

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
April 13, 2009

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on April 13, 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
Michael Smith, Assistant Secretary
Danny E. Agans, Director

and the following absent:

Charles Saxe, Secretary

Also present were Bill Russell, Constable Tim Holifield, Mike Williams, Jason Hajduk, 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 of March 9, 2009 were presented and reviewed. Upon motion by Director Smith, seconded by Director Agans, the Board voted unanimously to approve the minutes as presented.

2. Constable Tim Holifield presented a law enforcement report. Everything has been normal during the month. Director Smith reported that there is graffiti on buildings at the Kroger Center. The constables will look into the problem.

Lillian Smothers addressed the Board and inquired as to how to get the leash law enforced. Ms. Smothers stated that she had been attacked a year ago by a dog that was not on a leash. Ms. Smothers took photographs and then was accosted by a man with a badge who was impersonating a law enforcement officer. Constable Holifield noted that the matter had been referred to Montgomery County Animal Control. A citizen who has knowledge of an offense can report an offense directly to the District Attorney, and the District Attorney can issue a summons for further investigation. Ms. Smothers stated that it takes two years or more for action to be taken on such reports. Meanwhile, dogs are allowed to run without leashes. Constable Holifield stated that the location of the incident is on a Montgomery County Drainage District No. 6 ditch, and the county regulations do apply along the ditch. Director Vallery requested that the Constable have officers take note of citizen complaints such as mentioned by Ms. Smothers. Director Moore stated that Ms. Smothers has a very legitimate complaint, and she has not been given proper treatment.

Ms. Smothers stated that Lieutenant McDougal had stated that the complaint that had been filed against the man impersonating an officer had been dismissed, but no one told Ms. Smothers. There was further discussion, and Constable Holifield expressed his agreement to give additional emphasis to animal control issues in the District.

3. Constable Tim Holifield presented a letter in which the Constable requests that the Board approve an additional officer to fill a position of sergeant/detective with an auto allowance. Under the current agreement, officers on auto allowance are being allowed to continue until new officers come in, and the new officers use county-owned vehicles provided by the District. Because there have been vacancies in the staff, there has been a savings of approximately \$65,000 resulting from the use of shared vehicles, and addition of the new officer would be covered by the savings with a small amount left over. Constable Holifield stated that the new position would allow much more rapid response to complaints that sometimes cannot be pursued by officers while on patrol. Director Vallery stated that the savings are not shown when the cost of two cars is added to the budget. Director Vallery stated his concern that the District will not have sufficient funds to cover an additional officer. There was discussion of the availability of other investigators in the county, and it was mentioned that the Sheriff's Department is very understaffed at this time. There was further discussion, and Director Vallery suggested that the Board wait one more month to look into the budget again. Director Smith then moved that the Board approve addition of the officer according to the Constable's recommendation. Director Agans seconded the motion. After discussion, the motion passed by a vote of three in favor with Director Vallery voting against the motion.

4. Mike Williams presented an operator's report. There are 3,753 connections in the District, including 42 vacant homes. The District had total revenues of \$188,018.05 for service provided during the month. The wastewater treatment plant operated properly at 72% of permitted flow. Ten bacteriological samples were taken, and all were satisfactory. Mr. Williams presented a list of delinquent accounts that are uncollectible and recommended that the accounts be written off and turned over to a collection agency. Upon motion by Director Smith, seconded by Director Agans, the Board voted unanimously to approve writing off \$388.67 of accounts as recommended by the operator.

Paul Alli addressed the Board with regard to the fence at Water Plant No. 1. Approximately 3 to 4 years ago the District put razor wire around the top of the fence, and the homeowners association is requesting that the Board authorize removal of the razor wire. The association will be resurfacing the tennis courts and will improve fences around the adjoining recreational area, and the area will be made more attractive. It was mentioned that the wire could be removed entirely, or the barbed wire could be placed on the outer edge of the fence or on both sides in a Y configuration. It was estimated that the cost would be \$400 to re-do the wire along the tennis courts. It was mentioned that the HOA will pay for changes in the fence. Upon motion duly made, seconded and unanimously carried, the Board approved removal of the razor wire on the fence at Water Plant No. 1 with the cost to be paid by the homeowners association.

