

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
July 12, 2010

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on July 12, 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
Paul Alli, Secretary
Michael Smith, Assistant Secretary

and the following absent:

None.

Also present were Sergeant Josh Hanson, Mike Williams, Jason Hajduk, Bill Russell, 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 June 14, 2010 were presented and reviewed. Upon motion by Director Alli, seconded by Director Moore, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Josh Hanson presented a law enforcement report. During the month there were eight thefts, two family violence incidents, one drug related incident, five firearms incidents, two accidents, 21 disturbances, 13 criminal mischief incidents, two misdemeanor arrests and 149 traffic encounters. There was discussion of the law enforcement program and the current level of staffing in the District. Upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

3. Mike Williams presented an operator's report. The District collected revenues of \$217,750.18 for water and waste collection service during the month. There are 3,764 connections in the District, of which 52 are vacant homes, and 3,552 are occupied single family residences. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated at 70% of permitted flow, and there were no permit violations. Mr. Williams reported on one delinquent account in the amount of \$78.53 that is uncollectible because the customer has departed from the District. Mr. Williams recommended that the account be written off as uncollectible.

Mike Williams reported that several months ago the District reviewed a contract with Sun Coast for rental of a diesel fuel tank at a cost of \$200 per month. The Sun Coast representative was not responsive to the District at that time, but as a result of the hurricane in the Gulf of Mexico, the operator has been able to obtain a rental tank at a cost of \$210 per month from Sun Coast. It was proposed that the tank be rented for a period of six months. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve rental of a diesel fuel tank for six months at a cost of \$210 per month. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to write-off the delinquent account and to approve the operator's report as presented.

4. Mike Williams presented a report on the Imperial Oaks Park. Regular mowing was accomplished, and a fence line was cleared at Weston Park Circle in Ashton Village. The District had nine calls for the pavilion and four for the ballfields. A check was received from the insurance company for damage to the pavilion roof. There was discussion of the policy for rental of the pavilion on holidays. The property owners association does not allow rental of its facilities on holidays, so the facilities can be open to the general public. Mike Williams requested that the Board authorize a change in the rules to not allow rental of District facilities on holidays. It was mentioned that at next month's meeting the Board will consider an amendment of the District's rules for parks and recreational facilities accordingly. In addition to mowing, the operator put out ant bait and edged and weeded along the ballfields and playgrounds. Three signs were installed along the walking trail around the lake to the effect that the facilities are under video surveillance. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the report on the Imperial Oaks Parks.

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 \$2,368,438.18. The capital projects fund balance is \$323,363.95. The general fund balance is \$965,595.96. This represents 33% of the annual budget requirements. The tax account balance is \$31,956.50. 2009 taxes are 98.63% collected. The Board reviewed the report, and upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve payment of bills listed on the report. Upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to approve payment of Director fees and expenses as presented.

6. Jason Hajduk presented an engineer's report. The District received Pay Application No. 5 in the amount of \$32,239 for the clarifier project at the wastewater treatment plant. The contractor at the water plant did the final walk-through, and the coating on Hydro Tank No. 2 was completed at a cost of \$9,000. Mr. Hajduk reported that work is continuing on the District's long-term rehabilitation management plan. A draft of the report has been provided to the operator for review to confirm dates and descriptions of all District facilities.

Jason Hajduk presented a report on the District's water supply facilities. The Board reviewed a map of the District that reflects the locations of District wells and other water supply and wastewater facilities. The District has 3,745 estimated connections at this time with a maximum of 3,870 at full build out. Actual water usage has been much higher than usual recently, principally from households. The District's water system was designed to provide 420 gallons per connection per day, but recently the system has been providing 591 gallons per

connection per day. This would be equivalent to 5,445 connections. In the low consumption months, the rate of use is as low as 185 gallons per connection per day. The District is experiencing very high uses during hot weather, and the number of connections for irrigation only goes from 17 to 140 when considered on an equivalent connection basis. There was discussion of actions that could be taken to increase the District's water supply. Addition of a ground storage tank would not solve the problem, because without an additional source of water, a new tank would be depleted in a short time with very high demands.

Jason Hajduk reported that the only feasible solution to the problem would be to construct another well and water plant. Mr. Hajduk then indicated on the map the locations of wells and wastewater treatment plants and a proposed site for a new water well at Imperial Oaks Park, Section 6. The tract is too small for a water plant, but a well could be located there, and facilities could be installed to pump water to Water Plant No. 2 for further distribution. There would be one pipeline crossing and two crossings of wetlands. It would be necessary to bore and jack under the wetlands at Webber Pond. Also, the line would be bored and jacked under the drainage ditch. The line would be approximately twelve inches in diameter. The District presently has two ground storage tanks at Water Plant No. 2 with five service pumps. One ground storage tank is at Water Plant No. 1, and it is very old. The District presently has sufficient capacity to meet TCEQ standards, but the engineer is recommending replacement of the ground storage tank at Water Plant No. 1, and a new tank be installed with higher capacity. There was further discussion of water storage facilities.

