RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
October 14, 2019

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 27316 Spectrum Way, Oak Ridge, Texas, on October 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
Charles Saxe, Secretary
James Ridgway, Director
Glenn Kourik, Director

and the following absent:

None.

Also present were Bill Russell, John Taylor, Jason Hajduk, Drew Masterson, Adam Acostas, Sergeant Glen Arnold, Lieutenant S. Furches, 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. There were no public comments for the Board's consideration.

3. Minutes of the meetings held August 12, 2019 and September 9, 2019 were presented for the Board's review and approval. Upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

4. The Board reviewed a law enforcement report and the following statistics: there were no District calls; 368 contract calls; 422 traffic contacts; 49 reports taken; three felony arrests; nine misdemeanor arrests; two crashes; and 15 charges filed. The officers reported that a burglar was apprehended. The officer noted that the Precinct employed many strategic ideas to apprehend the burglar. Once apprehended, law enforcement was able to use evidence to clear eight other burglaries allegedly committed by the same person. According to Lieutenant Furches, the District has the need for an investigator. The District could add a deputy to the contract who would continue to patrol, and one of the existing deputies in the contract could be a full-time investigator. In response to a question from Director Ridgway, law enforcement personnel indicated that there was enough work in the District for a full-time investigator. Use of a full-time investigator would not require purchase of another vehicle. The District would

simply have to amend the contract with the County to put another deputy on staff and move the existing person into an investigator role. It would take approximately $50,000 per year to add a deputy. In response to a question from the Board, the law enforcement officer indicated that the investigator would work full time on cases in Rayford Road MUD. The Board requested that law enforcement begin immediately to assign some cases to the officer. The Board requested that the Board place an item on the next agenda to consider amendment to the interlocal contract to add a deputy.

The Board then received a presentation from law enforcement regarding graffiti and street gangs.

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 $1,118,7944.03. The capital projects fund will stand at $0. The general fund has two accounts, with balances of $1,702,137.93 and $1,213,966.19. Expenses exceeded revenues for the first four months of the fiscal year by $351,745.68. After discussion, upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of the District's bills.

6. Drew Masterson presented a financial advisor's report and a report on the potential for refunding of some of the District's outstanding bonds which are currently callable. Mr. Masterson reported that due to historic low interest rates, some of the District's outstanding debt could be refinanced at lower interest rates resulting in gross savings and net present value savings. For the District to take advantage of such an opportunity, the District would need to select an underwriter and approve a Preliminary Official Statement, the offering document for the bonds. In addition, the District would have to set parameters under which an official of the Board could act to approve and authorize the sale of the bonds. The City of Houston has ordinances governing the issuance of the refunding bonds, and the District must achieve present value savings of 3% to meet the City of Houston ordinances. Based upon current interest rates, the District could expect to achieve present value savings of 4% to 5%. The financial advisor noted that it would be appropriate for the Board to authorize a District officer to act on the District's behalf in the issuance, sale, approval and delivery of the bonds under terms and conditions set forth by the Board. The Board can establish parameters under which one of its officials will be authorized to act on behalf of the District.

The District selected Samco Capital Markets, Inc. and Hilltop Securities, Inc. to act as underwriters.

Mr. Masterson turned to the Preliminary Official Statement and reviewed it in detail with the Board of Directors. He noted that the document described the District and the proposed bonds in detail. The District will engage a firm of certified public accountants to act as verification agent to verify the District's compliance with City of Houston ordinances and the amounts put on deposit into an escrow or payment fund. The Preliminary Official Statement must describe the District accurately and must not omit anything that would be material to an investor.

Frank Moore exited the meeting in progress.

The attorney noted that it would be appropriate for the Board to designate District officers and directors authorized to act on behalf of the District in the issuance, sale, approval and delivery of the Series 2019 Refunding Bonds and to carry out all necessary acts and procedures, including but not limited to, entering into a Bond Purchase Agreement, entering into a Paying Agent/Registrar Agreement, entering into an Escrow or Deposit or Payment Agreement, approving the Verification Agreement, adopting the City of Houston ordinance provisions regarding refunding, and evidencing such actions by the execution of an Approval Certificate.

There was presented the attached Bond Order for the Series 2019 Refunding Bonds. The attorney explained the Bond Order to the Board. She noted that the Bond Order is the District's covenant with the bondholders. As such, the District covenants to levy a tax sufficient in rate and amount to pay the bonds when due, and the District covenants to maintain the tax-exempt status of the Bonds. The District further promises to annually update certain financial information that is of interest to bondholders. The Bond Order contains the parameters under which Board members will be authorized to act on the Board's behalf.

There was presented the attached Order Authorizing Actions for Issuance, Approval, and Delivery of the Series 2019 Refunding Bonds.

