

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 14, 2013

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 14, 2013 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
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Charles Saxe, Secretary.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Drew Masterson, Lieutenants Atkins and Rodrigue, Jim Nichols, 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. Minutes of the meeting of December 10, 2012 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Lieutenant Atkins presented a law enforcement report and reported the following statistics: there were 501 calls; 39 reports taken; three felony arrests; 12 misdemeanor arrests; 175 citations and tickets; no recovered property; and 20 charges filed. The constables drove a total of 4,949 miles in the District during the month and worked a combined total of 78 days. The Board requested that the deputies' names on page 1 of the monthly law enforcement report be removed and that each of them be designated as a different numbered "unit" so that the page can be placed on the District's website.

The attorney reminded the constables that new cars and repainted cars should be "branded" with the District's name. The officers also reported that they responded to a Crime Watch Committee request for a radio. The Board thanked the officer for the report, and he exited the meeting.

3. Drew Masterson discussed the status of the Series 2013 Refunding Bonds. Since the Board authorized the financial advisor to proceed with the refunding bond issue at the last meeting, interest rates have trended upward. However, it is Mr. Masterson's opinion that the rates are coming back down. The District established a 5% present value savings parameter, and for a time that could not be achieved. The financial advisor believes that the District can now achieve its 5% present value savings parameter. The financial advisor and the attorney are ready to proceed with the refunding bond issue and will attempt to sell the bonds on Wednesday, if the Board was still inclined to proceed. The Board thanked the financial

advisor for his presentation and concurred that he should proceed under the previously established and approved parameters.

4. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$4,033,112.11. The capital projects fund will stand at \$1,349,660.04. After payment of tonight's bills, the operating fund will stand at \$1,956,930.21. Year-to-date revenues exceed expenditures for the first seven months of the fiscal year by \$820,565.23. Upon unanimous vote, the Board approved payment of director fees and expenses. Upon unanimous vote by separate motion, the Board approved the bookkeeper's report as presented and authorized payment of the remainder of the District's bills.

5. 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. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to continue the general homestead exemption of 10% in effect for the year 2013.

6. The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. In years past, the District has provided an exemption of \$30,000 for homesteads for persons 65 or older or disabled and can continue such exemption with adoption of this Order. Upon motion duly made, seconded and unanimously carried, the Board approved the Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled.

7. The Board reviewed an Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes. It was mentioned that since the District has engaged J.R. Moore, the county tax assessor/collector, to collect the District's taxes, the District is relying upon the attorneys who are engaged by Montgomery County to collect the District's delinquent taxes. That firm is Linebarger Goggan Blair & Sampson, L.L.P. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes, which order is attached to the minutes.

8. Mike Williams presented an operator's report. The District billed \$279,352.74. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District served 3,808 customers, and 3,580 customers received all services including garbage. The District accounted for 93% of the water produced. The sewage treatment plant operated at 70% of capacity with no permit violations. The operator requested write-off of four accounts totaling \$453.01. The operator repaired one major water leak on Havelock, which may have resulted in lower water accountability.

The operator reported that he had been contacted by a resident who stated that she was planning to attend tonight's meeting. The Board had previously reviewed a repair that the District made to a water line in the area. The resident had asked for a replacement of the driveway, but the Board and operator concurred that the cracks in the driveway were due to normal settlement and not a result of the District's repair work. The customer has stated that she

disagreed with this conclusion. However, the customer did not appear at the meeting so no additional action was taken on the matter.

Upon unanimous vote, the Board approved the operator's report and the write-offs as presented.

9. Mike Williams presented a parks and recreational facilities report. There were 13 calls regarding issues in the parks. Four calls were for the pavilion, seven calls were for the ball fields, and two calls were for general information. The operator performed regular mowing and maintenance of facilities and removed dead trees.

In accordance with the Board's previous instruction, the operator got another bid for replacement of the plug outlet at the pavilion. Wired Electric gave a bid of \$5,250, which is approximately \$1,000 less than the bid the District had already received. Another option would be for the District to install an outdoor outlet on the building near the volleyball courts. That option would cost \$1,325. An outlet in that location would probably be at least 200 feet away from the pavilion and would require the use of extension cords. The Board asked the operator to confirm that the Wired Electric bid includes replacement of the circuits. Subject to that verification, the Board approved the bid of Wired Electric to make the necessary repairs to the outlet at the pavilion.

Upon unanimous vote, the Board approved the parks and recreational facilities report as presented.

10. Jason Hajduk presented an engineer's report. At water plant no. 1, the ground storage tank replacement project is underway but has been slowed by weather. The engineer recommended payment to W.W. Payton for pay estimate nos. 3 and 4 for \$73,917.50 and \$13,733.10, respectively. The Board approved the pay estimates as recommended by the District engineer.

The District engineer is currently reviewing the location of proposed easements to be dedicated to the SJRA for the surface water transmission line. The engineer will be prepared to recommend whether the District should grant the easements at the February meeting.

The Board briefly discussed the status of Imperial Oak Park, Section 10, Reserve B. The landscaping reserve is owned by the District and is maintained in a natural state. The attorney stated that she would like to discuss the status of the reserve in a closed session with the Board.

Director Alli noted that the homeowners association had requested that a meter be disconnected. The operator noted that it would be cheaper for the homeowners association to continue receiving a bill for inactive services than to remove the meter. There was also a question regarding the price of a meter for an HOA dog park, and the operator will provide further information. Director Alli noted that a tree on Property Owners Association property had fallen. The neighbor was claiming that the POA should reimburse the neighbor for tree root damage to their individual sewer line. Director Alli asked if the District had any governing documents that made the individual sewer line the responsibility of the resident. The attorney noted that there were no District bylaws or other governing documents that made this explicit

statement. Instead, the sewer line is located on private property and therefore is the property of the resident.

The attorney noted that Acclaim Energy wished to make a presentation on its ERCOT load shedding program at the next meeting. The Board noted that they would be interested in hearing the presentation. Mike Williams noted that the District may have issues due to the size of its plant and the generator. The attorney will recommend that Acclaim Energy contact the operator and engineer to determine whether the load shedding program is a good fit for the District.

11. At 7:51 p.m., the Board convened in closed (executive) session pursuant to Texas Government Code Section 551.071 to receive advice from the attorneys. At 8:20 p.m., the Board reconvened in regular session. No actions were taken on the items discussed in closed session.

12. Under pending business, Director Vallery noted that he had been contacted by Director Saxe, who asked that the Board continue to be patient with him regarding his work and scheduling conflict and his inability to attend the regular Board meetings. Director Saxe noted that he expected the job conflict to wrap up in another two to three months.

The remaining directors expressed some concern with the occasional difficulty in getting a quorum and conducting the regular meetings, due to the absence of Director Saxe. In response to general questions from the Board, the attorney noted that there were procedures in the Water Code for removal of a director who has missed half of the regularly scheduled meetings, but she would have to do research to advise the Board of the particulars. The Board members asked that Director Vallery and the attorney contact Director Saxe and get more information regarding his anticipated return to the District meetings. The Board members noted that the District's business was important and required consistent attention from all the directors so that good decisions could be made for the benefit of the District. The Board members asked the attorney and Board President to convey to Director Saxe that his input and viewpoints were valuable, and he has been missed by all.

Finally, the attorney presented an annual calendar of events for the Board's review and consideration.

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



Secretary