

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

November 12, 2018

The Board of Directors (“Board”) of Rayford Road Municipal Utility District (“District”) met at 27316 Spectrum Way, Oak Ridge, Texas, on November 12, 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
James Ridgway, Director
James Nichols, Director

and the following absent:

Brendon Keith, Secretary.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Sergeant Ken Washington, Sergeant Glen Arnold, Kathryn Nichols, Christie Leighton, Clayton Henry, 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. The President read the following announcement of recording and publication of recording on the District’s website: “The District records its meetings and at the conclusion of the meeting posts the recording on the District’s website. The audio recording can be found under the “Meetings” tab of the website, www.rayfordroadmud.com. Members of the Board of Directors and attendees of the Board meeting may also be recording the meeting.”

2. Minutes of the meeting held October 8, 2018 were presented for the Board’s review and approval. After discussion, upon unanimous vote, the Board voted to approve the minutes as presented.

3. The Board discussed procedures for placing and the operating recording device, recording meetings, posting audio to the website and retaining recordings. Director Nichols noted that he had listened to the recording of last month’s meeting that was posted on the District’s website. He stated that it was of fairly good quality, but he suggested that people who are giving reports approach closer to the microphone. He also discussed whether the District should use a portable charger or plug in the device so that it does not run low battery power. Director Nichols made a motion to adopt the following procedures for recording District meetings: the attorney will be responsible for bringing the recording device in a charged status to the meeting and will also be responsible for turning the device on and off and transmitting the recording to the District’s website. Further, the attorney will be responsible for turning the device off during any executive sessions and immediately upon adjournment. Director Moore seconded the motion, and it was unanimously carried.

The attorney asked if the District wanted to deviate from the previously adopted records retention schedule for the audio recordings. According to the records retention schedule promulgated by the Texas State Library and Archives Commission and previously adopted by the District, audio recordings are to be retained for 90 days after approval of the minutes of the meeting in question. Director Ridgway stated his opinion that the District should deviate from the records retention schedule and keep the audio recordings on the District's website indefinitely so that the public can access them. The attorney offered a counter-point and advised that retaining audio recordings for longer than necessary could in some instances be detrimental to the District's legal interests. She noted that after their approval, the minutes are the official record of the business that takes place at a given meeting and are a permanent record that can be accessed by the public. Director Nichols made a motion to adhere to the records retention schedule, and the motion was seconded by Director Moore. The chair called for a vote, and the motion passed with a vote of 3-1, with Director Ridgway opposing.

4. Sergeant Washington presented a law enforcement report and reported the following statistics: there were 22 District calls; 278 contract calls; 142 traffic contacts; 17 reports taken; two felony arrests; eight misdemeanor arrests; six crashes; and eight charges filed. Sergeant Washington reported that lanes of Rayford Road will be closed soon and traffic delays should be expected. The Sergeant reported he is observing an upward trend in checking account fraud and package theft. Sergeant Washington introduced Sergeant Glen Arnold, who will be the new contact under the District's contract with the Constable. Sergeant Washington will be moving to Spring Creek Utility District's contract. Several of the deputies are changing shifts. The Board thanked Sergeant Washington for his diligent service and welcomed Sergeant Arnold.

5. Christie Leighton of Best Trash addressed the Board regarding her company's services and asked if there were any issues. Director Moore asked Best Trash to be more careful when handling customer trash cans. Residents present at the meeting also voiced similar concerns. Ms. Leighton will address issue immediately with Best Trash employees. Director Ridgway asked when the current contract with Best Trash expires, and the attorney confirmed the contract expires on April 30, 2022. The Board thanked Ms. Leighton for her attendance.

6. Under citizen comments, Director Ridgway made the following statement: "To my fellow Board members, please allow me to apologize for my behavior during October's meeting. As you all probably recall, toward the end of the meeting when we were all discussing whether there was any value in attending educational events tailored for MUD Directors, I let my temper get the better of me. I apologize; it was unprofessional and uncalled for. After cooling off and thinking on it more, especially on the comments made by our Board President, Jon Vallery, it occurred to me that I as well as the residents of this District are very fortunate to have existing leadership that is so well educated on Municipal Utility District matters that, as I believe Brendon Keith put it last month, there is simply no return on investment when attempting to expand our knowledge base further. With this new perspective, I now see that my various past attempts to persuade the Board otherwise have been ignorant and ill-informed. We shouldn't waste taxpayer money trying to learn how we might be better leaders when collectively this Board already knows everything it needs to know to get the job done. Or analogously, it's not like a pilot needs a pilot's license as long as the plane lands in the end. The passengers should be happy at least in the end. Again I apologize for thinking otherwise, after receiving a complete

list of Montgomery County MUDs who participated in the AWBD summer conference, I incorrectly concluded that based on the fact that a total of 33 Montgomery County MUDs attended, AWBD might prove a useful educational resource. It's truly a shame that so many of our immediate MUD Board neighbors including Southern Montgomery County MUD, Spring Creek UD, MUDs 88 and 89, and many, many more have not come to the same conclusion that Rayford Road MUD realized so many years ago. Investing time and money into AWBD educational events is wasteful and misguided. Thank you."

