

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 14, 2018

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on May 14, 2018, 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
Michael Smith, Assistant Secretary
James Nichols, Director

and the following absent:

Brendon Keith, Secretary.

Also present were Bill Russell, Mike Williams, Jason Hajduk, James Ridgway, Mrs. Kathryn Nichols, Sergeant Washington, Christie Leighton, Chief Rodrigue, Paul Green, Mark Jarratt, 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 9, 2018 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. There was presented the attached Order Declaring Results of the Directors Election. The Board President reviewed the returns and announced the vote count, which is contained in the Order. It appeared from the Order that James Nichols, James Ridgway, Jr., and Jon Vallery had been duly elected to the Board. Upon unanimous vote, the Board adopted the Order as presented and canvassed the returns.

3. The Board President executed certificates of election indicating that James Nichols, James Ridgway, and Jon Vallery were duly elected, and the Board accepted the certificates of election as presented. The Directors presented their statements of officer, letter of qualifications, and oaths of office. They also completed conflict of interest disclosure statements, information regarding closure of certain public information, and received a memorandum regarding completion of required open meetings and public information act training. Upon unanimous vote, the Board accepted the oaths of office of Directors Nichols, Ridgway, and Vallery as presented.

4. The Board next considered the annual CPI adjustment pursuant to the residential solid waste collection agreement with Best Trash. The adjustment is automatic and occurs annually to account for changes in operating costs. The CPI adjustment reflects an increase of 1.8% from \$15.13 per home to \$15.41 per home effective with the May 2018 billing. The Board noted no issues with collection services and thanked Ms. Leighton for her attendance.

5. Sergeant Washington presented a law enforcement report and reported the following statistics: there were 14 District calls; 328 contract calls; 282 traffic contacts; 29 reports taken; four felony arrests; 10 misdemeanor arrests; and 20 charges filed. Chief Rodrigue

commended Sergeant Washington for chasing down suspects who robbed a Verizon store. Sergeant Washington requested the Board place long gun safes in each District car at a cost of \$4,740. Upon a vote of 3-0, with Director Ridgway abstaining, the Board voted to approve the request for long gun safes to be placed in District cars.

Sergeant Washington stated that his officers were still working on assuring that calls are put into the system correctly. In response to a question from Director Vallery, the officer noted that the District appears to be in good shape regarding the automobiles. The oldest vehicle is a 2013 model, and no vehicles have over 100,000 miles. The District should not have to budget for a new car this year. Director Ridgway asked if the statistics could be shown in a way as to pinpoint variances. Sergeant Washington directed him to the portions of the report that show the statistics by month and noted that this was a good way to see variances in the different calls.

6. The Board considered citizen comments. The Board received a complaint last month from a resident regarding their yard being damaged by the District's sewer line contractor. Jason Hjaduk addressed the Board and explained he had contacted the contractor, but the warranty period had expired.

7. The Boy Scouts were not present to give their presentation to the Board. The Board asked the attorney to remove this item from the agenda.

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 \$1,408,788.63. The capital projects fund will stand at \$91,975.84. The general fund will stand at \$3,145,701.15. Revenues exceeded expenses for 11 months of the fiscal year by \$63,588.78. The bookkeeper reported that the District has nine months of reserve. The bookkeeper reported that 2017 taxes were 98.39% collected. Upon a vote of 3-0, with Director Ridgway abstaining, the Board approved the bookkeeper's report as presented and authorized payment of the District's bills.

9. The Board then considered adoption of an operating budget for the fiscal year ending May 31, 2019. After discussion, upon a vote of 3-0, with Director Ridgway abstaining, the Board approved the attached Resolution Adopting Operating Budget for the Fiscal Year Ending May 31, 2019.

10. The Board then considered confirmation of the previous engagement of an auditor to perform the audit for the fiscal year ending May 31, 2018. The Board reviewed an audit continuance letter from McCall Gibson Swedlund Barfoot, PLLC. The letter confirms a previously provided evergreen audit engagement letter dated May 8, 2017. The firm's proposed budget for preparation of the audit would be between \$13,250 and \$14,250. The Board confirmed the prior engagement of McCall Gibson Swedlund Barfoot, PLLC to perform the audit. Director Ridgway abstained from voting.

11. Mike Williams presented an operator's report. The District billed \$247,764.68 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 94% of the water produced. The District served 3,820 customers, and 3,602 customers received all services including garbage. The sewage treatment plant operated at 63% of capacity with no permit violations.

The operator requested write-off of four accounts in the total amount of \$687.90. After discussion, upon a vote of 3-0, with Director Ridgway abstaining, the Board authorized the

operator to write-off the accounts as uncollectable.

