

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 14, 2012

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on May 14, 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
Charles Saxe, Secretary
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Frank Moore, Vice President

Also present were Mike Williams, Jason Hajduk, Mike McCall, Sergeant John Hanson, Steve Wingerson with the HOA, and Lori G. Aylett.

1. Minutes of the meeting of April 9, 2012 were presented for the Board's review and approval. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Hanson presented a law enforcement report. There were three thefts during the month, and two auto thefts. There were four accidents, 21 disturbances, and four incidents of criminal mischief. There were eight misdemeanor assaults, 124 traffic enforcement citations, and 501 other calls.

3. The President executed Certificates of Election indicating that Directors Charles Saxe and Frank Moore were elected without opposition to serve four-year terms on the Board. Director Moore was not present. Director Saxe presented his Statement of Appointed/Elected Officer, a letter of qualification, and the Oath of Office. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to accept Director Saxe's Oath of Office and to include him under the Directors' Faithful Performance Bond, and Director Saxe participated in the remainder of the meeting.

Director Saxe completed disclosure statements indicating that he had no conflicts of interest to disclose to the Board of Directors. The Director Saxe also completed a questionnaire regarding public access to certain information about him and confirmed that he had previously completed the necessary Open Meetings and Public Information Act training.

4. The Board discussed election of officers. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to maintain the same slate of officers with no changes.

5. The Board reviewed the proposal of McCall Gibson Swedlund Barfoot PLLC to audit the books and records of the District for the fiscal year ending May 31, 2012. Mike McCall presented an engagement letter and a fraud questionnaire. He indicated the estimated fee range would be \$12,500, the same as last year. The recently completed refunding bond issue will change the bond amortization schedules in the audit. Mr. McCall asked the Board to review the fraud questionnaire and contact him with any questions or concerns. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to engage McCall Gibson Swedlund Barfoot PLLC to audit the books and records of the District for the fiscal year ending May 31, 2012.

6. Mike Williams presented an operator's report. The District billed a total of \$206,215.17 during the month. The District served 3,804 connections, with 3,564 connections receiving all District services. The District accounted for 94% of the water produced. The wastewater treatment plant operated at 71% of capacity with no permit violations. The operator took 10 bacteriological samples, and all were acceptable. One tap was made during the month. The TCEQ performed its annual inspection and noted that the beacon light at one of the lift stations was off. This will appear on the District's inspection report, and the operator has since repaired the light. The operator presented six accounts for write-off totaling \$653.49. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to authorize the write-off.

The operator presented one customer inquiry for the Board's consideration. Customer Abier Nouraldeen complained about her high usage. The customer complained that she could not have used the 78,000 gallons for which she was billed. The operator verified the meter read. The customer did have a sprinkler system leak, but the customer claimed that it was repaired. The operator noted that if the sprinkler system had leaked, that water would not have gone into the District's sewer system. After discussion, upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to authorize an adjustment to the sewer portion of the customer's account down to her average sewer bill.

Finally, Mike Williams presented a proposal from Sun Coast for rental of a fuel tank to use during Hurricane Season. Sun Coast will guarantee fuel delivery after a natural disaster if the tank is rented from them. The delivery charge for the tank is \$125 plus \$200 per month rental fee. Upon motion made by Director Alli, seconded by Director Smith, the Board voted unanimously to approve the proposal of Sun Coast for fuel tank rental.

7. Mike Williams presented a report on parks and recreational activities. In the wetlands area, the operator performed regular mowing and clean-up and removed 14 dead trees. At the pavilion, there were 32 calls for service during the month, including four for the pavilion, 26 for the ball fields, and two people requesting other information. There were two parties held during the month. At the parks, the operator performed regular mowing and clean-up, replaced the basketball nets, and placed ant bait out. The hedges and trees were trimmed around the trails, and the operator replaced a barbeque pit with one bought from Northern Tool. The operator requested authorization to get bids for a new bridge across the walk path behind the main park. There is water holding in the sidewalk in this area. The Board briefly discussed the possibility of adding fill to the area, but the engineer noted that this was a wetlands area. The engineer and operator will work with Director Saxe on a cost-effective solution. The operator

requested authorization to plant annuals in the main park. Upon motion made by Director Saxe, seconded by Director Smith, the Board voted unanimously to authorize planting of annuals.

At the ball fields, regular mowing and clean-up was performed, and ant bait was put out. The operator sprayed the backstops and outlines on the fields with weed killer and replaced all trash cans.

8. Jason Hajduk presented an engineer's report. The engineer has reviewed the video of the sanitary tapes for Section 3 and is analyzing the data. He will have a recommendation for the next Board meeting. The engineer reviewed budgeted versus actual items expended on projects in Bond Application No. 12. The engineer anticipates that the District will have surplus funds of \$560,703.55, which can be used for sewer rehabilitation.

At well no. 3, the pump and motor have been delivered and the site work is underway. However, the control panel delivery was delayed and the new delivery and installation date is estimated to be June 22. This delay will push back the District's well completion certification date, possibly into July. The District will not be able to sell back its 200 connections of capacity in the MUD 99 plant until the engineer can certify that the new well is complete.

