

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

August 12, 2013

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 312 Spring Hill Drive, Suite 100, West Entrance, Spring, Texas, on Monday, August 12, 2013, 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
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

None.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Greg Lentz, Lieutenant Mike Atkins, Aimee Ordeneaux Raley, Lori G. Aylett, and persons on the attached list.

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 July 8, 2013 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.
2. Bryan Beaty of Kaleidoscope Promotions addressed the Board regarding a request for out-of-district sewer services for a ballfield complex on Robinson Road. Paul Alli addressed the residents present at the meeting and noted that the District was trying to be fair and determine whether the District can accommodate the request while being mindful of concerns of the neighborhood. The Board then opened the meeting up for public comment.

A neighborhood representative stated that all of the residents on Dorrington Estates Lane are concerned about the ballfields and specifically about privacy, noise, lights and traffic control. The residents stated that they were trying to determine how to reach amicable solutions. In response to a question from a resident, Mr. Beaty indicated that there was a 60-foot buffer in the form of a drainage easement between his property and the homes on Dorrington Estates Lane. Mr. Beaty indicated that he had requested that Drainage District No. 6 allow him to relocate the easement so that trees could be planted as a noise and site buffer between his property and the residents. According to Director Alli, the Property Owners Association will be willing to grant a variance to allow taller fences on the backs of those lots, but the Property Owners Association has indicated that they will not pay for construction of the fence. Mr. Beaty indicated that he is still waiting on Drainage District 6 approval for relocation of the easement, and he believes the process may take up to three months. In response to a complaint about the lights, Mr. Beaty indicated that lights will be turned off by 10:00 p.m. on most nights. However, once or twice a year, he plans to have tournaments that will go later. The developer indicated that he intends to have traffic control. There were many questions from the residents regarding lights being left on all night. The developer indicated that he will be providing his own security and there will not be any PA systems

on the field. The developer also indicated that the trailers will be moved, and the developer is currently building restrooms. At the conclusion of the public comment portion of the meeting, the attorney for the District reminded the Board that this property is not located within the District's boundaries, and the District has discretion on whether to serve it and can establish different terms from in-district customers.

At the conclusion of the public comment period, the Board discussed the developer's request. In response to a question whether the property owner was willing to be annexed into the District, Mr. Beaty stated that he would consider all options. Director Vallery stated that the District does not have water to serve the ballfields, and he would not be in favor of serving them. He also expressed concerns that if the developer were provided with sewer service without corresponding water services, the District would not have a good way to control the amount of sewer service being used. In response to a question, the developer indicated that they plan to build a commercial well. The developer indicated that he was requesting 5,000 gallons per day, which is not a large proportion of the District's sewer plant capacity. Directors Vallery and Alli both indicated that they would not be interested in having the District become an intermediary between the homeowners on Dorrington Estates Lane and the developer. The other directors indicated that they would be willing to consider terms regarding out-of-district service or annexation, if all legal and engineering costs were paid by the developer to prepare the necessary studies to consider such alternatives. After lengthy discussion, upon motion made by Director Alli, seconded by Director Moore, the Board voted with a vote of four to one, with Director Vallery opposing, to authorize the engineer to prepare a feasibility study regarding the potential for out-of-district service versus annexation of the Kaleidoscope Promotions property, subject to receipt of a \$5,000 deposit from the developer for the conduct of such study.

3. Lieutenant Atkins presented a law enforcement report and reported the following statistics: there were 589 contract calls; 65 reports taken; 12 felony arrests; 21 misdemeanor arrests; 366 citations and tickets; and 32 charges filed. The constables drove a total of 8,667 miles in the District during the month. Lieutenant Atkins reported that several noise complaints were received on the 4th of July, as usual. The deputies provided general information about bicycle patrol, canine patrol, and crime in the neighborhood.

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 \$2,264,970.28. The capital projects fund will stand at \$728,548.92. The operating fund will stand at \$2,031,113.15. Mr. Russell informed the Board that Check No. 1836 was voided. Year-to-date expenditures exceed revenue for the first two months of the fiscal year by \$204,312.64, but the budget numbers will balance out after the tax collection season. Mr. Russell noted that the tax assessor/collector's office reported that 2012 taxes are 99% collected. 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. Greg Lentz presented a financial advisor's report and 2013 tax rate analysis. He first reported that the District's 2013 certified value totaled \$543,648,962, up \$12 million from last year. Average house values in the District increased by \$2,800. As a consequence, the financial advisor recommended that the District drop its debt service rate from by \$0.02, from \$0.51 to \$0.49. Last year, the District levied a maintenance tax of \$0.10. The financial advisor noted that if a maintenance tax of \$0.10 continues to be levied, the District will reduce the maintenance levy by \$29,000. The bookkeeper recommended an \$0.11 maintenance and operations tax be levied, which

would still result in an overall tax rate reduction of \$0.01. The Board agreed that it would be appropriate to conduct a public hearing on the tax rate on Monday, August 26, 2013 at 7:00 p.m. Upon unanimous vote, the Board authorized publication of the tax rate calculations with a proposed debt service rate of \$0.49 per \$100 assessed valuation and a maintenance tax of \$0.11 per \$100 assessed valuation.