5. Mike Williams presented a report on Imperial Oaks Parks. Mowing was accomplished in all the recreational areas, and two trees were removed from an area where hazardous conditions resulted from Hurricane Ike. 58 calls were received during the month, 12

for the pavilion and 46 for the ball fields. Mike Williams requested authorization to replace the kiddy cushion around the playground equipment and to re-mulch the flowerbeds and re-cut lines around the ball fields with red dirt. The cost of the kiddy cushion would be approximately \$1,800 for 18 cubic yards of material. After discussion, upon motion by Director Agans, seconded by Director Moore, the Board voted unanimously to authorize the work as requested by the operator.

Nelson Patino addressed the Board and reported that he commenced a soccer organization, the Texas United Soccer Academy. There are 150 kids involved. A possible location for another field has been found along Birnham Woods Drive, and Mr. Patino requested that the Board authorize use of that field or add additional fields on Imperial Oaks Boulevard. The Board noted that the field on Birnham Woods Drive is not in Rayford Road Municipal Utility District, and it is not possible to add additional ball fields along Imperial Oaks Boulevard because of prohibition against digging on the pipeline right-of-way. Also, there is not enough parking. There was discussion of the Board's new requirements for reserving the ball fields each week. Mike Williams reported that work on the storm sewer outfall at the Kroger Center into Drainage District 6 has been completed.

6. Director Vallery stated that he has obtained proposals for diesel fuel to be used in the event of an emergency or another hurricane. There was discussion of legal requirements for storage of fuel, and it was mentioned that the District engineer should be requested to review requirements applicable to the districts storing diesel fuel on site. It was mentioned that the matter of hurricane preparedness and availability of fuel will be on the agenda for the Board's next meeting.

7. Mike Williams reported that a bid had been received for purchase of a 135 kW generator for Lift Station No. 4. There was discussion, and it was mentioned that the District engineer should be asked to review regulations for generators before a unit is purchased and installed. This matter will be on the agenda for the next meeting, as well.

8. Mathew May addressed the Board on behalf of WCA Waste and presented a contract for solid waste collection and recycling service. The cost per connection will be \$17.05 per month for trash collection and recycling. The contractor will bill the District for the total number of occupied homes each month. The rate will be in effect for one year. Afterwards, the rate will be subject to the CPI index for automatic cost adjustments. The contract can be renewed for a "like term" which would be for three years, or the contract can be canceled by giving notice of a violation with 14 days to cure a violation. Mr. May stated that the contractor can petition the Board for an increase in charge if fuel costs go up significantly, but there is not an automatic fuel adjustment in the contract. The contractor may ask for an adjustment to be approved by the Board. The contractor will collect heavy trash on both collection days. It will be possible for customers to negotiate directly with the contractor for special heavy trash pickup. Recycling will be collected once each week. Storm debris removal is not included in the contract for services. It was mentioned that the recycling collections will occur on two days, with approximately one-half the District collected on one day, and the remainder collected on the second day. In response to a question by the Board, Herman Little reported that he has reviewed the contract, and the contract is in proper legal form. The contract does not provide for an automatic fuel surcharge, but the operator may request an increase as previously mentioned.

After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve and authorize signing the Contract for Solid Waste Collection and Recycling Services by WCA Waste as presented.

9. There was discussion of proposed correspondence to customers of the District regarding solid waste collection and recycling service. The Board reviewed the proposed letter, and it was mentioned that the cost of sending the letter would be \$1.18 per letter. After discussion, upon motion by Director Agans, seconded by Director Moore, the Board voted unanimously to approve the proposed letter to customers of the District and directed that the District operator mail the letter to customers at the earliest opportunity. Upon motion by Director Agans, seconded by Director Smith, the Board voted unanimously to approve acquisition of signs that can be installed to reflect days of service for waste collection and recycling.

10. 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 will stand at \$2,208,616.98. The capital projects fund balance is \$1,140,337.06. The general fund balance is \$939,096.07, including proceeds of a transfer check of \$186,891.29. The general fund balance represents approximately six months of budget requirements. Mr. Russell reported that District tax collections for 2008 taxes are 96.7%. Mr. Russell asked the Board to authorize closing three bank accounts that are no longer needed. A debt service fund account at Wood Forest Bank, a general fund account at Amegy Bank and a tax account at Wells Fargo Bank should be closed. After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to authorize closing the three accounts as recommended by the bookkeeper, and the Board authorized signing letters confirming the Board's authorization to close the accounts. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to authorize payment of director fees and expenses reflected on the report.