Director Vallery responded to Director Ridgway and stated that this statement was ill advised, should not have been offered, was not an apology at all and was instead a slap in the face. Director Nichols noted that Director Ridgway's account was not accurate. Mr. Nichols had attended an educational seminar for new directors that was offered by the Association of Water Board Directors at no charge. There were more than 200 people present, and Director Nichols noted that Director Ridgway was not in attendance at the free event even though he had been issued an invitation. Director Ridgway did not recall receiving an invitation.

7. Bill Russell presented the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,248,097.48. The capital projects fund will stand at \$91,976.22. The general fund will stand at \$2,797,199.10. Expenses exceeded revenues for the first five months of the fiscal year by \$271,996.21. Director Ridgway asked about the law enforcement budget and expenses, and the bookkeeper reviewed the law enforcement budget and invoices with the Board in some detail. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of the District's bills.

8. Mike Williams presented an operator's report. The District billed \$367,031.38 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 3,820 customers, and 3,600 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 10 accounts in the total amount of \$889.93. After discussion, upon unanimous vote, the Board authorized the operator to write-off the accounts as uncollectable.

The operator reported there were eight residents who complained about high water usage for the month. The operator checked the customer's meters and all were accurate or reading low.

The operator reported the annual fire hydrant inspection was performed. There were 313 hydrants that were flushed and tested, and all were operable. The operator reported some leaks were fixed, and some street reflector buttons were replaced.

Director Ridgway asked the engineer about the location and depth of all of the District's wells, and the engineer confirmed that they were in the Evangeline Aquifer. The engineer and operator noted that static water levels did decline in that aquifer during the drought a few years ago, but they have returned to normal levels.

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 18 calls regarding issues in the parks. Five calls were for the pavilion, 12 calls were for the ball fields, and one call was received for information. There have been several trees that have fallen in park areas due to high wind. Over the weekend, a tree fell from District property onto a customer's property. The operator removed the tree from the customer's home and notified the District's insurance carrier. The operator noted that if a tree in the wetlands is dead, the District can remove it. If the tree is alive, the District may not alter it in any way. The wetlands is governed by an Army Corps of Engineers permit.

10. The attorney briefly reported on the status of the Schlitz claim. The District's insurance carrier has written an initial letter to Mr. Schlitz and has denied coverage based upon their investigation and based upon the statute of limitations.

11. Jason Hajduk presented an engineer's report. With regard to the commercial water line loop, the engineer reported that bids were opened on November 9, 2018. The low bid received was in the amount of \$120,416.20 from S. Thomas Construction, LLC. The engineer is still evaluating bids and does not yet have a recommendation for the Board. The estimate for the project was about \$110,000. The engineer received a letter of no objection from Entergy and Kinder Morgan for the Boy Scout Eagle project to install benches on the soccer fields. The engineer is still waiting to receive the draft of the waste discharge permit. Mr. Hajduk received a request for out-of-district service for a tract on Robinson Road. The planned use is 14 1,200 square foot warehouses. Director Nichols made a motion to decline the request for out-of-district service, and the motion was seconded by Director Moore. The chair called for a vote, and the motion passed with a vote of 3-0, with Director Ridgway abstaining.

Upon unanimous vote, the Board approved the engineer's report as presented.

12. The attorney briefly reported on the status of the SJRA and city litigation. The cities have appealed to the Texas Supreme Court.

13. The Board considered renewal of the District's insurance policies. The proposal is substantially similar to the District's existing policies and coverages, but the premium cost increased by \$632. The Board reviewed the proposals for coverage from Arthur J. Gallagher in detail, and upon unanimous vote, the Board authorized the renewal as reflected on the proposal.

14. The Board discussed whether the District should pay to have separate email addresses for each director. The website consultant will charge \$10 per email address per month, and there will be a one-time setup fee. Upon unanimous vote, the Board approved the expenditure for email addresses.

15. Under pending business, Director Ridgway asked how the District can go about establishing an operating reserve and how the District might financially support other projects. Director Ridgway suggested that the District should have a workshop meeting or some

other mechanism for discussion of establishment of the reserves. The other directors noted that the Board discusses the bookkeeping report, payment of invoices, and the budget at every meeting; therefore, such matters are addressed on a continual basis. The engineer noted that he had previously prepared a long-term plan for capital repairs, and he will bring this to the next meeting so that the Board can review long-term capital projects planning and budgeting.

The Board discussed conducting consultant reviews with one consultant per month, starting with IDS Engineering Group.

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



Secretary