

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 11, 2010

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 11, 2010, 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

and the following absent:

None

Also present were Bill Russell, Jason Hajduk, Teague Harris, Lonnie Wright, Sergeant James Corn, Assistant Chief Michael Johnson, Captain Moore, Paul Alli, Charlie Venema, Lorene Roy, Jim Nichols, Kathryn Nichols and Herman I. Little, Jr.

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 December 14, 2009 were presented and reviewed. Minutes of the meeting of January 7, 2010 were also reviewed. Upon motion by Director Saxe, seconded by Director Smith, the Board voted unanimously to approve the minutes of both meetings as presented.

2. The Board reviewed requirements of Montgomery County to conduct a joint election with the county for the May 8, 2010 directors election. The Board reviewed an Entity Fact Sheet, a Joint Election Agreement and an Election Services Agreement with Montgomery County.

Herman Little advised the Board that the documents are required, so the Montgomery County election official may make preparations for the District to participate in the joint election. The District voting precincts will be identical to the Montgomery County voting precincts for all resident voters of the District. Early voting will be available at any Montgomery County early voting location. Montgomery County will provide all election officials to work in the election, and it will not be necessary for the District to locate election officials. It was mentioned that the District held a joint election several years ago, and the election was conducted successfully at a lower cost than the following election that was held by the District alone. After discussion, upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve and authorize completion of an Entity Fact Sheet for the election. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve and authorize signing a Joint Election Agreement with Montgomery County. Upon motion by

Director Moore, seconded by Director Saxe, the Board voted unanimously to approve and authorize signing an Election Services Agreement with Montgomery County. It was further moved, seconded and unanimously carried that the Board will complete and timely submit a ballot template to Montgomery County as required by the Election Services Agreement.

3. Sergeant James Corn presented a law enforcement report. There was one robbery, one aggravated assault, four burglaries, four thefts, two assaults, fifteen disturbances, six criminal mischief incidents, three misdemeanor arrests, thirty family violence calls, ten firearms related calls, two intoxicated persons and one DWI arrest during the month. The robbery and aggravated assault occurred in the Kroger center on Rayford Road and not in the Imperial Oaks subdivision.

Sergeant Corn reported that there have been fewer drug cases recently. Montgomery County Animal Control issued several citations concerning dogs not on leashes. Sergeant Corn noted that approximately 75% of all calls go directly to Montgomery County dispatch. There was discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

4. Lonnie Wright reported that he is presenting the operator's report because Mike Williams and his wife are having twins. The District had total revenues of \$215,176.84 during the month. There are 3,755 connections, of which 3,523 are occupied residences receiving solid waste collection service. There are 63 vacant residences. 14 leaks were repaired during the month. Ten bacteriological samples were taken, and all were satisfactory. The operator had continuous telephone inquiries over the recent weekend concerning frozen pipes. Approximately 250 calls were received. Most calls involved backflow prevention facilities that were frozen. Backflow facilities are part of the customer's system, and the District has no maintenance responsibility. The District facilities were in good condition throughout the cold weather conditions.

Lonnie Wright reported that one tap was made during December, bringing the total to 12 for the year-to-date. The wastewater treatment plant operated properly at 77% of permitted flow. There are seven customer accounts where customers have departed from the District leaving unpaid bills totaling \$625.46. There was discussion of the procedures that have been followed to turn accounts over to a collection agency, and Lonnie Wright advised the Board that the procedures are no longer available because the collection agency requires the customer's social security number which the District cannot give out under the new red flag regulations. The accounts are all more than 90 days in arrears, and the accounts are truly uncollectible. All security deposits have been applied before determining the amount of the write-off. After discussion, upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to approve writing off the delinquent accounts that are uncollectible as recommended by the operator.

Lonnie Wright advised the Board that there has been a problem in the District because the fire department has been inspecting fire hydrants and placing black bags on many fire hydrants in the District. There was no contact with the operator's office before these actions were taken, and in following up, the operator has found that there are no problems with most of the fire hydrants that have been bagged. Mike Williams contacted Chief Johnson at the fire department and established some communications, but there still is a problem because it is the operator's responsibility to maintain and service fire hydrants for the District, and there has been

no advance communications about these actions.

Assistant Chief Johnson addressed the Board and stated that the fire department has had several personnel changes recently, including a new fire chief and a new assistant chief. The fire department is now a full time fire department and operates under the auspices of Emergency Services District No. 8. The fire department has been active in anticipating an ISO inspection that will be made in February to ensure that all fire hydrants within the area are properly maintained and are serviceable. The fire department is making this effort to increase the ISO rating to allow improved fire insurance rates in south Montgomery County. The fire hydrants must be inspected and found serviceable. Fire department personnel have not been conducting flow tests or flushing fire hydrants, but they have just been exercising the facilities to determine their operability. There should be records of fire hydrant inspections made at least twice per year. District personnel can be of assistance in performing these services. Assistant Chief Johnson stated that many of the fire hydrants have been hard to operate, and it has been impossible to check the pressure on those fire hydrants. Assistant Chief Johnson and the new fire chief are new to the area, and they have tried to contact all municipal utility districts, but it has been very difficult to make contacts. The fire department wants to make the system safer for residents, and all fire stations are staffed with full time personnel. A new fire station is slated to be constructed in Imperial Oaks on Aldine Westfield Road in the near future.

