

## RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 8, 2014

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, September 8, 2014, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Jon Vallery, President  
Brendon Keith, Secretary  
Michael Smith, Assistant Secretary

and the following absent:

Frank Moore, Vice President  
Paul Alli, Director.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Michael Others, Paul Green, Aimee Ordeneaux Raley, Sergeant Weis, Jim Nichols, Kathryn Nichols, Lynn Dickenson, 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 meetings of August 11 and August 25, 2014 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Sergeant Weis presented a law enforcement report and reported the following statistics: there were 717 contract calls; two District calls; 57 reports taken; three felony arrests; 18 misdemeanor arrests; 408 citations and tickets; and 21 charges filed. The constables drove a total of 7,408 miles in the District during the month. In response to a question from a Board member, Sergeant Weis noted that one officer issues more citations because he is on day shift and therefore sees more traffic violations. Several of the criminal mischief calls were from the same area where teenagers had egged houses and slashed tires. After discussion, upon unanimous vote, the Board approved the law enforcement report as presented.

3. Michael Others presented an audit of the District's books and records for the fiscal year ending May 31, 2014. The District has about seven months of general fund revenues in reserve. The auditor indicated that his firm will be issuing an unqualified opinion as to the District's books and records. The auditor reviewed the report in some detail with the Board members. Ms. Aylett pointed out the difference between the revenues received by the District related to ground water reduction fees of the SJRA and the pumpage fees of the Lone Star Groundwater Conservation District, and she noted the District expenses exceeded these revenues. The District currently has a 5% administration/lost water fee added to these charges, but the District's water loss is closer to 10%. The District should consider an adjustment to the

administration/lost water fees so that the District may recoup all of its expenses. After a thorough discussion, upon unanimous vote, the Board approved the audit of the District's books and records for the fiscal year ending May 31, 2014 as presented and authorized its filing as required by law.

4. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives. The attorney noted that pursuant to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. Upon unanimous vote, the Board adopted the resolution as presented.

5. The Board noted the necessity to authorize preparation of continuing disclosure documents. The attorney noted that the District is required by federal securities law to update certain financial information that would be of interest to bondholders of the District. The District has a contract with First Southwest Company to perform the necessary continuing disclosure obligation. Upon unanimous vote, the Board authorized First Southwest Company to prepare and file the necessary continuing disclosure in accordance with their contract.

6. Aimee Ordeneaux Raley addressed the Board regarding Best Trash's solid waste collection services during the holidays. Ms. Raley noted that because of the holiday schedule, customers of the District will not have trash pickup or recycling pickup on November 27 and December 25, 2014 and January 1, 2015. Ms. Raley proposed that an insert be put into the District's bills to inform the customers of the holiday schedule. Upon unanimous vote, the Board authorized the inclusion of a flyer in the District's bill.

7. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,675,818. The capital projects fund will stand at \$729,922.57. The operating fund will stand at \$2,636,831.01. Expenditures exceeded revenues for three months of the fiscal year by \$618,909.74. 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.

8. Mike Williams presented an operator's report. The District billed \$281,670.59. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 97% of the water produced. The District served 3,815 customers, and 3,587 customers received all services including garbage. The sewage treatment plant operated at 79% of capacity with no permit violations. The operator had no requested write-offs this month.

The operator reported that the District had overpaid the SJRA for GRP expenses due to an error in meter readings made by the operator. SJRA has already issued a credit of the overpayment.

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

9. Mike Williams presented a parks and recreational facilities report. There

were 13 calls regarding issues in the parks. Five calls were for the pavilion, seven calls were for the ball fields and one call was for information. Regular mowing and clean up was performed during the month. CL Sports was contacted to obtain a quote for replacing soccer goals but had not yet responded. Director Keith will see if he can find another contractor to quote on the project.

10. The Board considered amending the District's rate order to bring its provisions into compliance with recently changed U.S. Environmental Protection Agency standards regarding levels of lead in District lines and meters, and to increase the administration/lost water charge from 5% to 10% on the pumpage fees charged for the SJRA and Lone Star Groundwater Conservation District. After brief discussion, the Board unanimously approved the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Waste Collection and Disposal Service and Imposition of Penalties as presented.

11. Jason Hajduk presented an engineer's report. The SJRA surface water receiving facilities construction contract is underway.

The engineer presented Pay Application Nos. 4 and 5 to C.F. McDonald Electric, Inc. in the amount of \$298,917.90 and \$319,080.15, respectively. Pursuant to the District's supplemental agreement with the SJRA, the District must receive SJRA's written approval before disbursing payments to the contractor. The engineer reviewed the quantities requested by the contractor and recommended payment of the pay applications, subject to receipt of approval from the SJRA. The Board authorized payment of the pay applications once approval is received from the SJRA.

The sanitary sewer rehabilitation project construction is almost complete. The contractor is prepared to go forward with the remaining point repair under the storage shed, pursuant to the Board's previous authorization. However, the Board had requested that the operator solicit a bid for removing a tree near another point repair. The operator solicited a price of \$1,100 for the tree removal, but the operator noted that this price does not include refilling the hole, compacting, and landscaping. After review, the Board noted that the contractor's original bid of \$3,000 to do all of the necessary tree removal and landscape work was probably competitive with this proposal. The Board also noted that there would be advantages to having the contractor do all of the work. Therefore, the Board authorized a change order to the contract to add \$3,000 for tree removal.

The engineer reported on the status of the study about copper at the wastewater treatment plant. The interim guidance document will be submitted in the coming month. The TCEQ will then review the guidance document and the District can file for a permit amendment after that time.

The engineer received a request for water capacity from Ince Engineering on behalf of Texas Equity Ventures. The engineer recommended that the District respond that it does not have the necessary capacity to serve the proposed tract, which is located a substantial distance from the District, and the Board authorized the engineer to make the response.

The District received an approval from the Texas Commission on Environmental

Quality for addition of phosphate into the District's water system. The engineer is preparing a letter to notify the TCEQ that the construction is complete.

Upon unanimous vote, the Board approved the engineer's report as presented.

12. The Board reviewed the annual arbitrage maintenance report of Municipal Risk Management. The Board noted that it was necessary to engage Arbitrage Compliance Specialists to perform the final arbitrage rebate reports for the Series 2004 Bonds and the Series 2006 Bonds. The cost of the reports is \$1,050 and \$2,450, respectively. Upon unanimous vote, the Board voted to engage Arbitrage Compliance Specialists to perform the necessary reports.

13. Under pending business, Lynn Dickenson of the Imperial Oaks Property Owners Association addressed the Board. She noted that upgrades are planned for the POA's irrigation system, and she was wondering whether the District had any ability or opportunity to participate in such improvements. The Board noted that they had no program to provide funding to the Association or any other customer of the District. The Board members did note that they were excited about the improvements planned by the POA, and all efforts to conserve water are appreciated.

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

  
Secretary