The engineer prepared change order no. 2 in the amount of \$525 for some additional electrical conduit between the control panel and the chemical feed building, the weather enclosure and certain electrical modifications to the well sound enclosure.

At water plant no. 1, Phase I construction is complete and the engineer has new ground storage tank colors for the Board's review. The Board selected a color to blend with the existing facilities. The engineer prepared change order no. 1 reducing the contract amount by \$20,760. The reduction was accomplished by making a field change and eliminating some boring and jacking in exchange for an open cut.

There is nothing new to report with regard to the SJRA surface water conversion.

The engineer reviewed utility requests. Primrose School of Imperial Oaks has indicated that they are willing to pay annexation fees and install utilities. The engineer is continuing to work with them on cost estimates. The engineer prepared an updated utility commitment letter for the undeveloped community center pad site next to the Burger King. The only change from the previous commitment is the owner name and the size of the building.

The engineer presented a proposal for renewal of the District's wastewater treatment plant waste discharge permit. The existing permit is set to expire on March 1, 2013, and the renewal permit must be filed six months before the expiration of the current permit. In order to make this deadline, the engineer would like to begin preparation of the application. The engineering fees to prepare the report, exhibits, and calculations and review the draft permit will be \$14,000. Additional fees for the TCEQ application fee, reproduction, and two advertisements are estimated at an additional \$11,000. With the Board's approval, the engineer would like to begin preparation of the report to meet the deadline.

At the wastewater treatment plant headworks, the engineer and operator have met with representatives of Newman Regency Group on the site to discuss the work needed for the headworks. There are two options, to rebuild or replace. The cost to rebuild the part is \$32,774. The replacement cost of the unit is \$56,000, with an additional \$6,000 for installation. The engineer will continue to review the options to try to get the price below \$50,000 since contracts for construction of over \$50,000 are subject to advertisement requirements.

After discussion, upon motion made by Director Alli, seconded by Director Smith, the Board voted to approve change order no.2 to the water well no. 3 contract in the amount of \$525 as presented.

Upon motion made by Director Smith, seconded by Director Saxe, the Board voted unanimously to authorize the attorney and engineer to proceed with annexation of Primrose School of Imperial Oaks, subject to receipt of a deposit from them.

Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to approve change order no. 1 to the water plant no. 1 ground storage tank replacement, reducing the contract amount by \$20,760.

Upon motion made by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve the updated utility commitment letter to Capital Rental.

Upon motion made by Director Saxe, seconded by Director Smith, the Board voted unanimously to authorize the engineer to prepare the waste discharge permit renewal application.

9. Bill Russell presented a bookkeeper's report, a copy of which is attached. The balance in the district's debt service fund is \$2,389,117.57. The balance in the capital projects fund is \$2,174,033.88. After payment of today's bills, the District's operating fund will stand at \$1,184,819.37. After 11 months of the fiscal year, revenues exceed expenditures by \$423,288.02. Upon motion made by Director Smith, seconded by Director Alli, 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.

10. There was presented the attached Resolution Adopting Operating Budget for the Fiscal Year Ending May 31, 2013. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to adopt the resolution as presented.

11. The Board reviewed a proposed dedication of a drainage easement to Montgomery County Drainage District No. 6. The attorney noted that the Drainage District No. 6 found through a recent review of its records that it did not have an ownership interest in certain properties, including drainage channels that it was maintaining. Part of the Drainage District's drainage channel is located in Restricted Reserve G, Block 4 of Imperial Oaks Park, Section 5. That property is currently owned by Rayford Road MUD. Drainage District No. 6 maintains the property and would like to receive a drainage easement over the property so that it has an ownership interest in property that it has been maintaining. The attorney noted that the fees

associated with preparation of the easement document were paid by Drainage District No. 6. Upon motion made by Director Smith, seconded by Director Alli, the Board voted unanimously to approve dedication of the drainage easement to Drainage District No. 6 as indicated.

12. The Board considered dedication of an aerial easement to CenterPoint Energy Houston Electric, LLC. CenterPoint requested that the District approve the aerial easement so that service could be provided to some of its customers through the use of an aerial power line over District property. Upon motion made by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve the aerial easement as presented.

13. There was no developer present at the meeting, but Lori Aylett briefly provided information she had received from Jim Holcomb. As developer of Montgomery MUD 115, Mr. Holcomb plans on wiring payments necessary to purchase Rayford Road MUD's capacity in the MUD 99 water plant in time for the July meeting. The developer is working with the YMCA in Birnam Wood Elementary School for soccer and T-ball fields and plans to use the playground at Birnam Wood. Moo Yah Burgers opened a location in the District and had record sales, the highest in their company history on the opening weekend.

14. The Board discussed AWBD membership and the upcoming summer conference. Bill Russell provided information to the Board members regarding membership.

15. Under pending business, the operator reported that he had prepared the necessary Consumer Confidence Reports and requested Board authorization to submit them to the customers. Upon motion made by Director Smith, seconded by Director Saxe, the Board authorized the operator to submit the CCRs to the customers as required by law.

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

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Secretary