

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 11, 2015

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, May 11, 2015, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Frank Moore, Vice President
Brendon Keith, Secretary
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Jon Vallery, President.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Drew Masterson, Sergeant Weis, Ms. Weis, Paul Green, Aimee Ordeneaux Raley, Mike Others, and Lori G. Aylett.

In the absence of the President, the Secretary called the meeting to order and declared it open for such business as might regularly come before it.

1. Minutes of the meeting held April 13, 2015 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 500 contract calls; zero District call; 48 reports taken; five felony arrests; 22 misdemeanor arrests; 264 citations and tickets; two crashes; and 16 charges filed. The constables drove a total of 5,312 miles in the District during the month.

Sergeant Weis reported that a who had allegedly burglarized a house in Imperial Oaks has been arrested. The deputies have been closely watching the plant on Thorsby, but there have been no other incidents.

The Sergeant next addressed the status of the current video equipment in some of the District law enforcement vehicles and reported that the equipment is no longer compatible with the equipment used by the Constable's Office. Sergeant Weis estimated that it will cost approximately \$6,000 per unit to install the new video and communications equipment, and the District has three cars that need the new equipment installed. After discussion, upon unanimous vote, the Board authorized purchase of the new equipment at a cost not to exceed \$20,000.

3. Aimee Ordeneaux Raley presented the Best Trash quarterly report and provided a recycling recap. There was discussion regarding the use of carts for recycling instead of bins. The Board asked Ms. Raley to provide pricing for carts at the next meeting.

Ms. Raley next addressed the Board regarding the District's annual CPI

adjustment pursuant to the residential solid waste collection agreement. The adjustment is automatic and occurs annually to account for changes in operating costs. The CPI adjustment reflects an increase from \$13.54 per home to \$13.73 per home. The Board had no complaints regarding the service.

4. Drew Masterson presented a financial advisor's report and updated the Board on the status of the District's bonds and a potential refunding. Mr. Masterson noted that he had approached the Board some months ago about the possibility of refunding the District's debt, and his office has been monitoring the bonds and the market for the potential for savings. With the passage of time, several of the District's bonds are now currently callable, which results in lower issuance costs, less negative arbitrage, and more opportunity for savings. A private placement with a bank is the most advantageous way for the District to proceed to achieve maximum present value savings. At this time, it appears that the District may be able to achieve as much as a 7% present value savings. The financial advisor now recommends that the District proceed forward with a refunding bond issue. He stated that at this time he was simply asking the Board to indicate whether they were also interested in proceeding forward with a refunding bond issue. If so, the financial advisor will return next month with recommended parameters for the refunding transaction. After discussion, the Board voted unanimously to authorize the financial advisor to begin preliminary document preparation for the purposes of selling a private placement refunding bond issue.

5. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,954,695.08. The capital projects fund will stand at \$92,094.14. The operating fund will stand at \$2,905,781.08. Expenditures exceeded revenues for 11 months of the fiscal year by \$374,636.95. 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.

6. There was presented the attached Resolution Adopting Operating Budget for the Fiscal Year Ending May 31, 2016. Upon unanimous vote, the Board adopted the Resolution as presented.

7. The Board reviewed the proposal of McCall Gibson Swedlund Barfoot PLLC to audit the books and records of the District for the fiscal year ending May 31, 2015. Mike Others presented an engagement letter and indicated the estimated fee range would be \$12,500 to \$13,500, the same range as last year. The auditor noted that they would like to offer a two-year engagement, which would provide budget certainty. The Board noted that they would like a two-year engagement for the same fee range. Upon unanimous vote, the Board approved engagement of McCall Gibson Swedlund Barfoot PLLC to audit the books and records of the District for the fiscal year ending May 31, 2015 and May 31, 2016.

8. Mike Williams presented an operator's report. The District billed \$221,844.13 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 96% of the water produced. The District served 3,816 customers, and 3,595 customers received all services including garbage. The sewage treatment plant operated at 69% of capacity with no permit violations. The operator

requested write-off of two accounts in the total amount of \$329.08, and the Board approved the request.

The operator reported that they are preparing for upcoming hurricane season. The operator requested Board authorization to lease an extra fuel tank from Sun Coast for \$267.50 per month for six months. The tank would only be filled if there is a storm in the Gulf. Lease of the tank also entitles the District to priority for fuel after a storm. The Board approved the expenditure as presented.

The operator then provided the Board with copies of the Consumer Confidence Report and requested Board authorization to submit them to the customers. The operator noted that the District will direct link the Consumer Confidence Report on the District's bills, and thereby avoid expensive postage charges. Upon unanimous vote, the Board approved the Consumer Confidence Report subject to review by the District's attorney.

The operator reported that alarm systems have been installed at the District's facilities and have been programmed. The cost of the alarm system was much less than the Board's approved budget, and the cameras are anticipated to help with curbing vandalism.

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 24 calls regarding issues in the parks. Five calls were for the pavilion, and 19 calls were for the ball fields. During the month the operator put the park and ball fields through complete irrigation maintenance and removed the fence from around the ball fields. A crawfish party was held at the park. Upon unanimous vote, the Board approved the parks report as presented.

10. Jason Hajduk presented an engineer's report. The engineer presented Pay Application No. 8 in the amount of \$44,190 and Pay Application Nos. 9 and 10 for \$33,570 to C.F. McDonald Electric, Inc. 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 recommended payment of the pay applications, subject to receipt of approval from the SJRA. The Board approved payment as requested, subject to receipt of SJRA approval.

The engineer reported that he anticipates receiving comments from the TCEQ on the copper WER study by mid-June.

The engineer is just beginning the feasibility study for a potential annexation of 1.33 acres near Rayford Road and Spring Forest Drive. He anticipates that the report will be ready for the Board's review next month.

The Church of Jesus Christ of Latter-Day Saints approached the engineer to request the District provide 7,000 gallons per day of water and sewer service. The church is not within the boundaries of the District, and the Board therefore declined the request.

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

11. The attorney presented a proposed easement to be granted by the District to the San Jacinto River Authority. The San Jacinto River Authority is going to extend their water line to serve neighboring Montgomery County MUD 99. To do so, the SJRA will require an easement across the District's water plant site. The engineer confirmed that none of the easements will impact District facilities in any way. The attorney reminded the Board that pursuant to the terms of the District's Ground Water Reduction Agreement with the SJRA, the District is required to grant easements to the SJRA for the purposes of bringing surface water to any SJRA customer. The attorney is negotiating a few fine points in the easement documents with the legal counsel for SJRA. Upon unanimous vote, the Board approved the grant of the easement to the SJRA subject to approval by the District's attorney.

12. Lori Aylett presented a report on behalf of the developer. Jim Holcomb e-mailed a report to the attorney indicating that he is working with the SJRA to extend water lines into MUD 99 and MUD 115. He was also pleased to report that the Birnham Woods extension is open, and new landscape and entry monuments are under construction.

13. Under pending business, the bookkeeper presented a request for the Board to consider an amendment to the bookkeeping contract at the next meeting.

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


Secretary