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RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
November 8, 2010

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on November 8, 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
Paul Alli, Director

and the following absent:

None.

Also present were Bill Russell, Sergeant Josh Hanson, Mike Williams, Jason Hajduk, Kathryn Nichols, Jim Nichols, George Defenbaugh, Mike Dillon, and Christi L. Schaeffer.

1. Minutes of the meetings held on October 7, 2010 and October 11, 2010 were presented and reviewed. Upon motion duly made and seconded, the board voted unanimously to approve the minutes as presented.

2. Sergeant Josh Hanson presented a law enforcement report. There were two accidents, 15 disturbances, three criminal mischief incidents, one misdemeanor assault, one burglary, ten thefts, of which seven were vehicle break-ins, two family violence calls, five firearms-related incidents, one intoxicated person, one DWI, and one warrant arrest.

Sergeant Hanson advised the Board that the constables are requesting funding to purchase three new radar units to be used in vehicles that patrol in the District. The cost of the radar units is \$4,243.44. Also, the constable is requesting purchase of five tasers for use by the individual officers who patrol in the District. The cost of the tasers will be \$6,164.45. After discussion, upon motion duly made and seconded the Board unanimously approved and authorized the purchase of 3 radar units and 5 tasers at a cost of \$4,243.44 and \$6,164.45, respectively.

3. 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 \$1,565,062.09. The capital projects fund balance is \$174,097.63. The general fund balance is \$903,072.00. This represents approximately 31% of annual budget requirements. The tax account balance is \$65,690.86. The Board reviewed a budget comparison report and noted that the District has expenditures greater than revenues of \$248,298.74 for five months of the year-to-

date. After discussion, upon motion duly made and seconded, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of bills listed thereon. Upon motion duly made and seconded, the Board voted unanimously to approve payment of director fees and expenses.

4. Mike Williams presented an operator's report. There are 3,770 connections in the District, of which 3,535 are occupied single-family residences. There are 55 vacant residences. The District collected revenues of \$249,362.25 for service provided during the month.

Ten bacteriological samples were taken, and all were satisfactory. Twenty-six repairs were made in the water system during the month. The wastewater treatment plant operated properly at 66% of permitted capacity, and there were no permit violations. One tap were made during the month, bringing the total to 15 for the year-to-date.

Mr. Williams presented a list of uncollectible accounts recommended for write-off. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved all write-offs as recommended.

After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented.

5. Mike Williams presented a report on Imperial Oaks parks and recreation facilities. There were 27 calls for use of District facilities during the month, including 16 for the pavilion. The operator replaced bulbs in the pavilion. The basketball nets were replaced and ant bait was put out. Hedges and trees were trimmed. The operator performed other regularly scheduled maintenance items at the wetlands, pavilion, parks and ball fields.

6. Jason Hajduk presented an engineer's report. Construction is underway on the clarifier project at the wastewater treatment plant. Mr. Hajduk presented clarifier project Pay Applications 6 and 7 from N & S Construction Company, LP in the amounts of \$125,243.25 and \$12,356.75 respectively. Upon motion duly made, seconded and unanimously carried, the Board approved both pay applications. Mr. Hajduk also presented Change Orders 1 (for numerous line reroutings) and 2 (additional concrete driveway and pavement work), increasing the construction costs by \$17,482.59 and \$5,319.31. Upon motion duly made, seconded and unanimously carried, the Board approved both change orders.

Mr. Hajduk presented the long-term management plan with approximately 20 pages of data prepared and presented in a spreadsheet to describe the District's aging facilities and anticipated rehabilitation and replacement costs. Mr. Hajduk reported that the sewer lines in Sections One and Two have ABS truss pipe, and the long term plan spreadsheets show that rehabilitation of some District facilities should be completed in 2010 and 2011 at an estimated cost of \$3,770,230 and \$1,245,285, respectively. It was mentioned that the District should diligently continue to educate its residents as to the age of Rayford facilities and that they will need to be repaired and replaced in the coming years. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

7. Christi Schaeffer presented a letter from First Southwest Company regarding the new 10-day filing deadline for all material event notices. There was a brief discussion of material events and continuing disclosure compliance. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved and authorized First Southwest Company to implement a new procedure and filing system for certain District required material event notices, including automatically preparing and filing material event notices without further approval from the Board.

8. The Board considered renewal of the District's insurance policies. The District received a renewal proposal from HighPoint. There were some upward and downward adjustments in the deductibles, and the total premium cost is \$12,875, a decrease of \$978 from last year. After review, upon unanimous vote, the Board approved renewal of its existing insurance policies based upon the proposal presented by HighPoint.

9. The Board briefly discussed the bond election and noted that the unofficial results were 99 in favor and 63 against. The election results will be canvassed and become official on Wednesday, November 10, 2010.

10. There was no pending business.

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



Secretary