After discussion, upon unanimous vote, the Board authorized Jon Vallery (primary) and Charles Saxe (secondary) to act on the District's behalf in the issuance, sale, approval and delivery of the refunding bonds if the District can achieve a 4% present value savings; approved the Preliminary Official Statement, the Official Statement, and the Notice of Refunding for the Series 2019 Refunding Bonds; authorized and designated the Board President and Secretary to act on its behalf subject to the parameters previously set forth, and the Board further authorized Jon Vallery (primary) and Charles Saxe (secondary) to execute the Bond Purchase Agreement and the Approval Certificate after all parameters have been met; authorized engagement of Bank of new York Mellon Trust Company, N.A. to act as Paying Agent/Registrar; authorized all its consultants to take any actions necessary to issue, sell, approve and deliver the bonds; approved the Bond Order as presented; and adopted the Order Authorizing Actions for Issuance, Approval, and Delivery of the Series 2019 Refunding Bonds as presented. The bonds have an estimated pricing date of November 6, 2019 and estimated closing date of December 10, 2019.

7. John Taylor presented an operator's report. The District billed $315,191.50 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 3,821 customers, and 3,591 customers received all services including garbage. The sewage treatment plant operated at 54% of capacity with no permit violations.

Director Saxe asked the operator to make sure to put meter lids back on when the meters are read. A resident addressed the Board regarding her most recent water bill. Her previous bill was 6,000 gallons, while this month's bill was 24,000 gallons. The customer indicated that she is retired and on a fixed income and that she had made contact with the office two different times because there is no way she could have used this much water. She did noted that in August of 2017 she had used 17,000 gallons because of a leak. The Board advised her to

check her sprinkler heads, because if one of them was broken it could easily use this much water. In the meantime, the District will calibrate the customer's meter to see if it is reading accurately. The Board will review the account at the next meeting.

The operator presented a letter from Charles Snead requesting a credit for water use because he is over 65. The Board noted that the District's Rate Order provided for a lower rate for persons over 65 and authorized the operator make the necessary adjustment.

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

8. John Taylor presented a parks and recreational facilities report. Mr. Taylor reported a new water fountain was installed. There was a discussion regarding mosquitos in the District's parks and waterways. Director Saxe indicated that he had been approached by an employee at the County who wants to come to the next Board meeting to discuss mosquito control. The Board authorized the attorney to place an item on the next agenda regarding this discussion.

9. Christie Leighton presented a report of Best Trash. She provided the Board members with an invitation to tour the recycling plant.

10. The Board agreed to defer consideration of the District's rates to give the Directors more opportunity to review and evaluate.

11. Jason Hajduk presented an engineer's report. The engineer reported he is still working on the long-term management plan. The engineer is preparing bidding contracts for Phase 3 of the sanitary sewer cleaning and television work in Imperial Oaks, Section 5. After discussion, upon unanimous vote, the Board approved the engineer's report as presented.

12. There was no action taken on the SJRA conveyance of facilities and easements agenda item.

13. Lori Aylett gave a brief status report on FEMA claims. The District has been paid for all of its FEMA claims related to Hurricane Harvey except for the direct administrative costs, which are estimated at $2,583.21.

14. Lori Aylett gave an attorney's report. The Texas Water Development Board rejected the appeal of Lone Star Groundwater Conservation District regarding its Groundwater Management Plan. The Water Development Board concurs that the plan is incomplete because desired future conditions are not in the plan. The Texas Supreme Court has agreed to hear the appeal in the SJRA/City of Conroe litigation. The attorney's office did not yet complete the amicus brief, but since the Supreme Court has now agreed to hear the case, it would be appropriate for the District to file an amicus brief before oral arguments in January.

15. The Board discussed transparency and potential opportunities to increase transparency for the public. Director Ridgway stated that he would like for the District again look at the possibility of using message boards. He further stated his opinion that the District could have delayed its decision to appoint a new Board member by one month without harming

the District. Director Vallery noted that a qualified person was ready, willing and able to serve, and he did not see the need to delay. Discussion turned to the Public Information Act request. Director Ridgway stated that part of the reason he got on this Board was that he wanted additional transparency. When he worked at a previous job and was a member of the public, he had recorded and broadcasted the meetings and then received instruction from one of his bosses not to do so. He noted that now that he is on the Board he has pushed for the District to record to the meetings. He noted that he livestreams the meetings. The Board members noted that they had no objection to recording and posting the meeting recording on the website, and indeed the Board had previously authorized that. However, Director Vallery stated that he was concerned that Director Ridgway was live streaming the meetings while sitting at the Board table. Director Vallery again noted that the Board had not authorized live-streaming of the meetings.

16. The Board discussed Board member representation of the District outside the scheduled meetings. Director Saxe stated his opinion that individual Board members should not meet with contractors and news media in a representative mode, unless specifically authorized by the Board. He stated that it was his belief that directors should not approach other boards, the Constable's Office, and other people acting in a representative capacity, unless the Board has specifically authorized that.

17. There was no action taken on the potential motion and possible vote to censure item.

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

Secretary