

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

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Minutes of Meeting of Board of Directors November 9, 2009

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on November 9, 2009, at 312 Spring Hill Drive, Suite 100, West Entrance, Spring, Texas 77386, 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
Michael Smith, Assistant Secretary
Danny E. Agans, Director

and the following absent:

None

Also present were Mike Williams, Bill Russell, Jason Hajduk, Constable Tim Holifield, Sergeant James Corn, Kathryn Nichols, Jim Nichols, Danny Brietzke, 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 of October 12, 2009 were presented and reviewed. Upon unanimous vote, the minutes were approved as presented.

2. Constable Tim Holifield presented a law enforcement report. He introduced Sergeant James Corn who will be patrolling in the District. Monthly crime statistics were reviewed by the Board. There was one break-in at Ace Hardware. The criminals were in and out of the building within two minutes and took several leaf blowers. After discussion, upon unanimous vote, the Board approved the law enforcement report as presented.

3. The Board reviewed a proposed Letter Agreement with Montgomery County for payment of stipends and the purchase of a vehicle for the Precinct 3 Constable. The proposed stipend would be \$3,500 per deputy per year for six deputies and a stipend of \$3,636 per year for one sergeant. The stipend would commence immediately and would be prorated for the remainder of the budget year. The District was also requested to approve the purchase of an additional vehicle for use by two deputies. The District would pay up to \$4,000 per deputy per year for maintenance and repairs of the vehicle, and the vehicle is anticipated to cost not more than \$23,000. After review, upon unanimous vote, the Board approved the proposal for payment of the stipends, the additional vehicle, and the associated maintenance and repairs of the vehicle and authorized the Board president to execute two copies of the Interlocal Cooperation Agreement Letter Addendum outlining the proposal.

4. Mike Williams presented an operator's report. The District billed for water and sewer services in the amount of \$207,771.08 during the month. There are 3,754 connections, of which 50 are vacant residences. The District accounted for 96% of the water produced. No taps were made during the month. Ten bacteriological samples were taken, and all were satisfactory. Mr. Williams presented a list of eight accounts that are uncollectible and recommended that the accounts be written off. Upon unanimous vote, the Board authorized the write-off of the uncollectible accounts totaling \$883.71.

The operator noted that the District's water usage had returned to normal levels, and it was appropriate to discontinue operating under water conservation drought contingency conditions. The Board authorized the operator to resume normal operations, and notify the TCEQ as required.

The operator presented one request for adjustment to the water bill from Rick and Anita Howard. The customers noted that their pool equipment had been damaged, causing the excessive water use. The operator recommended adjustment of the sewer portion of the bill by \$150.50. Upon unanimous vote, the Board authorized adjustment of the bill as recommended by the operator.

5. Mike Williams presented a report on maintenance of the Imperial Oaks Park and District recreational facilities. The operator mowed and performed cleanup of the wetlands areas. There were 46 calls for use of District facilities, ten for the pavilion and 31 for the ball fields. There were three parties for the month of October. The operator replaced basketball nets and placed ant bait. A fallen tree from the walking path behind the main park was cut up and removed. The Board inquired about replacing some of the posts and cables that are broken in certain areas of the park. Mr. Williams will get prices to make the necessary repairs. The operator requested authorization to purchase mulch and seeds for the flowerbeds and on the ball fields, and the Board authorized the purchases. After discussion, upon unanimous vote, the Board approved the operator's report as presented.

6. Bill Russell presented a bookkeeper's report, a copy of which is attached to the minutes. After payment of bills at this meeting, the debt service fund balance will stand at \$1,659,112.57. The capital projects fund balance is \$1,145,569.48. The general fund balance is \$704,194.84. After discussion, upon unanimous vote, the Board approved the bookkeeper's report and authorized payment of the bills listed thereon. Upon unanimous vote, the Board authorized payment of director fees and expenses.

7. The attorney noted the need to update the District's Continuing Disclosure Report. The District has outstanding bonds, and pursuant to SEC regulations, the District must update certain information relating to the District and its finances that may be of interest to bondholders. The District has a contract with First Southwest Company to complete and file the Continuing Disclosure Report. Upon unanimous vote, the Board authorized First Southwest Company to prepare and file the annual Continuing Disclosure Report as required by law.

8. Jason Hajduk presented an engineer's report. A notice to proceed was issued on October 26, 2009 for the Phase 2 storm sewer improvements to serve Nanton Drive. The approximate completion date will be December 10, 2010. The contractor is expected to mobilize within the month on the sewage treatment plant clarifier addition. With regard to the

Water Plant No. 1 rehabilitation, the engineer is recommending that the District delay re-coating the interior of the ground storage tank. The interior coating is estimated to have about six years of life left before it will need to be recoated, so the District should delay the relocation of the roof vent and the installation of the roof hatch above the overflow wier until the interior coating is performed. These deletions will save approximately \$20,000, and the overall cost of the project is anticipated to be \$190,000. The engineer requested permission to advertise for bids for the project. After discussion, the Board approved and authorized advertisement for bids. The engineer is still working on the long term rehabilitation and management plan and hopes to have a more detailed report for the Board at the next meeting. Upon unanimous vote, the Board approved the engineer's report as presented.

9. The Board was presented with the First Amended and Restated Water Supply and Emergency Interconnect Agreement with Montgomery County Municipal Utility District No. 99. Lori Aylett explained the need for the First Amendment. The District has been billing according to the procedures in the proposed First Amended Agreement as written. The original agreement had incorrectly stated that the basis for payment of variable expenses would be the number of ESFC's that were attributable to the parties. The understandings of the two districts had been that variable expenses would be determined by the total metered flow of water to each districts' customers between the method of billing and the original contract, and the two parties have been billing using this method. The auditor noted the discrepancy, and approval of the Amended Agreement is needed to correct the error. Upon unanimous vote, the Board approved and authorized signing the First Amended and Restated Water Supply and Emergency Interconnect Agreement with Montgomery County Municipal Utility District No. 99 as presented.

10. The Board considered renewal of the District's insurance policies. The District received a renewal proposal from HighPoint. There were some upward adjustments in some of the deductibles, and the total premium cost was \$13,853. After review, upon unanimous vote, the Board approved renewal of its existing insurance policies based upon the proposal presented by HighPoint.

11. The Board asked if anyone in the audience had customer service inquiries. Mr. Danny Brietzke noted that he was the new property owner at 30010 Nanton, and he had some concerns about the upcoming storm sewer project. The engineer and Board members briefly explained the project, and the engineer promised that he would give a more detailed explanation to the customer after the meeting.

12. There were no director comments.

13. There was no pending business.

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


Secretary