

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

January 9, 2012

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 9, 2012 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:

Frank Moore, Vice President
Charles Saxe, Secretary
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Jon Vallery, President

Also present were Teague Harris, Bill Russell, Mike Williams Jason Hajduk, Sergeant Josh Hanson, Jim Holcomb, Lori G. Aylett and persons on the attached list.

1. Minutes of the meeting held on December 12, 2011 were presented and reviewed. Upon motion by Director Smith, seconded by Director Alli, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Josh Hanson presented a law enforcement report. There was one aggravated assault, one burglary, four thefts, six accidents, 29 disturbances, one criminal mischief, and six misdemeanor assaults. There were 131 traffic enforcement citations and 494 miscellaneous calls and activities. The new vehicle is on the road, and the new video system is working great. Upon motion made by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve the law enforcement report as presented.

3. Bill Russell presented a bookkeeper's report, a copy of which is attached. After payment of bills at this meeting, the debt service fund balance stands at \$3,447,722.69. The capital projects fund balance is \$3,113,537.45. The general fund balance is \$1,223,292.94. Seven months into the fiscal year, the District has net revenues of \$465,608.52. The bookkeeper has computed the annual contribution required from MUD 99 for law enforcement, and they will be paying the District \$44,000. After discussion, upon motion made by Director Alli, seconded by Director Saxe, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to authorize payment of director fees and expenses as listed.

4. Mike Williams presented an operator's report. The District collected revenues of \$277,090.08 for services provided during the month. There are 3,799 connections in the District, of which 3,554 are residential customers receiving all District services. There are 55 vacant homes.

Ten bacteriological samples were taken, and all were satisfactory. The District pumped 8,472,000 gallons from Well No. 1, 21,290,000 gallons from Well No. 2, and received 11,000 gallons from Montgomery County MUD 99. The District accounted for 92% of the water produced. The wastewater treatment plant operated at 73% of capacity, and there were no permit violations. No new taps were installed for the month, and there were 29 taps for the year to date. The operator presented a list of proposed write-offs totaling \$2,250.55. Upon motion made by Director Alli, seconded by Director Saxe, the Board voted unanimously to approve the operations report as presented and further approved the list of write-offs.

5. Mike Williams presented a report on District parks and recreational facilities. The operator had nine calls for use of the pavilion and two calls for use of the ball fields. Three dead trees were cut down, and routine maintenance was performed. Upon motion made by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve the parks report as presented.

6. Jason Hajduk presented an engineer's report. At this time, the engineer is still reviewing video tapes for the Phase I sanitary sewer rehabilitation. He is approximately 75% of the way complete. The engineer recommended payment be made to Triple A Flexible Pipe Cleaning Company for Pay Application No. 2 and Final in the amount of \$4,940.68. The engineer enclosed the final pay estimate and letter of substantial completion for the Board's review and approval.

With regard to Well No. 3, construction is well underway. At the last meeting the Board improved the increase in the well diameter, and the change order was ready for the Board's signature. Drilling has been taking place 24 hours a day, and the contractor is currently putting in the screens and gravel packs. The engineer anticipates that the contractor should be complete with the well project in June.

With regard to Well No. 3 transmission line, the contract is ready for the Board's execution. The engineer also presented a material testing proposal from Tolunay Wong with a total fee of \$3,818.00.

With regard to Water Plant No. 1 ground storage tank replacement, the engineer is meeting with the City of Houston to discuss a variance. The existing tank does not comply with the latest City of Houston design rules because it is too close to the property boundary. Because the new tank will be placed in exactly the same location, the engineer should be able to obtain a variance. The engineer requested authorization to advertise for bids for the project.

With regard to the SJRA surface water conversion, the engineer had a meeting with Malcolm Pirnie, the design engineers for the SJRA, to discuss the preliminary site improvements and layout options. The meeting was in the nature of a preliminary brainstorming session. Since the District is already doing work on the water plants, the engineer is attempting to address all these issues.

