

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
July 9, 2012

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on July 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, Sergeant John Hanson, Bill Russell, Bob Garza, Kathryn Nichols, Jim Nichols, and Lori G. Aylett.

1. Minutes of the meeting of June 11, 2012 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.
2. Director Frank Moore presented his statement of appointed/elected officer, letter of qualification and oath of office. Upon unanimous vote, the Board accepted the oath of office of Director Moore and voted to include him under the director's faithful performance bond. Director Moore participated in the remainder of the meeting.
3. Director Moore completed a disclosure questionnaire indicating that he had no conflicts of interest to disclose to the Board of Directors. Director Moore also completed a questionnaire regarding public access to certain information about him and also confirmed that he had previously completed the necessary Open Meetings Act and Public Information Act training.
4. Sergeant Hanson presented a law enforcement report. There were three thefts during the month, one burglary, and one auto theft. There were four accidents, 14 disturbances, four acts of criminal mischief, and one misdemeanor assault. There were 173 traffic enforcement contacts, and there were 670 other miscellaneous calls. There were many incidents of DWI on July 4th. Sergeant Hanson reported that one utility truck was stolen out of a person's driveway in the District. Sergeant Hanson reported that Constable-elect Gable is taking office soon, and Constable Gable looks forward to working with the Board members.

Finally, Sergeant Hanson noted that the Crown Victoria purchased in 2009 by the District has about 60,000 miles on it. The District will need to think about replacement of the vehicle soon.
5. Bill Russell presented a bookkeeper's report, a copy of which is attached. The debt service fund balance stands at \$2,389,626.86. The capital projects fund balance is

\$1,923,065.90. After payment of the bills, the operating fund balance will stand at \$1,163,417.40. The District had revenues in excess of expenditures for one month of the new fiscal year of \$44,283.69. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills listed thereon. Upon separate motion and unanimous vote, the Board approved payment of director fees and expenses as presented.

6. Mike Williams presented an operator's report. The operator billed \$264,352.13. The District had 3,807 connections, 3,570 of which received garbage services. 51 accounts were vacant. The operator took 10 bacteriological samples, and all were acceptable. The sewage treatment plant operated within permit at 72% of capacity. The operator made no taps during the month, but eight were made year-to-date. The operator presented eight write-offs totaling \$884.88. The operator noted that meter reading operations had been taken in-house at his company. Meter reading was part of the operator's base fee, and the operations company made the decision that it would be more efficient to use its own employees instead of an independent contractor. The meter readers have been trained to check for leaks and notify the customers of potential leaks and this should improve efficiency and effectiveness. The operations company is using six golf carts and 12 meter readers. After discussion, upon unanimous vote, the Board approved the operations report as presented and authorized write-off of the eight accounts.

7. Mike Williams presented a report on the status of the parks and recreational facilities of the District. In the wetlands area, the operator did regular mowing and clean-up and cut down 12 dead trees. At the pavilion, there were 12 calls for service: seven for the pavilion, and five for the ball fields. In the parks, the operator performed regular mowing, replaced the basketball nets, and performed regular maintenance. At the ball fields, the operator did regular mowing and clean-up and made repairs on the irrigation system at the ball field.

Mr. Williams stated that he would like to get a bid for replacement of backstop no. 2 at the ball field. The Board authorized the operator to obtain a bid for consideration.

The operator also noted that the large cyclone slide at the park had cracked. The operator was concerned about safety issues with regard to the matter and got a bid for its immediate replacement. The bid was \$2,785.20, and the operator authorized immediate replacement. Upon unanimous vote, the Board approved the parks report and the replacement of the cyclone slide.

8. Jason Hajduk presented an engineer's report. First, he presented information on the Phase I sanitary sewer rehabilitation engineering proposal. The engineer gave a detailed presentation on Option B, which included Priority 1 and Priority 2 sanitary sewer repairs in Sections One and Three. The estimated construction cost would be \$925,000. The District engineer's proposal includes preparation of construction plans, documents, construction phase services, observation, video review, and map update. The fees would be billed lump sum, except for observation and post-construction review, which would be billed hourly. The engineer noted that the observation fees were a little higher than typical, mostly because the contractors would be working in people's back yards, thus requiring more oversight from the engineer. All told, the estimated engineering fees would be \$74,400. The engineer could begin preparation of the plans and specifications as soon as authorized by the Board. Once complete,

the District would advertise for bids, and a construction project would take from 90 to 120 days. The Board reviewed the status of the District's surplus construction funds and available operations funds and noted that they had funds available for the project. After discussion, upon unanimous vote, the Board approved the engineering proposal at a cost not to exceed \$74,400.

