

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
January 12, 2009

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 12, 2009, 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
Charles Saxe, Secretary
Michael Smith, Assistant Secretary
Danny E. Agans, Director

and the following absent:

None

Also present were Mike Williams, Bill Russell, John Montgomery, Jason Hajduk, Paul Radich, Constable Tim Holifield, Lieutenant McDougal, Teri League, Scott Escher, Shirley Bilski, Herman I. Little, Jr. 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 December 8, 2008 were presented and reviewed. The Board requested a correction of the minutes, and upon motion by Director Saxe, seconded by Director Smith, the Board approved the minutes as corrected.

2. Director Vallery announced that the Board will consider the matter of engagement of attorneys for condemnation of storm sewer easements. Herman Little advised the Board that the attorneys have had communications with three property owners, Scott Escher, Barbara Milspaugh and First Texas Realty, Inc. with regard to easements needed for installation of a relief storm sewer to serve Imperial Oaks, Sections One and Two. First Texas Realty, Inc. has advised the attorneys that the District's request for easement will be granted upon payment of \$5,000 consideration. Also, Scott Escher has indicated that he is likely willing to sign the agreement and easement requested by the District. Barbara Milspaugh has advised the attorneys that she will not sign the agreement or grant the easement. Herman Little advised the Board that the District should consider engaging attorneys for condemnation of a storm sewer easement on the Milspaugh property and any other tract for which it becomes necessary, so the District may go forward with the drainage improvements.

Paul Radich addressed the Board and described services that his firm, Andrews Kurth, LLP, would provide if engaged by the District to acquire the storm sewer easement by

condemnation and will be the basis of the District's good faith offer to purchase the easement prior to filing the suit. The estimated legal fees to accomplish stage one of the proceedings to have the matter presented to the county court for a hearing by three commissioners would be between \$5,000 and \$10,000 per parcel. An appraisal will be needed for each parcel, and the appraisal will reflect the District's evidence of value of the property at the hearing by the commissioners in condemnation. After the commissioners have made a determination of the value of the property being taken, the District may deposit that amount into the registry of the court, and the District may take possession of a property immediately. In response to a question by Director Saxe, Mr. Radich stated that the cost of the second stage of proceedings can be small, but if there is opposition by the property owner, then additional fees will be required. The total should not approach \$50,000, however, Director Vallery stated that there are 10 to 15 property owners concerned about drainage in the neighborhood, and the District has worked for two years to acquire easements to build the drainage improvements. In response to a question by Director Saxe, Mr. Radich stated that the proceedings for condemnation should be completed within 60 days after filing the suit. Upon deposit of funds with the court, the District may have possession of the easement. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to engage Andrews Kurth, LLP to represent the District in condemnation actions, as necessary to acquire storm sewer easements for the District's relief storm sewer project. Upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to authorize an appraisal of the easements needed for the storm sewer and condemnation.

3. The Board reviewed an Order Reaffirming Adoption of the District's 10% Homestead Exemption. Upon motion by Director Agans, seconded by Director Smith, the Board voted unanimously to adopt the Order for Homestead Exemption, which Order is attached to the minutes.

4. The Board reviewed an Order Reaffirming Adoption of Residence Homestead Exemption for Persons Age 65 and Older and Disabled Persons. The amount of the exemption is \$30,000. Upon motion by Director Smith, seconded by Director Agans, the Board voted unanimously to adopt the Order Reaffirming Residence Homestead Exemption, which Order is attached to the minutes.

5. Constable Tim Holifield presented a law enforcement report. There are two death investigations underway in Imperial Oaks. The Constable's staff will conduct the investigations without tying up the contract officers. The Constable is considering adding another officer to do follow up investigations in the area. There were four DWI's in the District during the month. A motorist hit a fire hydrant and a cluster mailbox. A DWI arrest takes a lot of time for the officers, and the perpetrators are taken to jail in Conroe.

