

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
July 13, 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, July 13, 2015, 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

and the following absent:

Paul Alli, Director.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Sergeant Weis, Ms. Weis, Paul Green, Vince Casimir, Kerry Masson, 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 held June 8, 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 565 contract calls; zero District calls; 41 reports taken; one felony arrest; 10 misdemeanor arrests; 259 citations and tickets; 15 crashes; and nine charges filed. The constables drove a total of 5,387 miles in the District during the month.

Sergeant Weis reported that new communication systems are being installed in District law enforcement vehicles. The operator informed Sergeant Weis that cameras have been installed in all District facilities.

The residents present at the meeting thanked the officers for doing vacation watches at their homes.

3. The Chair recognized Kerry Masson of Southern Montgomery County Municipal Utility District. Mr. Masson introduced himself to those present and stated that he was running for the San Jacinto River Authority's Ground Water Reduction Plan Committee. Mr. Masson would like to fill the unexpired term of Al Newton, who recently passed away. Mr. Newton was also on the Southern Montgomery County MUD board. Mr. Masson stated that he was a mechanical engineer with nearly 40 years of on-the-job experience. He has been on the Southern MUD's board for over 20 years and believes that he has the appropriate qualifications to be considered for the SJRA GRP Committee. He is very familiar with large dollar projects, engineering projects, and water projects. He thanked the Board for considering him for the job.

4. Lori Aylett reported on the status of the Series 2015 Unlimited Tax Refunding Bonds. The bonds were sold on June 25, 2015 to Trustmark National Bank, and achieved a present value savings of 8.85% or \$246,894.10.

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 \$1,975,015.84. The capital projects fund will stand at \$92,042. The operating fund will stand at \$2,598,965.80. Expenditures exceeded revenues for the first month of the fiscal year by \$282,090.74. 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.

6. Mike Williams presented an operator's report. The District billed \$260,475.14 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 72% of the water produced. The District served 3,816 customers, and 3,591 customers received all services including garbage. The sewage treatment plant operated at 72% of capacity with no permit violations. The operator requested write-off of three accounts in the total amount of \$282.11, and the Board approved the request.

The operator reported that they had tried start-up of the surface water receiving facilities and equipment, and it did not go well. The contractor has a number of punch list items to address. SJRA is still planning on an August 1, 2015 start-up of their surface water transmission line. The operator also reported that the new generator purchased to use at the District lift stations in the event of major power outages has arrived.

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

7. Mike Williams presented a parks and recreational facilities report. There were 11 calls regarding issues in the parks. Six calls were for the pavilion, three calls were for the ball fields, and two calls were for information. The "Fun Run" was held on June 27, 2015, and it went fine. The parks have had significant rain, which makes mowing and maintenance more challenging. Upon unanimous vote, the Board approved the parks report as presented.

8. The Board next discussed the District's rates and charges. The District needs to amend its rates because in the past, the District charged the SJRA pumpage fee at a pass-through plus 10%. Because the District is about to receive surface water, the rate should be changed to the surface water fee at a pass-through plus 10%. Upon unanimous vote, the Board adopted the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Waste Collection and Disposal Service and Imposition of Penalties.

9. Jason Hajduk presented an engineer's report. The engineer presented Pay Application No. 11 in the amount of \$162,796.50 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. A walk-through was held on June 9, 2015, and the contractor is working on punch list items. The Board approved the

payment, subject to receipt of SJRA approval.

The District received approval of the WER study, which will allow a permit amendment to raise copper limits from 0.0158 mg/l to 0.0896 mg/l. This permit limitation would be much easier to achieve. To receive the benefit of the increased copper limitation, the District will have to prepare a major amendment to the existing waste discharge permit, and the engineering effort for the work is \$15,000.

The engineer next discussed the request of Vince Casimir for annexation and service to a 1.33-acre tract near Rayford Road and Spring Forest Drive. The engineer went over the annexation feasibility study in some detail with the Board members. The developer is planning a 12,040 square foot multi-tenant strip center, which will require 47 equivalent single family connections of water and 80 esfcs of sewer. To serve the tract with water, the District would have to obtain, at the developer's cost, a new exception to the requirement for elevated storage. Sanitary sewer service is available near, but the developer would have to construct a private lift station and force main. It would increase the District's sewage treatment plant output by about 2%. According to information received from the developer, the tract is estimated to add \$800,000 of value, which would give the District tax revenues of \$4,646. The District's rate order does not have a specific out-of-district rate, so the District could consider provision of out-of-district services by contract at some multiplier of the in-district rate. The Board noted that they were generally interested in annexation of the tract, provided the elevated storage variance could be obtained by the developer. Upon unanimous vote, the Board authorized the performance of an initial feasibility study for the elevated storage tank variance, provided that the engineering costs are paid by the developer.

The engineer then reported that he is working on map books to be utilized by the operator.

Discussion then turned to the wetlands and in particular the request for a new fence made by the customer at 1431 Redwood Village Circle. On June 15, 2015, the engineer, operator, and attorney inspected the wetlands in that area. Pictures were provided for the Board's review. Based on the review, the engineer and attorney had no objection to the construction of a fence on the fence line, provided certain policies and procedures were followed. Those terms were outlined in detailed correspondence from the attorney to the homeowner. However, the inspection of the site revealed that the customer appeared to have violated the District's rate order. In particular, the understory and vegetation was removed with mechanized equipment, which is prohibited in the wetlands areas. As a result of this discovery, the engineer prepared a wetlands map using a GIS system to determine whether there were other problems in the District. From the review, there may be as many as nine sheds, eight pools, and one home in wetlands buffer zone areas. However, it would be impossible to determine this with any certainty without costly survey work at each location because the GIS information is not completely accurate or reliable. The Board could consider hearings on violations of its rate order, but it appears that many of these violations, if they truly exist, would have been done without malicious intent. The attorney and operator suggested that the District might want to consider clearing some pathways into the wetlands areas by hand so that they could be more easily inspected on a periodic basis by the operator. The Board noted that such undertaking would be quite expensive, and hand clearing would grow right back up very quickly and have to

be continually maintained. The Board asked the operator to provide an estimate of hand clearing for the buffer zones behind the fences in the wetlands areas, simply for the Board's review. After a lengthy discussion, the Board agreed that the best approach with residents would be to focus on and emphasize education. The consultants will work to assemble a list of residents who live adjacent to the wetlands areas so that letters and educational materials can be sent on a periodic basis. The engineer is currently preparing a District property map, which will assist in that undertaking.

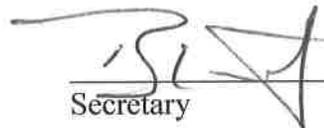
After discussion, upon unanimous vote, the Board approved the engineer's report and authorized the engineer to prepare a major amendment to the District's wastewater discharge permit.

10. The Board reviewed the Interlocal Agreement with Montgomery County for Law Enforcement. The attorney reminded the Board that the contract renews automatically unless a termination notice is given 60 days before the end of the term. The next term expires on September 30, 2015. The Board elected to allow the contract to renew automatically for another year.

11. The Board took no action on a Resolution Submitting Nominee as Candidate for the Election of the Montgomery Central Appraisal District's Board of Directors.

12. The Board took no action on a Resolution Regarding Nominating Candidate for Appointment to Groundwater Reduction Plan Contract Review Committee. The Board noted that qualified candidates were already running and there was no need to nominate an additional candidate.

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


Secretary