

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

April 9, 2012

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on April 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:

Jon Vallery, President
Frank Moore, Vice President
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Charles Saxe, Secretary

Also present were Mike Williams, Jason Hajduk, Aimee Ordeneaux Raley, Bill Russell, Brian Jarrard, Sergeant Josh Hanson, Drew Masterson, Lori G. Aylett and persons on the attached list.

1. Minutes of the meeting of March 12, 2012 were presented for the Board's review and approval. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Hanson presented a law enforcement report. During the month, there was one burglary in the District, six thefts, six traffic stops, and 21 disturbances. The officers responded to two instances of criminal mischief, eight misdemeanor assaults, and 99 other traffic enforcement stops. The new patrol car has been purchased and is in the field in use.

3. The Board discussed a proposed residential solid waste collection contract with Best Trash. Aimee Ordeneaux Raley addressed the Board and presented her proposed contract for their review and approval. The attorney noted that she had reviewed the proposed contract and made some revisions, which had been accepted by Best Trash. The District will pay Best Trash \$12.85 per connection per month, and after one year the prices will be subject to a CPI adjustment. Ms. Raylee noted that she would attend Board meetings when requested by the Board. She also noted that she had prepared a proposed letter to customers regarding the new service provider. After discussion, upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to accept the residential solid waste collection contract with Best Trash for a five year term. The Board further authorized the attorney to direct correspondence to the other bidders thanking them for their bids. The Board further authorized the operator to provide correspondence to the District customers regarding the new service provider.

4. The Board reviewed the purchase of certain law enforcement equipment. The attorney noted that she had revised the letter to the Precinct 3 Constable to reflect the exact purchase price of the new vehicle. The vehicle cost \$23,400, and equipment for the vehicle

would be \$4,042.05. Upon unanimous vote, the Board authorized the purchase of the law enforcement equipment as presented.

5. Bill Russell presented a bookkeeper's report, a copy of which is attached. The balance in the district's debt service fund is \$2,355,573.77. The balance in the capital projects fund is \$2,273,249.35. After payment of today's bills, the District's operating fund will stand at \$1,324,312.77. After 10 months of the fiscal year, revenues exceed expenditures by \$567,338.70. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to authorize payment of the District's bills and to approve the District's bookkeeper's report. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to approve payment of directors' expenses as presented.

6. Bill Russell noted that the draft budget for the fiscal year ending May 31, 2013 was not yet available for the Board's review. He will present copies in advance of the next Board meeting.

7. Mike Williams presented an operator's report. The District had revenues of \$184,661.79 during the month. The District served 3,803 connections, with 3,560 connections receiving all District services. The District accounted for 95% of the water produced. The wastewater treatment plant operated at 74% of capacity with no permit violations. The operator repaired seven leaks during the month. The operator took 10 bacteriological samples, and all were acceptable. Three new taps were made during the month, and one new irrigation tap was made. The operator presented one proposed write-off for the Board's approval in the amount of \$90.14.

The operator noted that there was a large sinkhole near Mercoal in Imperial Oaks esplanade. There is a 23-foot deep sewer main in that area, and if that line is broken, the inflow could cause the sinkhole. However, the engineer has reviewed videos of that main and did not see any line breaks large enough to have caused the sinkhole. The operator has repaired the sinkhole, and the engineer recommended that nothing further be done until and unless the sinkhole reappears. The operator recommended that the line be televised again. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to authorize the line to be televised a second time. The Board noted that if the video revealed the need for a repair, the operator should be authorized to make the repair before the next meeting. After discussion, upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to authorize the operator to make immediate repair, if the cost does not exceed \$10,000, if the location of the line break can be found with the television camera. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to approve the write-off of \$90.14 as recommended by the operator.

8. Mike Williams presented a parks and recreational facilities report. The operator performed regular mowing. The District had 31 calls, 11 of which were for the pavilion, 14 of which were for the ball fields, and six were for other information. There were two parties at the facilities during the month. The operator replaced the lights under the pavilion during the month.

9. The Board discussed the Drought Contingency Plan and water use restrictions in the District. The operator recommended that the District lift the drought

restrictions. The District is operating well under the Stage 1 drought conditions. The only reason the District has maintained Stage 1 drought condition is because of the request of the Texas Commission on Environmental Quality. The operator noted that when the District's new well is completed, the District will want to change the triggering conditions in its plan. Upon motion made by Director Moore, seconded by Director Alli, the Board voted unanimously to lift the Stage 1 drought conditions and send the appropriate notice to the customers.

10. The attorney noted that it was required to review the FTC identity theft red flag program on an annual basis. The operator confirmed that there were no changes necessary to the program, and the operator had not responded to any red flag incidents in the past year. The attorney recommended that no changes be made to the program. Accordingly, upon motion made by Director Moore, seconded by Director Smith, the Board adopted the attached Resolution Affirming Identity Theft Prevention Program.