Constable Holifield described a proposal for use of canine qualified officers in the District. One officer is canine qualified already, and a canine officer can be assigned to the District if the officer can continue receiving a car allowance. This presents a possible conflict with the Interlocal Agreement with the County because car allowances were to be phased out. A second officer is interested in the canine position and would also want a car allowance. The two officers will be at starting salary levels, and this will result in a savings of approximately \$10,000

to the District if the officers are approved. Director Vallery stated that the District has serious concerns about costs, and the budget is very tight. There is concern about officers being called out of the District for other purposes. There was discussion, and Constable Holifield noted that the District would not have any liability for acquisition or replacement or costs of maintenance of a canine. Director Saxe noted that the proposal would not amount to an additional car allowance as long as there are still only two officers on car allowance. There was discussion, and upon motion by Director Smith, seconded by Director Agans, the Board voted unanimously to approve the assignment of up to two canine qualified officers to patrol in the District with the officers to retain a car allowance as provided in the Interlocal Agreement.

6. Mike Williams presented an operator's report. The District had total revenues of \$195,130.28. There are 3,749 connections, and there are 43 vacant connections at this time. The District accounted for 92% of water produced. Nine water leaks were repaired during the month. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated properly at 73% of permitted flow. There were no permit violations. Three taps were made during the month, bringing the total to 27 for the year 2008.

Mike Williams reported on the work by SourcePoint Solutions for removal of obstructions in storm sewers. The contractor removed sand, silt and loose gravel, but there are locations where concrete has built up in the storm sewer. Additional work is needed for removal of the concrete. The water backs up approximately 12 inches in the pipe as a result of these obstructions. They have completed the original project. SourcePoint's bid was to clean grease and debris from the storm sewer but not concrete. Mike Williams requested that the District engineer look at the situation and advise the Board accordingly. The operator has removed several other stoppages in the system including grease buildup in the older sections of Imperial Oaks. After discussion, upon motion by Director Saxe, seconded by Director Smith, the Board voted unanimously to authorize Mike Williams and Jason Hajduk to investigate the storm sewer and remaining obstructions and advise the Board of additional work that is needed.

7. Mike Williams reported on Imperial Oaks Park. There were six calls for use of the pavilion and two calls for the ball fields. Two parties were held in December. The new light fixture was installed. The operator replaced basketball nets and removed graffiti, and the large pine tree behind the pavilion was removed. Mr. Williams reported that a soccer club has requested the use of all ball fields for six months of the year. The use would be Monday through Saturday from 5:00 p.m. to dark and all day long on Saturdays. It was mentioned that approval of the proposal would reduce the use of the facilities by other people. A reservation had been made by another party for use of one ball field for two days per week, but the request for the soccer club is for a much greater period of time. There was discussion, and the Board suggested that procedures be adopted to require reservations on a weekly basis. It was suggested that if an application is on file with the District, a reservation could be renewed by telephone. After discussion, the Board decided to consider amendments of the District's park rules for procedures for reservation of facilities for consideration at the next meeting. Upon motion by Director Smith, seconded by Director Agans, the Board voted unanimously to approve the report on District parks as presented. Upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to authorize the final payment to SourcePoint Solutions for work in the District's storm sewer system.

8. Scott Escher addressed the Board and stated that before he signs the agreement with the District, he needs additional information as to how long the project will require. Jason Hajduk addressed the Board and stated that approximately six months will be required for the total job. Before the work begins, the engineer will walk through the site with the contractor and the property owner. The project can only begin after all easements are available. One month will then be required to advertise for bids, and an additional month for the contractor to obtain bonds and commence the work. Mr. Escher stated that after Hurricane Ike, water was flowing from Rayford Road across the First Realty, Inc. tract into the neighbor's backyard. It was mentioned that a new inlet will be installed on the First Realty, Inc. tract in the easement that will intercept water from that property. In addition, two new inlets will be constructed in Nanton, one on each side of the street.

9. Bill Russell presented a bookkeeper's report, a copy of which is attached to the minutes. After payment of bills at this meeting, the debt service fund balance stands at \$2,752,291.15. The capital projects fund balance is \$1,137,454.03. The general fund balance is \$863,720.34 following deposit of a transfer check in the amount of \$197,498.68. The District has expenses greater than revenues of \$177,821.14 for seven months of the year-to-date. After discussion, upon motion by Director Saxe, seconded by Director Smith, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon. The Board further voted to unanimously to approve issuance of a check in the amount of \$5,000 to Scott Escher and a check in the amount of \$5,000 to First Texas Realty, Inc. The Board noted that the agenda item for payment of bills at this meeting omitted language for approval of payments to directors. Herman Little advised the Board that the agenda will be correct in future.

