

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
June 10, 2019

The Board of Directors (“Board”) of Rayford Road Municipal Utility District (“District”) met at 27316 Spectrum Way, Oak Ridge, Texas, on June 10, 2019, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Jon Vallery, President
James Ridgway, Director
Glenn Kourik, Director

and the following absent:

Frank Moore, Vice President
Brendon Keith, Secretary.

Also present were Bill Russell, John Montgomery, Jason Hajduk, Sergeant Glen Arnold, Christie Leighton, Clayton Henry, Nizar Ali, 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 May 13, 2019 were presented for the Board’s review and approval. Director Ridgway stated he would like the minutes to reflect more specifics on the SJRA presentation. The attorney will revise the minutes for action at the next meeting.

3. Sergeant Glen Arnold presented a law enforcement report and the following statistics: there were no District calls; 398 contract calls; 410 traffic contacts; 79 reports taken; two felony arrests; six misdemeanor arrests; nine crashes; and nine charges filed. Sergeant Arnold reported there is still one deputy in training who will report for duties under the District’s contract. Sergeant Arnold reported the liquor store located at the front of the subdivision was robbed. He also reported on various fraud schemes used by criminals. The Constable’s Office has taken possession of two law enforcement vehicles and will have them outfitted for use by deputies in the District’s contract. Director Kourik mentioned that the officers appeared to be very active on Rayford Road versus in the neighborhoods. Sergeant Arnold discussed deployment of personnel and resources.

4. The Board next reviewed the notice received from Best Trash regarding the annual CPI adjustment assessed pursuant to their residential solid waste collection agreement with the District. Best Trash is also seeking an additional \$0.75 per customer per month due to

unforeseen expenses. Christie Leighton noted there have been changes to Best Trash's recycling costs, and this cost differential alone amounts to \$0.59. Best Trash used to be paid for recycling but now they have to pay to have it hauled. There are also increased costs associated with labor and other regulatory fees. Director Ridgway indicated that if he is to vote for any request for a rate increase, the District must receive something in return. He asked if the contractor could guarantee they will not request another rate increase. Ms. Leighton indicated that this was the first time that Best Trash had requested any increase from the District in addition to the CPI that is provided for in the contract. Director Vallery noted that when the District began the contract with Best Trash, the District saved substantial sums of money by changing from the previous company WCA. In April of 2012, the District paid WCA \$62,052 for their final month of service. In the first month of service from Best Trash, the District paid \$45,700. In one year, the District saved \$195,000. Over the past seven years, the District has saved approximately \$1,000,000 by utilizing the services of Best Trash, and Best Trash has provided excellent service to the District. Director Vallery stated that he would be in favor of granting an increase of \$0.70 in addition to the CPI. Director Ridgway made a motion not to approve a rate increase unless the District received something in return. The motion died for lack of second. The Board discussed Best Trash's request in more detail. The Board asked if the contractor was willing to extend the term of the contract as partial consideration for the increase. Ms. Leighton indicated that Best Trash was willing to increase the contract term by two years. Upon motion made by Director Ridgway, seconded by Director Kourik, the Board voted unanimously to approve a rate increase in addition to the CPI of \$0.60 per customer per month with a two-year extension to the contract term. The District's new rate will be \$16.80, and the contract term will extend through April 30, 2024.

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

6. Bill Russell presented the bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,344,624.08. The capital projects fund will stand at \$91,984.03. The general fund will stand at \$1,765,785. Revenues exceeded expenses for the fiscal year by \$176,571.74. The bookkeeper reported that there were three fraudulent checks written on the District's account. The bank has reimbursed the funds, but the bookkeeper had to close the account. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of the District's bills.

7. John Montgomery presented an operator's report. The District billed \$251,900.58 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 3,600 customers received all services including garbage. The sewage treatment plant operated at 58% of capacity with no permit violations.

The operator requested write-off of one account in the amount of \$360.16, and the Board concurred.

A resident reported the Drainage District No. 10 pump station was tagged with graffiti. The operator stated that they were also the operator for Drainage District No. 10 and would get the graffiti removed.

Upon unanimous vote, the board approved the operator's report as presented.

8. There was no parks and recreational facilities report available for the Board to review.

9. Jason Hajduk presented an engineer's report. With regard to the commercial water line loop, S. Thomas Construction has completed the punch list items. The engineer recommended payment of Pay Application No. 2 and Final in the amount of \$11,508.62 and acceptance of facilities, and the Board concurred. Regarding Phase 3 of the sanitary sewer rehabilitation project, Camino Services has finished televising the sewer lines in Imperial Oaks, Section 5. The engineer is reviewing the videos.

The engineer reported they were able to find an inlet for the Imperial Oaks Estates customer who was having drainage issues. The engineer had noted that he had spoken with the homeowner regarding the drainage issues, and the homeowner was very happy that the engineer proposed a simple solution in response. The engineer is hopeful that the waste discharge permit will be issued within the next week.

Mr. Ali approached neighboring landowners regarding easements on their property that will be necessary to service Mr. Ali's tract. The property owners are willing to grant easements but have requested that the District to consider providing sanitary sewer service. Mr. Ali presented a check in the amount of \$5,000 to pay the District's cost for the District engineer to perform a feasibility analysis for sewer service to the neighboring property owners. Mr. Hajduk will coordinate with Mr. Ali on items required for the study.

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

10. The attorney presented a proposed Notice of Intent for coverage under the Texas General Permit for storm water discharges. The attorney reminded the Board that the District is a participant in a coalition with Drainage District No. 6 and several other water districts and the City of Oak Ridge North. The coalition participants act together to comply with the Texas General Permit for storm water discharges. The Texas Commission on Environmental Quality has reissued the permit, and the District must apply for coverage under the newly reissued permit. Upon unanimous vote, the Board approved the Notice of Intent for coverage under the permit.

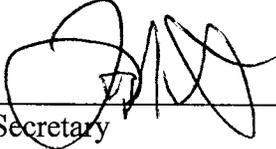
11. The attorney gave brief status report on the activities of the San Jacinto River Authority. The SJRA has proposed rates for their next fiscal year, and the proposed rate for groundwater is \$2.73 per 1,000 gallons, and the proposed rate for surface water is \$3.15 per 1,000 gallons. The attorney noted that it may be useful for the District to participate in filing an amicus brief with the Texas Supreme Court. The attorney will speak with several of her other affected Montgomery County clients to see if there are others who may want to participate. Filing a joint brief would save legal costs.

12. The attorney distributed a conflict of interest questionnaire to the Board. The Board members completed the questionnaires, noting no conflicts, and provided copies for the District's records.

13. The Board reviewed the ethics letter and update by investment officer, Bill Russell. The attorney noted that annually the investment officer is asked to disclose whether he

has any personal business relationships (as that term is defined by statute) with anyone offering to engage in an investment transaction with the District. Mr. Russell submitted the required disclosure which indicated that he had no such relationships to disclose. The attorney noted that this document would be filed with the Texas Ethics Commission and in the District's records as required by law. Upon unanimous vote, the Board approved the investment officer disclosure as presented and authorized its necessary filing.

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


Secretary