6. Ms. Aimee Ordeneaux Raley addressed the Board regarding the services of Best Trash. She asked if the Board had any complaints or concerns about the garbage collection services, and no such concerns were noted. Ms. Raley indicated that she recently had a request from a resident regarding the provision of twice a week recycling and once a week garbage. She presented statistics on recycling tonnage and garbage tonnage in the District's neighborhood, which indicate that residents still generate more trash than recyclable materials. She stated that her company was not in a current position to provide twice a week recycling services, but she will continue to monitor the situation. A resident asked her to provide the Property Owners Association with a recycling flyer to put in their monthly newsletter. The Board thanked Ms. Raley for her attendance and presentation.

7. Mike Williams presented an operator's report. The District billed \$302,626.06. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District served 3,815 customers, and 3,570 customers received all services including garbage. The District accounted for 93% of the water produced. The sewage treatment plant operated at 77% of capacity with no permit violations. The operator requested write-off of one account. Five irrigation taps were made during the month.

The operator and attorney briefly discussed the Agreed Order Docket No. 2013-1119-MWD-E and steps for compliance. The attorney recommended that the District wait until after the Agreed Order is approved by the Commission to certify compliance, even though the District has already achieved three consecutive months of compliance. This will provide more flexibility to the District while issues relating to the copper limits are being investigated. The operator will submit written certification of compliance within 90 days after the effective date of the Agreed Order. Upon unanimous vote, the Board approved the operator's report and the write-off as presented.

8. Mike Williams presented a parks and recreational facilities report. There were 17 calls regarding issues in the parks. Seven calls were for the pavilion and 10 calls were for the ball fields. The operator reported that regular mowing and maintenance was completed and dead trees were cut down.

9. David Czarny presented a proposal for an Eagle Scout project. The project will involve installation of eight benches on the soccer fields, and the work will begin after the school year starts. The attorney reminded the Board that the soccer fields are owned in fee by the District, but they are subject to an easement in favor of the Tennessee Gas Pipeline Company. To construct benches in the easement area, the District is required to obtain the consent of Tennessee Gas Pipeline Company. The engineer had negotiated with them, and an encroachment agreement was presented for the Board's review and approval. The attorney explained the terms of the encroachment agreement. Upon unanimous vote, the Board approved the encroachment agreement as presented and authorized its execution by Board representatives. Mr. Czarny will work with the District operator regarding placement of the benches.

10. Jason Hajduk presented an engineer's report. The bid opening for the Phase I Sanitary Sewer Rehabilitation project was held on July 16, 2013. The low bidder was North Houston Pole Line with a bid of \$638,238.60 and a 120-day projected project completion schedule. As a part of the Phase I Sanitary Sewer Rehabilitation, the engineer presented a geotechnical proposal from Tolunay Wong. The proposal is to conduct field density tests regarding backfill around the manholes and any required laboratory testing. Tolunay Wong has proposed to do the work at an hourly rate with an estimated cost of \$5,624.

The engineer reported that construction of Well No. 3 is now complete. The engineer presented Pay Application No. 8 and final to Weisinger, Inc. in the amount of \$163,363. The engineer recommended payment of the pay application as presented and included a letter of substantial completion for the Board's records.

The engineer reported briefly on the construction of the SJRA surface water lines. The contract for Segment W3B, which will serve the District, is scheduled to be awarded in October of this year. Construction should be complete by March, 2015.

The engineer reported that he is working on the copper permit limits with the operator. The engineering and operations representatives want to schedule a meeting with the Texas Commission on Environmental Quality to discuss the permit limitations and possible amendment to the permit.

After discussion, upon unanimous vote, the Board approved the engineer's report, authorized award of the Phase I Sanitary Sewer Rehabilitation project to North Houston Pole Line, L.P., authorized related geotechnical work, and approved Pay Application No. 8 and final to Weisinger, Inc. as presented.

11. There was presented the attached Order Authorizing Use of Surplus Funds. The attorney explained that now that the final pay application for the well had been processed, all of the remaining funds in the District's construction account are surplus and available for use on the sanitary sewer rehabilitation contract. Upon unanimous vote, the Board approved the order as presented.

12. There was no developer present, so no developer's report was given.

13. The Board reviewed the candidates for the Montgomery Central Appraisal District Board of Directors. Upon unanimous vote, the Board adopted the attached resolution casting its votes for Biff Picone for such position and authorizing completion of the official ballot.

14. Under pending business, the bookkeeper indicated that he would like to consider amendment of the District's budget next month to create a separate item for engineering relating to the SJRA project. This should be accounted for in a separate line item to avoid skewing the engineering budget.

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


Secretary