Teague Harris then addressed the Board regarding its capacity needs. He reminded the Board that he had visited with them a year ago to discuss water plant capacity issues, projected build-out connections, and projected water plant capacity with Well No. 3. Mr. Harris stated that once the District gets its new well, it will not have need for the 200 connections

of capacity that the District purchased in the Montgomery MUD 99 water plant. The District has current water plant capacity of 3,670, with current active connections of 3,643. The District has an elevated water storage tank variance from the TCEQ of 3,750 connections. The projected build-out of the district is 3,776 connections, a little more than the current variance. In short, the District will be in a position to sell its 200 connections in the MUD 99 facilities. MUD 99 and MUD 115 are interested in re-acquiring the capacity for their own development needs. The District could gain funds for other projects from selling the capacity. In addition, the District would avoid paying the monthly charges to MUD 99 for participation in its joint facilities. The Board noted that it would be interested in having further communications on this matter. After discussion, upon motion made by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve the engineer's report as presented, approved Pay Application No. 2 and Final to Triple A Flexible Pipe, approved the Tolunay Wong material testing proposal, and authorized advertisement for bids for Water Plant No. 1 ground storage tank replacement and Water Plant No. 2 modifications.

7. The Board reviewed an Order Adopting Residence Homestead Exemption. The District has granted an exemption of 10% of the homestead value for all residence homesteads in the District for many years and can continue such exemption with adoption of this Order. After discussion, upon motion made by Director Smith, seconded by Director Alli, the Board voted to continue the general homestead exemption of 10% in effect for the year 2012.

8. The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. In years past, the District has provided an exemption of \$30,000 for homesteads for persons 65 or older or disabled and can continue such exemption with adoption of this Order. Upon motion made by Director Smith, seconded by Director Saxe, the Board approved the Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled.

9. The Board reviewed an Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes. It was mentioned that since the District has engaged JR Moore, the county tax assessor/collector, to collect the District's taxes, the District is relying upon the attorneys who are engaged by Montgomery County to collect the District's delinquent taxes. Upon motion made by Director Alli, seconded by Director Saxe and unanimously carried, the Board voted to approve the Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes, which order is attached to the minutes.

10. The Board discussed rates and charges for irrigation meters. The Board noted that it would be appropriate to charge the property owner's association the same water rate for its irrigation meters as for other homeowner connections, effective with the next billing cycle. Accordingly, upon motion made by Director Smith, seconded by Director Saxe, the Board voted unanimously to adopt the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Sewer Service.

11. The Board briefly discussed a proposal received from WCA Waste Services for solid waste collection and disposal services. The Board briefly reviewed the proposal but determined that it should solicit competing proposals. Upon unanimous vote, the

Board authorized the attorney to issue requests for proposal to various garbage contractors.

12. The operator noted that on December 19, the District lost the Water Plant No. 1 well motor, auto dialer, and air compressor. The operator replaced it and made an insurance claim on behalf of the District.

13. Jim Holcomb discussed status of development in the District and surrounding south country area. The developer has completed the 8,100 square foot building in the Kroger Center. The developer is working to secure a medical use for the building. Kroger is also looking at expanding its store from 80,000 to 100,000 square feet. There will be a need for another ball field to accommodate the increasing number of residents.

The developer noted that transportation will become a major issue for the south county area. With the addition of ExxonMobil, Anadarko, Talisman, and other employers, the area around the District can expect a huge traffic impact. In addition, Montgomery County Precinct 3 is electing a new commissioner, and the developer is casting his support toward candidate Kenny Speight. It will be important to pass another road bond election to address these transportation needs. The south county area will need to become organized and mobilized to make sure that the roads are built in its area. In addition, the Grand Parkway is underway and will be built by 2015. A lot of work remains to be done. Mr. Holcomb stated that he looked forward to working with the District and its directors regarding the future needs of the south county area.

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



Secretary