

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 14, 2019

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on January 14, 2019, 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
James Ridgway, Director
James Nichols, Director

and the following absent:

None.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Paul Green, Lonnie Wright, Clayton Henry, Glenn Kourik, Kathryn Nichols, 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 December 10, 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 reviewed a law enforcement report and the following statistics: there was one District call; 468 contract calls; 238 traffic contacts; 67 reports taken; no felony arrests; five misdemeanor arrests; 17 crashes; and five charges filed. The District is now fully staffed with officers.

4. There were no citizen comments for the Board's consideration.

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 \$2,823,391.81. The capital projects fund will stand at \$91,976.22. The general fund will stand at \$3,373,792.68. Revenues exceeded expenses for the first seven months of the fiscal year by \$297,772.67. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of the District's bills.

6. The Board reviewed an Order Adopting Residence Homestead Exemption. The District has granted an exemption of 10% of the homestead value for all residence homesteads in the District for many years and can continue such exemption with adoption of this Order. There was a lengthy discussion regarding the homestead exemption. The Board reviewed an analysis of the homestead exemptions provided by Masterson Advisors, LLC, a copy of which is attached. The report indicated that if the District increased its homestead exemption to 15%, the tax rate would have to increase by \$0.0220. If the District increased the homestead exemption to 20%, the tax rate increase required to bring in the same reserves would be \$0.0460. Director Ridgway suggested tabling the matter so that the Board would have more opportunity to review the information. Other Board members indicated that they did not need additional time to make a decision. Upon motion duly made, seconded, and carried with a vote of 4-1, with Director Ridgway opposing, the Board voted to continue the general homestead exemption of 10% in effect for the year 2019 and adopted the attached Order Adopting Residence Homestead Exemption as presented.

7. The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. The Board reviewed an analysis of the over 65 and disabled exemptions proposed by Masterson Advisors, LLC, a copy of which is attached. The conclusion of the analysis was that each \$5,000 increase in the exemption would require the District to raise taxes by \$0.002 to generate the same tax levy. Upon motion duly made, seconded, and carried with a vote of 4-1, with Director Ridgway abstaining, the Board voted to approved the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled, which Order reflected the granting of a \$40,000 exemption.

8. There was presented the attached Order Levying Additional Penalty for Delinquent Taxes. The order levies a 20% penalty on 2018 delinquent taxes for business personal property on April 1, 2019 and for real property on July 1, 2019. Upon unanimous vote, the Order was adopted as presented.

9. Mike Williams presented an operator's report. The District billed \$260,092.69 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 3,604 customers received all services including garbage. The sewage treatment plant operated at 66% of capacity with no permit violations.

The operator requested write-off of three accounts in the total amount of \$468.13.

The operator reported they repaired a several water line leaks. After discussion, upon unanimous vote, the Board approved the operator's report as presented and authorized the three accounts to be written off as uncollectable.

10. Mike Williams presented a parks and recreational facilities report. There were 10 calls regarding issues in the parks. Two calls were for the pavilion, six calls were for the ball fields, and two calls were received for information. Mr. Williams reported they have received calls reporting water standing on sidewalks in the parks. Mr. Williams noted that is has been very wet, and there may not be any drainage issue. The Board took the matter under advisement. Mr. Williams reported the Boy Scout Eagle project to install benches on the soccer fields has been completed. The Board authorized Mr. Williams to send a letter of appreciation.

11. Jason Hajduk presented an engineer's report. With regard to the commercial water line loop, the engineer reported that the contracts are ready to sign, and the preconstruction meeting will be held on Thursday, January 17, 2019 at 11:00 a.m.

The engineer noted that the next item on the Long Term Management Plan is to televise the sewer lines in Imperial Oaks, Section 5. The engineer estimates a fee of \$47,800 to perform the work and engineering costs of \$21,000. The engineering scope of work includes preparation of plans and bid documents, on-site construction observation, video review, and recommendation letter.

After discussion, upon unanimous vote, the Board approved the engineer's report and the engineer's proposal for televising the sewer lines in Imperial Oaks, Section 5.

12. The Board reviewed the District's contract with Municipal Operations and Consulting ("MOC"). Mike Williams discussed the services provided by MOC to the District. Rayford Road MUD was MOC's first client in 2002. Mike Williams has been the operator since the beginning of the company's formation. Mike Williams has been in the District as an operator since 1999. Mr. Williams notes that he lives in Imperial Oaks and regards that as a bonus, as the District's customers are his neighbors. MOC helped the District to obtain a superior water system status. MOC has requested only one raise during its tenure, in 2016. MOC now has 85 water districts, and they believe their growth is due to their superior customer services. Jon Vallery pointed out that the company had gone above and beyond during Hurricane Ike, keeping the District with water and sewer services via generator power for over two weeks. Director Keith noted that the consultants all seem to work well together and are a cohesive team. Director Ridgway noted that perception is always a challenge, and water companies have difficulty because of how they are perceived by residents. Director Keith stated that the best way to combat this perception was to invite people to come to a Board meeting for information from the Board. Director Keith stated that Board members have turned the meetings and the agenda items into unnecessary disagreements, and in his opinion this is not right. The Board needs to do its business in an orderly fashion. Lonnie Wright addressed the Board briefly and stated that it was his opinion that a secret to success is to deal with customers on a face-to-face basis and not through social media. When a customer complains, the operator dispatches someone to investigate the complaint.

The Board continued the discussion about customer relations. The Board asked the attorney to get logistics information from the website company. In particular, the Board wants to know how many people have signed up for email notifications. The Board asked the operator to place an item on the bottom of the water bill to encourage people to sign up for email alerts.

There followed a brief discussion about the use of Smart Meters. Lonnie Wright noted that Smart Meters were not likely to result in any costs savings but were helpful in leak identification. The Board concluded its review of the MOC contract and thanked Lonnie Wright and Mike Williams for their presentation.

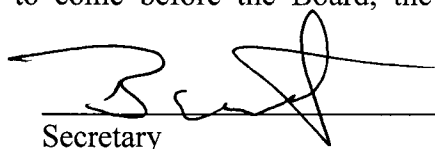
13. There was nothing to report on the status of the SRJA conveyance of facilities.

14. There was no developer's report for consideration.

15. The Board discussed electronic banking options. The operator noted that the District has 774 accounts that use ACH banking options. Those customers are charged \$1 because the bank charges the District \$1. The bank has not indicated its willingness to waive the fee, and so the District passes those charges through to customers who wish to use the ACH service. Credit cards charge 3%, which is also passed through to the customer. Lonnie Wright noted that he will personally attempt to negotiate for lowering or removing the ACH fees with the banks in question.

16. Under pending business, the attorney passed out an annual calendar of events.

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


Secretary