The goal of the Emergency Services District is to get the most effective service for the expenditures. The fire department has not been very successful in the past in having adequate funds for services that are provided. The department is now trying to make things better. Assistant Chief Johnson stated that the fire department dropped the ball. There have been a lot of fires in the area that have taken personnel away from the fire hydrant project. At a recent fire, it was impossible to unhook the hose from the fire hydrant, and it is essential that all fire hydrants be operable, so fire fighters can attach and remove hoses, as necessary. Assistant Chief Johnson stated that the fire department will be working with Lonnie and Mike now that information is available to them, and they will give information as to what areas will be inspected next. The ISO inspectors will talk to all water districts in the area. Data on GPS coordinates will be developed for all fire hydrants. Again, the objective is to achieve lower insurance rates for the community.

Assistant Chief Johnson apologized for the mix-up in communications and stated that the fire department just did not know the right contacts. A list will be given to the operator of fire hydrants that have been bagged. A black bag indicates that the fire hydrant is out of service. In response to a question, Assistant Chief Johnson stated that he does not know when the personnel will be back in the District. Lonnie Wright stated that the operator does not use black bags unless a fire hydrant is inoperable. Almost all of the fire hydrants that had been bagged are operable, and the procedure was not appropriate.

Assistant Chief Johnson stated that the Captain Moore has operational responsibility for the project, and the fire department will obtain T-wrenches for each truck, so fire department personnel can turn off fire hydrants when they need to. In response to a question by Herman Little, Assistant Chief Johnson stated that approximately 15 fire hydrants have been bagged in Imperial Oaks, and it was determined that only four or five of those fire hydrants were actually not in service. Assistant Chief Johnson stated that a lot of fire hydrants do not have chains attached to the caps. Herman Little stated that Rayford Road Municipal Utility District

has been operational for 25 years, and local fire department personnel have always known where the District is and how active it is in the community. There is no mystery as to where Rayford Road Municipal Utility District is or how to contact its personnel. There are signs at each entrance to the subdivision indicating that Imperial Oaks is within the District, and there are signs at each water plant, lift station and wastewater plant as to the name and telephone of the utility operator. Assistant Chief Johnson stated that a lot of the data at the fire department is incorrect, and the names of District contacts were not on hand.

Herman Little stated that the District employs Municipal Operations & Consulting to operate the utility system and to operate all fire hydrants on the water distribution system. This is a very important responsibility of the utility operator, and all residents of the community depend upon the operator's effective, continuous services to ensure that the system and all facilities operate properly.

Lonnie Wright requested that the fire department give advance notice when they are going to be working in the District. It is very easy to contact Mike Williams, and Mike will coordinate with the fire department at any time. Assistant Chief Johnson expressed appreciation for the Board's time and departed from the meeting.

5. 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 \$3,509,294.87. The capital projects fund balance is \$1,147,520.91. The general fund balance will be \$969,594.42 after depositing a transfer check of \$215,033.95. The tax account balance is \$57,397.77. The Board reviewed a report and a series of checks presented for payment of bills. Upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to approve the report and to authorize payment of bills. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to authorize payment of director fees and expenses.

6. The Board reviewed an Order Authorizing Homestead Exemptions and providing a 10% exemption for all homesteads in the District. This exemption has been in effect in the District for many years. After discussion, upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve the Order Adopting a 10% Homestead Exemption applicable to all homesteads in the District.

7. The Board reviewed an Order Reaffirming Adoption of a \$30,000 Residence Homestead Exemption for Persons Age 65 or Older and Disabled Persons. After discussion, upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to adopt the Order Reaffirming Adoption of Residence Homestead Exemption for Persons Age 65 or Older and Disabled Persons.


8. The Board reviewed an Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes. The Order reaffirms the engagement of the firm that collects taxes for Montgomery County. The additional 20% penalty will be applicable on April 1st to delinquent personal property taxes, and it will be applicable on July 1 for delinquent real property taxes. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to adopt the Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes.

9. Jason Hajduk presented an engineer's report. The storm sewer has been installed from Imperial Oaks Boulevard to Nanton. The connection to the existing storm sewer has not been made, however, and the work is underway, and the street is closed for construction. Pay Application No. 1 in the amount of \$9,388 has been presented for 34% of the work completed, to date. Construction is underway on the wastewater treatment plant clarifier project.

Bids were received for Water Plant No. 1 improvements, and the lowest bid was that of TRCV, Inc. in the amount of \$232,550. Jason Hajduk reported that the engineers have not worked with the contractor previously, but contractor references have been checked, and they are satisfactory. After discussion, upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to award the contract for Water Plant No. 1 improvement to the low bidder as recommended by the engineer. It was reported that the engineers are preparing a proposal for a long term management plan for District facilities. There was discussion of the wastewater treatment plant project, and it was mentioned that the contractor has had vehicles stuck several times since moving on the site.

Charlie Venema inquired as to whether the community patrol vehicle will be in the way of work to be performed at the water plant. Lonnie Wright stated that the vehicle probably would not be a problem, but the operator will advise the community patrol if the vehicle should be moved. After discussion, upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve the engineer's report as presented.

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



Secretary