Jason Hajduk then reviewed a tentative estimate of cost for a water well and related facilities. A generator would be included with the facilities. The project would include removal and replacement of one ground storage tank. Director Saxe stated that the District needs a definitive cost estimate with specific information on how the District would pay for the new facilities. It was mentioned that the District could hold a bond election as early as November, 2010, but it will be necessary for the Board to order a bond election no later than August. There was discussion, and upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to authorize the District's engineer to prepare a firm cost estimate for water supply facilities needed to meet the District's needs. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to authorize the District's financial advisor to work with the engineer on a cost estimate for a bond election for consideration at the next meeting.

There was discussion of the proposed bond election and possible community reaction to the election. It was mentioned that the Board of Directors would need to provide full, unqualified support for the bond election, and it will be necessary to have complete, detailed public information for the voters. The District should consider holding a public meeting to present information to the voters. There was discussion, and it was suggested that water conservation measures be emphasized and that a possible increase in water rates is approaching. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

7. The Board reviewed a proposed Interlocal Cooperation Agreement for law enforcement services with Montgomery County Municipal Utility District No. 99. Herman Little addressed the Board and described terms and conditions of the agreement that would enable the

District to expand law enforcement coverage into MUD 99 and that would provide for MUD 99 to assume a pro rata share of the costs of the law enforcement program. The agreement will establish an initial payment based upon the District's current budget for law enforcement services and the agreement will provide for annual review of the District's costs, as well as the respective number of connections within the two Districts. There was discussion of the need for more frequent review of the circumstances. As growth occurs in MUD 99, MUD 99's share of costs could increase significantly as often as every six months. The agreement provides for a three-year term. There was discussion of the need for quicker action if there are problems. It was proposed that either party should be able to terminate the agreement upon thirty days notice. Then, if termination occurs within thirty days, the Districts could review the costs incurred and the services provided and make necessary adjustments in the amounts paid by MUD 99 for the period through the termination date. There was discussion of the agreement, and the Board expressed interest in providing law enforcement services and in adding additional officers as soon as it is feasible. In response to a question from the Board, Sergeant Hanson reported that including MUD 99 in the patrol area would require minimal efforts and minimal time by the officers. Sergeant Hanson stated that it is to the District's advantage to have additional coverage and funds for the law enforcement program. After discussion, upon motion by Director Smith, seconded by Director Alli, the Board voted unanimously to approve a proposed agreement with MUD 99 for law enforcement services with revisions requested by the Board at this meeting.

8. There was discussion of the District's rate order and of ground water pumpage fees that will be assessed by the San Jacinto River Authority commencing August 1, 2010. The initial fee will be \$0.50 cents per 1,000 gallons of water. It was mentioned that the Lone Star Groundwater Conservation District also imposes a pumpage fee that has been passed on to District customers for some time. It was proposed that the District amend the rate order to add a fee for the San Jacinto River Authority pumpage fee. There was discussion of the District's water accountability, and Mike Williams advised the Board that the District regularly accounts for 95% of all water pumped. It was mentioned that the District cannot sustain a loss for pumpage fees associated with the lost water, and fees to be charged to the customers should include an additional 5%. The effect of the additional charges to the customers will be that the District's budget will not be adversely affected by the new SJRA fees.

There was discussion of the pumpage fees that would be assessed to irrigation customers. It was mentioned that the District cannot absorb the pumpage fees for water through irrigation connections, and that such customers should pay the equivalent charges. There was discussion of the District's rates and charges for water provided to irrigation customers. It was mentioned that the property owners association and homeowners associations are large water users for irrigation connections. After discussion, upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to amend the District's rate order to add the pumpage fee to cover the charges by the San Jacinto River Authority for pumpage fees and Lone Star Groundwater Conservation District fees, plus 5%. The fees will be included as an additional line item on District bills.

9. There was discussion of correspondence received from the Legacy Land Trust addressed to the South Montgomery County Storm Water Coalition. Legacy Land Trust has requested \$10,000 of financial support from the Coalition, and if all Coalition members participate, then the charge would be \$2,000. There was discussion of the benefits of educational

programs conducted by Legacy Land Trust and the benefits to the community from such programs. There was discussion of the District's budget, and it was suggested that the District's budget should not be stressed any more at this time. Upon motion duly made, seconded and unanimously carried, the Board voted to decline the opportunity to participate in the contribution to the Legacy Land Trust through the South Montgomery County Storm Water Coalition.

The Chair called for customer inquiries, and Jim Nichols inquired about the status of bicycle patrols in the District. Director Smith stated that he had asked the constables about the bicycle patrols, but he has not received an answer yet.

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


Secretary