The operator presented an email and photographs sent by a resident at 2619 Avalon Forest. The operator reported that there was a water line leak at this location, which was repaired in June of 2016. The concrete repair was done in late June of 2016, and the sod repair was done in July. More sod and concrete repair was done in July and August after the area settled. The operator confirmed that the leak was right beside the customer's driveway, and dirt did initially wash from under the driveway. The operator followed all normal procedures and waited until the area dried out and added dirt before the concrete was poured. The customer is now complaining that the driveway has begun to crack and there is a sink hole developing under the driveway. The customer also stated that there are cracks forming on the brick columns at the top of the driveway, and the columns are subsiding with the driveway. The operator is unable to confirm the cause of the cracking and suggested the District would have to engage an engineer to analyze whether the District's repair contributed in any way to the cracks in the driveway and foundation. The attorney suggested that the District file a claim with its insurance carrier so that they can investigate the matter further. After discussion, upon a vote of 3-0, with Director Ridgway abstaining, the Board authorized the operator to file an insurance claim.

After discussion, upon a vote of 3-0, with Director Ridgway abstaining, the Board approved the operator's report as presented.

12. The operator presented a draft of the 2017 Consumer Confidence Report. The report shows that the District's drinking water is compliant with all state and federal regulations. As in past years, the operator intends to send customers a notice with the unique internet address (URL) so that customers can go to the District's website and review the Consumer Confidence Report. Upon a vote of 3-0, with Director Ridgway abstaining, the Board voted to approve the Consumer Confidence Report as presented.

13. Mike Williams presented a parks and recreational facilities report. There were 25 calls regarding issues in the parks. Five calls were for the pavilion, 18 calls were for the ball fields, and two calls were received for information.

Mr. Williams reported that fertilizer for the grass and ant bait has been applied. A request was submitted to hold a non-profit fundraiser on the soccer field. The Board approved the fundraiser event as presented, after a vote of 3-0, with Director Ridgway abstaining.

Upon a vote of 3-0, with Director Ridgway abstaining, the Board approved the parks report as presented.

14. Jason Hajduk presented an engineer's report. With regard to the commercial water line loop project, the engineer reported the water line easement is set to be conveyed by Drainage District No. 6 on Thursday at their meeting.

With regard to the crosswalk restriping project, there is no update.

The engineer reported that the contractor has agreed to replace the dead sod, even though it is not under warranty. However, they have no schedule for performing the work. The homeowner stated that they had not used quality soil the first time. The Board noted that the District should make certain the customer's complaint is resolved in a timely manner. Upon a vote 3-0, with Director Ridgway abstaining, the Board authorized the operator to make ground and turf

repairs for the customer on Laura Lynn, with the price not to exceed \$1,000.

Kadiwal Investments has sent additional money for and updated their feasibility report, but they have not yet finalized their property and usage.

Finally, the engineer noted that the District's waste discharge permit must be submitted by October 1. Upon a vote of 3-0, with Director Ridgway abstaining, the Board authorized the engineer to submit the permit renewal in a timely fashion.

After discussion, the Board approved the engineer's report, with a vote of 3-0, with Director Ridgway abstaining.

15. The attorney presented a 20 foot water line easement that is to be granted from Montgomery County Drainage District No. 6. The easement is in the drainage district's standard form and will allow the District to loop a line to serve commercial properties. In exchange for the easement, the drainage district requested a utility commitment for 500 gallons per day for an administration building to be constructed in the future. Upon a vote of 3-0, with Director Ridgway abstaining, the Board accepted the water line easement and granted the utility commitment as requested by Drainage District No. 6.

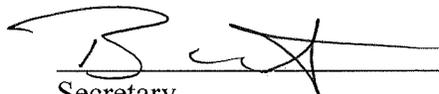
16. There was no action to take on the SJRA Conveyance of Facilities and Easements.

17. The developer was not present, but he had sent an email to the attorney requesting that the District's law enforcement officers continue to patrol the vacant Ace Hardware property.

18. The Board considered engagement of Arbitrage Compliance Specialists, Inc. for a report due on the Series 2014 bonds. The attorney noted that it was necessary for the District to comply with IRS regulations by engaging a company to perform an arbitrage/rebate analysis on the District's behalf. Upon a vote 3-0, with Director Ridgway abstaining, the Board approved engagement of Arbitrage Compliance Specialists, Inc. to provide the necessary report.

19. Under pending business, Director Ridgway mentioned the possibility of discussing an online message board, which could be used as a potential resource for the board in communicating with residents. He also requested that the board discuss winter averaging, which could be used as a baseline to more accurately capture sewage charges. Finally, Director Ridgway noted that he would like the board to pursue the possibility of using SWIFT funding (State Water Implementation Fund for Texas) for District projects. The Texas Water Development Board has speakers who can attend the meeting to advise the Board of options. The board noted that these items could be considered on future agendas.

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


Secretary