

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

October 9, 2017

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on October 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
James Nichols, Director

and the following absent:

None.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Sergeant Baker, Deputy Christopher Carolan, Kathryn Nichols, James Ridgway, Jr., Travis Lye, Slater McEachen, 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 September 11, 2017 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. The Board discussed FEMA relief related to Hurricane Harvey. The Board ratified the attorney's previous filing of a request for public assistance, the designation of subrecipient agent, and direct deposit authorization.

3. Sergeant Baker presented a law enforcement report and reported the following statistics: there were 374 contract calls; 22 District calls; 588 traffic contacts; 44 reports taken; one felony arrest; eight misdemeanor arrests; 13 crashes; and seven charges filed. Sergeant Baker reported on burglaries during the month in which windows were smashed, but no items were taken. The Sergeant believes that juveniles may have been involved. The Sergeant asked for cooperation from the residents that have video cameras on their homes. She requested that residents not post footage of criminal activities on Facebook but to instead contact her office for investigation.

4. The Board considered citizen comments. Travis Lye with Sam's Car Wash addressed the Board regarding the proposed out-of-district multiplier on rates to be charged to the development. The engineer will discuss the matter under his report.

5. Bill Russell presented the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,286,821.14. The capital projects fund will stand at \$91,975.84. The operating fund will stand at \$2,750,972.71.

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Expenses exceeded revenues for four months of the fiscal year by \$323,545.30, but the budget should come back in line when maintenance tax revenues are received. 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.

6. The Board reviewed the tax assessor/collector's report. The report reflected that the District's 2016 taxes are 99.52% collected.

7. There was presented the attached Order Approving Investment Policy. The attorney explained that pursuant to changes to the Public Funds Investment Act, the Board should amend its investment policy. The policy should be amended to make a reference to newly enacted Chapter 2270 of the Government Code, which prohibits the investment of District funds in companies that do business with terrorist organizations. Further, the investment policy must be amended to change the definition of business organizations that must acknowledge receipt of the policy, and the form of the business organization's acknowledgment has changed. Upon unanimous vote, the Board adopted the attached Order Approving Investment Policy as presented.

8. Mike Williams presented an operator's report. The District billed \$342,991.84 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 3,820 customers, and 3,596 customers received all services including garbage. The sewage treatment plant operated at 68% of capacity with no permit violations. One tap was made during the month.

The operator requested write-off of three accounts in the total amount of \$376.49, and the Board approved the request.

The operator reported that installation of the gas line and meter for the generator at the Willow Creek lift station is underway.

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 21 calls regarding issues in the parks. 11 calls were for the pavilion, nine calls were for the ball fields, and one call was received this month for information.

Mike Williams reported that two dead trees were removed from the wetland area, and regular mowing and maintenance of District facilities was performed during the month.

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

10. Jason Hajduk presented an engineer's report. The engineer reported that the Rayford Road expansion project is underway.

The Board discussed the Spring Creek Utility District interconnect. The attorney

confirmed that she sent a notice of termination of the interconnect agreement in July as instructed by the Board. She followed up with an e-mail to the legal counsel for Spring Creek Utility District after the September meeting to make certain that there were no issues with disconnecting the interconnect, as the county was about to begin work on the expansion of Rayford Road. There was no response until early October, when the attorney and engineer received telephone calls from their counterparts at Spring Creek Utility District. Apparently there was an issue with communication among the consultants of that district, and all parties may not have been aware of the District's intent to disconnect the line. The District operator installed a gate valve at the District's boundary so that if the water line was hit by the Rayford Road expansion construction, water loss could be prevented. The Board discussed the matter in some detail. The Board authorized the operator to wait until the day after the next Spring Creek Utility District board meeting so that their board could receive all the necessary information about the termination notice before making a final disconnection of the water line.

The engineer then discussed the feasibility report previously presented regarding the provision of out-of-District services to Sam's Car Wash. Their representative, Mr. Travis Lye, addressed the Board and stated that he was concerned about the Board's proposed out-of-District rate, which is three times the in-District rate. He stated that this could be a substantial amount of money and asked for the Board's reconsideration. The Board noted that they had previously addressed the matter. The out-of-District rate is meant to compensate the District for the lack of tax revenues being received. The Board stated that they were not willing to enter into an agreement with a commercial out-of-District customer for less than three times the in-District rate.

The engineer next discussed the water line loop to serve the commercial areas in the District. The plans require the approval of the City of Houston, and it appears that the City may require an all-weather access road for the water line easement, which will increase the costs. The engineer will follow up with the City of Houston on the requirements. It was the engineer's estimate that the line will now cost about \$163,000. DD6 will also have to approve an easement across its property.

The engineer discussed the drainage swale between Montgomery County MUD 88 and the District. There is some sediment in that swale, and the District engineer has contacted the engineer for the recently constructed storage facility that appears to be causing the problem. The engineer has notified the storage facility that it will cost about \$12,000 to desilt.

Finally, the engineer reported that the waste discharge permit renewal application has been finalized.

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

11. The attorney and the engineer reported on the San Jacinto River Authority conveyance of facilities. There has been some movement on this matter. The engineer and attorney received drafts of the water line, facilities and access easement and the conveyance of facilities documents. The engineer and operator have reviewed the facilities to be conveyed and the easements to be granted and recommended that the District respond with its approval. The

next step will be for the San Jacinto River Authority to prepare the metes and bounds descriptions of the easements to be conveyed and finalize the conveyance documents. The attorney noted that she had reviewed the form of the conveyance documents and easements and had no objections to their form. Upon unanimous vote, the Board authorized the attorney to notify the SJRA that they may begin preparation the metes and bounds descriptions of the easements and finalize the conveyance documents.

12. Under pending business, Lori Aylett presented memoranda of law regarding House Bill 89 and Senate Bill 252. The attorney explained that House Bill 89 prevents the District from entering into contracts with companies for goods and services unless the contract contains written verification from the company that it does not and will not boycott Israel during the term of the contract. Senate Bill 252 prevents the District from entering into contracts for general construction, improvement, service, public works projects, or purchases of supplies, materials, or equipment with any company engaged in active business operations with Sudan, Iran, or a foreign terrorist organization. The attorney presented recommended language to be added to applicable agreements with District contractors.

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



Secretary