11. Jason Hajduk presented an engineer's report. The engineer prepared three options to rehabilitate all sanitary sewer lines in Phase I of the District's program. The cost estimate for Option A included repair of all of those immediately necessary repairs in Section 1 and would cost \$312,358. Option B included all the repairs in Option A and Priority 2 point repairs. The cost of Option B is \$454,773. Option C would involve rehabilitation of the entire Section 1 at a cost of \$1,224,600. The engineer believes that there will be surplus funds available after the well is completed of approximately \$650,000. However, the District will have to wait until the well is complete to determine the exact amount of available surplus funds. After discussion, the Board authorized the engineer to put together a cost estimate for rehabilitation of two sections of the District.

With regard to well no. 3, the pump and motor have been ordered and are expected to be delivered to the site in early to middle May. The well no. 3 transmission line construction is substantially complete. The engineer recommended payment be made to Clearwater Utilities for pay application no. 2 and final in the amount of \$17,549.67.

At water plant no. 1, the ground storage tank replacement and water plant no. 2 modification construction is under way. Phase I construction is almost complete, and the District will wait until after the summer to replace the ground storage tank.

With regard to the SJRA surface water conversion project, the SJRA is moving into the design phase of the surface water conversion project. MUD 99 and MUD 115 will request to be included in the first phase of the conversion.

The engineer received a utility request from Primrose School of Imperial Oaks. They would be required to pay annexation and infrastructure costs. Upon motion made by Director Alli, seconded by Director Moore, the Board authorized the engineer to provide drawings of the District's facilities in the area and to provide a cost estimate for the annexation.

The engineer reported receipt of a second request from Bart Huffaker with Huffco Services regarding a 3.2-acre site west of the District. The customer is requesting annexation and water and sewer service. The site is quite far from the current boundaries of the District.

The Board asked the property owner to get back with the District engineer when further information regarding the proposed project is available.

The engineer reported that the Drainage District No. 6 engineer, Chris Johnson, is currently working on resolving some issues regarding title to the Drainage District's ditches and easements. Drainage District No. 6 does not have a dedicated easement at the north end of the Havelock Channel. The land currently belongs to Rayford Road MUD. The District would need to prepare a metes and bounds description for recordation, and the engineer estimated fees of approximately \$2,000. The Board noted that it would convey the land subject to Drainage District No.6 paying all the necessary costs. The Board noted that if the Drainage District No. 6 engineer could prepare the description more cost effectively, Rayford Road could accept the Drainage District engineer's description.

Finally, the District engineer reported that the District's existing wastewater treatment plant permit will expire on March 1, 2013. The renewal permit application must be filed six months before the current permit expires. Next month, the District engineer will have a proposal for the Board's consideration.

Upon motion made by Director Moore, seconded by Director Smith, the Board voted unanimously to approve pay application no. 2 and final to Clearwater Utilities in the amount of \$17,549.67.

12. Brian Jarrard presented a developer's report. David Weekly is building out the remaining 27 home sites in Section 11, and with that work done, the builder will be closing out in the neighborhood. Memorial Hermann signed a lease in the Kroger Shopping Center area. Moo Yah Burgers is preparing to open their restaurant, and the Tutti Frutti Yogurt Shop will start work on its build-out at any time.

Mr. Jarrard discussed the ball field update. The developer met with Art Salinas of Montgomery County and discussed the need for some additional ball fields in the area. The developer believes that they have identified some locations on Aldine Westfield, and the YMCA is willing to install a backstop and goals in that area. The county is amenable to allowing the District to use its right-of-way, and the county is further willing to contribute some asphalt for parking lot paving. The county would like the request for the asphalt to come from a public entity, such as the District. The developer believes that 80 to 100 parking spaces could be built near the lift station. The District would need an agreement with the pipeline to put the ball field on the property.

The Board noted its concern that if the YMCA were allowed to install goals and facilities, they would want to control use of the fields. Jon Vallery stated his opinion that he was not in favor of adding more ball fields because they add to the District's financial burden through maintenance and mowing. Director Alli noted that he thought the fields might be a good idea for the District. There could be participation by the county, the property owners' association, and the District. There should be some joint effort to maintain the fields. After discussion, the Board authorized the attorney to put an item on the next agenda for requesting the recycled asphalt and discussing more information about the ball fields.

13. Drew Masterson presented a financial advisor's report. On March 26, 2012, the District sold its refunding bonds. The District received present value savings of 4.706511%, and Southwest Securities was the underwriter. The District had net present value savings of \$220,500.04. These savings were well in excess of the 3.75% parameter set by the Board. The Board thanked Mr. Masterson for his presentation.

14. There was presented the attached Resolution for Adoption of Order Establishing Policy and Rates for Water and Waste Collection and Disposal Service and Imposition of Penalties. The attorney noted that the Rate Order should be amended to conform to the new solid waste collection disposal contract. Upon unanimous vote, the Board approved the Rate Order as presented.

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



Secretary