The engineer then reported on the status of water well no. 3, construction of which is nearing completion. The engineer presented a letter of substantial completion. The contractor is working with AT&T to establish communications between water plant no. 2 and well no. 3. The contractor also needs to install a sound enclosure around the well and perform miscellaneous site work. The engineer presented Pay Application No. 4 in the amount of \$248,404.59. The engineer recommended payment to Weisinger for the pay application and certified that the work was complete. In addition, the engineer presented change order no. 3 in the amount of \$2,600 for overtime work associated with accelerated construction on the well. After discussion, upon unanimous vote, the Board authorized payment of pay application no. 4 as presented. Upon unanimous vote, the Board authorized issuance of change order no. 3 as presented by the engineer.

The engineer noted that water plant no.1 ground storage replacement and water plant no. 2 modifications would be performed after the summer time, when water demand is lower.

The engineer briefly commented on the status of the SJRA surface water conversion project. The engineer received a preliminary engineering report from SJRA, and the report was 500 pages long. The engineer will review the report in detail and give a summary at the next meeting. The District will be required to dedicate some easements for the transmission lines, and the engineer will review the easement documents as they are received from SJRA.

With regard to the utility request from Primrose School of Imperial Oaks, the engineer has not heard anything further.

With regard to the wastewater treatment plant permit renewal, the engineer has completed the application. The Board noted that it had previously authorized the application to be made, and Director Vallery executed the application in accordance with the Board's previous authorization.

With regard to the wastewater treatment plant head works, the equipment has been ordered. The engineer expects it to be delivered in September or October.

The Board thanked the engineer for his diligence in working with the well contractor to secure completion of water well no. 3 in a timely manner. Upon unanimous vote, the engineer's report was approved as presented.

9. The Board discussed sale of capacity in the Montgomery County MUD 99 ("MUD 99") well. The Board noted that the engineer had certified that water well no. 3 was complete, and therefore reserved capacity in MUD 99's well was now surplus and available for sale. After discussion, upon unanimous vote, the Board accepted the engineer's certificate of completion for water well no. 3, declared its reserved capacity in the MUD 99 water plant to be surplus, and authorized its immediate sale pursuant to the terms of the previously approved

agreement with MUD 99 dated March 12, 2012. The bookkeeper noted that the purchase price of \$390,057.18 would be wired into the District's account the next business day.

10. The Board reviewed an Emergency Water Supply Contract with MUD 99. The attorney noted that since the District had sold its capacity in the MUD 99 well, its agreement with MUD 99 for use of that capacity was terminated, effective immediately. It was therefore appropriate for the District to enter into an Emergency Water Supply Contract with MUD 99, whereby each district would provide the other with water in the event of an emergency. The attorney briefly reviewed the terms of the proposed agreement with the Board and disclosed that she also represented MUD 99. The proposed agreement provides that each party would pay the other \$1.00 per 1,000 plus SJRA and Lone Star Groundwater Conservation District fees for water used. The District and MUD 99's facilities are interconnected both with a metered connection and with unmetered bypass facilities. If the water passes through the metered interconnect, the receiving district will pay for the water based on metered usage. If the water passes through the unmetered bypass, the receiving district will pay based upon the operator's estimate. After discussion, upon unanimous vote, the Board approved the Emergency Water Supply Contract with MUD 99 as presented and authorized its execution.

11. The Board discussed an Interlocal Cooperation Agreement No. 4 for compliance with TPDES permit no. TXR-040000 (2012-2017). The attorney noted that the proposed Interlocal Cooperation Agreement is among the District, Montgomery County Drainage District No. 6, Southern Montgomery County Municipal Utility District, Montgomery County Municipal Utility District No. 19, Spring Creek Utility District, and the City of Oak Ridge North. The agreement provides that all of these districts will participate in a coalition with a cooperative approach to compliance with the TCEQ storm water permitting requirements. The entities will prepare applications for coverage under the permit and annual reports in tandem. Huitt-Zollars is the consulting engineer for Drainage District No. 6 and will spearhead the effort to apply for coverage under the new permit. Pursuant to the terms of the proposed Interlocal Agreement, Drainage District No. 6 will pay half of the consultant costs, and the remaining coalition participants will share the other half of the costs. After discussion, upon unanimous vote, the Board approved the Interlocal Cooperation Agreement No. 4 as presented.

12. Lori Aylett presented the annual arbitrage review of Municipal Risk Management Services. The report indicated that the District is in compliance with all of its arbitrage rebate reporting requirements and has one action item. The District is required to conduct a final arbitrage rebate analysis for its Series 1998 Bonds. The attorney presented the engagement letter of Arbitrage Compliance Specialists to perform the required work. Upon unanimous vote, the Board authorized engagement of Arbitrage Compliance Specialists to perform the required analysis.

13. No developer was present, so no developer's report was given.

14. The Board President recognized guests in the audience. Mr. Garza asked why the District was not under water restrictions, when many of the neighboring areas were. The District's operator noted that pursuant to the terms of the District's Drought Contingency Plan, the necessary triggering conditions had not been reached. The operator further noted that the District does not have a voluntary water conservation stage in its current Drought

Contingency Plan. Therefore, when triggering conditions are reached, the District is required to strictly enforce the terms of its plan and even penalize violators. The District will soon be considering revisions to this policy, since it has completed its third well.

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



Secretary