. In addition, the engineer will negotiate with the church regarding the trees in the wooded area by the church that will need to be replaced.

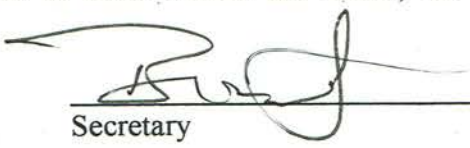
The engineer noted that the developer had rescinded his request to participate with the District on building a fence on common areas. The sanitary sewer rehabilitation work is almost complete, and the contractor responded to the complaint from the resident who attended last month's meeting regarding work that was done in his yard.

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

16. The Board reviewed the Interlocal Agreement with Montgomery County Municipal Utility District No. 99 for Law Enforcement. The attorney reminded the Board that the contract renews automatically unless a termination notice is given before the end of the term. The Board elected to allow the contract to renew automatically for another year.

17. Under pending business, the Board briefly discussed that Best Trash workers had been telling residents that they would not pickup storm debris. There does not appear to be much debris in the area, and most of trash is simple yard waste. The attorney will make contact with Best Trash if this continues to be an issue.

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


Secretary