11. Bill Russell presented a draft budget for the fiscal year ending May 31, 2009. The budget will be revised to reflect the new cost of solid waste collection and recycling service at \$17.05 per connection for approximately 3,250 active connections. The bookkeeper will need additional information from the operator for an estimate of costs of repairs and maintenance during the year. Mr. Russell recommended that the Board consider reimbursing the general fund for engineering expenses associated with repairs of the storm sewer. The Board will review the budget at next month's meeting.

12. Jason Hajduk presented an engineer's report. The engineer is working on documents for the application to release funds from escrow. Storm Water Solutions is slowly removing silt from the storm sewer in Imperial Oaks Park, Section Ten. Approximately one-third of the work has been accomplished. As previously mentioned, the storm sewer outfall at Kroger has been repaired.

13. The Board reviewed an Order Authorizing an Application for Release of Funds from Escrow and Approval of a Change in Plans relating to the new clarifier and facilities

at the wastewater treatment plant. It was mentioned that the District has funds in escrow that were approved for the clarifier and for pavement to facilitate sludge removal from the plant. Additional funds remain from a prior bond issue that were not required for the intended project, and the Board should request release of those funds from escrow and use in the proposed project. After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to adopt the Order Authorizing an Application to the TCEQ for Release of Funds from Escrow and Approval of a Change in Plans, which Order is attached to the minutes.

14. The Board reviewed a Resolution for Order Adopting of a Drought Contingency Plan. The Board adopted a Drought Contingency Plan several years ago, and rules of the TCEQ and Texas Water Development Board require that the plan be reviewed each five years. The Drought Contingency Plan establishes procedures for reduction of water consumption in periods of drought and dry weather. The plan is activated when the District's water supply facilities are under stress and potentially may be unable to meet requirements for water production. The Board reviewed three phases of the plan that start with voluntary measures and conclude with measures that prohibit the use of water out of doors and place limits on the amount of consumption by each customer per month. There was discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the Resolution for Order Adopting a Drought Contingency Plan, which Resolution is attached to the minutes.

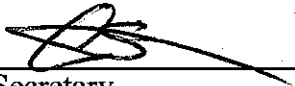
15. The Board reviewed a Resolution Regarding Reduction in Electricity Consumption. Laws of the State of Texas require public entities to establish goals for reduction of electricity consumption. The District's ability to reduce electricity consumption is very limited because of the District's water supply and wastewater treatment services, both of which require continuous electric service. After discussion, upon motion by Director Moore, seconded by Director Smith, the Board voted unanimously to adopt the Resolution Regarding Reduction in Electricity Consumption, which Resolution is attached to the minutes.

16. It was mentioned that the Board should engage an auditor for the fiscal year ending May 31, 2009. Director Vallery suggested that the Board seek proposals for auditing services. The cost of auditing services has increased substantially in recent years and was \$17,000 in the previous year. There was discussion, it was mentioned that the Board will request a proposal from McCall, Gibson & Company, PLLC, and Director Vallery requested that the Board also seek proposals from two other auditing firms. After discussion, upon motion by Director Vallery, seconded by Director Smith, the Board voted unanimously to authorize requests for qualifications of three firms to provide auditing services to the District. Herman Little will prepare letters requesting qualifications and will forward the letters on behalf of the Board and District.

17. The Board reviewed a Resolution Adopting and Approving an Identity Theft Prevention Program. It was mentioned that the program is new and may require adjustments in the future after the operator has had experience in implementing provisions of the program. Adoption of the program at this time will allow the District to be in compliance with rules of the Federal Trade Commission. Upon motion by Director Agans, seconded by Director Smith, the Board voted unanimously to adopt the Resolution Adopting and Approving an Identity Theft Prevention Program, which Resolution is attached to the minutes.

18. The Board reviewed an Order Adopting a Water Conservation Plan. It was mentioned that rules of the TCEQ and Texas Water Development Board require districts having more than 3,300 connections to have a Water Conservation Plan in place. The plan includes measures that can be taken to reduce water consumption in the District, and the plan establishes goals for reduction of water consumption per capita over periods of five and ten years. There was discussion of the Water Conservation Plan, and it was noted that a substantial amount of information has been contributed by the District's operator and engineer that will be incorporated in the plan in the utility profile. After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to adopt the Order Adopting a Water Conservation Plan, which Order is attached to the minutes, and the Board authorized filing the Water Conservation Plan with government agencies as required by law.

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


Secretary