10. Jason Hajduk presented an engineer's report. Plans for the new clarifier are being reviewed. It was mentioned that a new telephone number for Republic Waste is needed to communicate about removal of waste from the treatment plant. Jason Hajduk reported that a request was received for service to a proposed church outside the District. The request is for 720 gallons per day of water and 600 gallons per day of sewer service. Alternatively, the request would be made for connection of a fire line to the District's system that would be limited to use in event of a fire only.

An inquiry was received from Conroe I.S.D. concerning service to a possible school site on Robinson Road. 59 equivalent connections of water and wastewater in the amount of \$18,880 gallons per day would be required.

An inquiry was received from the Montgomery County Hospital District concerning a possible EMS station at the District's wastewater treatment plant site. Mr. Hajduk stated that information has not been presented on what facilities would be needed or how the property would be used, and a commitment cannot be made at this time. It was mentioned that EMS wants to build a building, but there is very little flexibility on how a building could be placed on the site. Mr. Hajduk reported that an inquiry had been received from AT&T concerning a site for a cell phone tower site in the District. The District has no location for installation of the cell phone tower.

11. Steve Williams addressed the Board and stated that Huitt-Zollers, Inc. had

prepared a feasibility study of a proposed church on 14.5 acres adjacent to Imperial Oaks, Section Five. If water and sanitary sewer utilities cannot be provided, then the church would request access to the District's water main for a fire line connection only. There was discussion of the church's request, and it was mentioned that three equivalent residential connections would be required. The structure would be a chapel and not a large facility. The attendance would be 200 to 300 persons for two to three meetings per month. It was mentioned that the District has no available surplus capacity for water supply or wastewater treatment, but the District could make a water line available for a fire connection. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve connection of an emergency fire line to the District's water system in Richards Road, with all costs of the installation, including a meter to be paid by the owner and not the District; the connection would be subject to review by the District's operator and engineer, and the District will require payment of \$1.00 per 1,000 gallons of water used through the connection.

12. Upon motion by Director Agans, seconded by Director Moore, the Board voted unanimously to authorize Paul Radich to engage an appraiser for one or two storm sewer easements, as necessary.

13. The Board recognized Corey Heisler concerning a report on solid waste collection and recycling services. Mr. Heisler stated that he had presented written copies of his report to the directors, and he is available to answer any questions. There was discussion, and the Board agreed to defer action on proposals for solid waste collection and recycling services until the following meeting.

14. There was discussion of a proposal for a District web site manager. It was mentioned that an additional proposal has been received from Cerise Eaves. Director Agans inquired as to whether it is proper to consider a new proposal since the District already has two proposals on the table. Herman Little advised the Board that the meeting notice authorizes the Board to approve a proposal for a web site manager. The Board may consider the two proposals previously submitted, and the Board can consider the new proposal submitted at this meeting. There was discussion, and Director Agans expressed his objection to the bidding procedures that would allow another bid to come before the Board after the Board had received and publicly considered two other bids. There was further discussion, and upon motion by Director Vallery, seconded by Director Saxe, the Board voted three in favor, with Directors Agans and Smith voting against the motion, to accept a bid for Cerise Eaves to provide services as the District's web site manager and to receive compensation of \$200 for updating the web site and \$80 per month for maintenance thereafter.


15. Lorene Roy addressed the meeting and stated that the Board should get personalities out of the District's business. Months have gone by since the Board changed, and the Board should become more user friendly for the benefit of people in the District. Mike Dillon requested that information about the District be put up on the internet, so people can see what is going on. Mr. Dillon objected to the Board's conduct of District business.

16. It was mentioned that Scott Escher has agreed to sign the Storm Sewer Easement Agreement, and upon motion by Director Smith, seconded by Director Moore, the

Board voted unanimously to approve and authorize signing the Storm Sewer Easement Agreement with Scott Escher as presented.

17. Charlie Venema addressed the Board and stated that he had created the web site for RayfordRoad.com to give the community knowledge of what the Board is doing. Mr. Venema stated that he has been very disappointed in the procedures used by the District in soliciting bids and reviewing bids and then accepting another bid that was not submitted on time. Mr. Venema stated that his is not an appropriate way for the District to do business.

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


Secretary