

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

May 13, 2013

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met at 312 Spring Hill Drive, Suite 100, West Entrance, Spring, Texas, on Monday, May 13, 2013, 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
Brendon Keith, Secretary
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

None.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Mike Others, Lance Malmgren, Bill Parker, Chief Matt Rodrique, Lieutenant Mike Atkins, Aimee Ordeneaux Raley, Lori G. Aylett, and persons on the attached list.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. Minutes of the meeting of April 8, 2013 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Chief Rodrique and Lieutenant Atkins presented a law enforcement report and reported the following statistics: there were 555 contract calls; 60 reports taken; 2 felony arrests; 15 misdemeanor arrests; 276 citations and tickets; \$2,856 in recovered property; and 20 charges filed. The constables drove a total of 6,572 miles in the District during the month. The constables reported that three neighbors had their tires/wheels stolen on the same night. A multi-county task force is being started in an attempt to apprehend the thieves.

3. The Board reviewed a proposed Letter Agreement with Montgomery County for payment of stipends and the purchase of a vehicle. The proposed stipend would be \$5,500 per deputy per year for six deputies and a stipend of \$5,636 per year for one sergeant. The District was also requested to approve expenditure of up to \$36,344.76 for purchasing and equipping a new 2013 Chevrolet Tahoe police vehicle for us in the District. After review, upon unanimous vote, the Board approved the Letter Agreement with Montgomery County as presented.

4. Aimee Ordeneaux Raley addressed the Board regarding the District's annual CPI adjustment pursuant to the residential solid waste collection agreement. The adjustment is automatic and occurs annually to account for changes in operating costs. The CPI adjustment reflects a 2.6% increase from \$12.85 per home to \$13.18 per home. The operator

requested another protocol letter be sent to District customers, and Ms. Raley agreed to provide a copy. The Board had no complaints of the rate.

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, 2013. Mike Others presented an engagement letter and indicated the estimated fee range would be \$12,500, the same as last year. Upon unanimous vote, the Board approved engagement of McCall Gibson Swedlund Barfoot PLLC to audit the books and records of the District for the fiscal year ending May 31, 2013.

6. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$2,263,702.90. The capital projects fund will stand at \$948,247.16. The operating fund will stand at \$2,223,913.11. Year-to-date revenues exceed expenditures for the first 11 months of the fiscal year by \$1,082,657.21. Upon unanimous vote, the Board approved payment of director fees and expenses. Upon unanimous vote by separate motion, the Board approved the bookkeeper's report as presented and authorized payment of the remainder of the District's bills.

7. There was presented the attached Resolution Adopting Operating Budget for the Fiscal Year Ending May 31, 2014. Projected net revenues for the fiscal year ending May 31, 2014 are \$381,250. Upon unanimous vote, the Board adopted the resolution as presented.

8. Mr. Russell noted that the tax assessor/collector's office reported that 2012 taxes are 98.6% collected.

9. Mike Williams presented an operator's report. The District billed \$207,833.28. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District served 3,808 customers, and 3,582 customers received all services including garbage. The District accounted for 92% of the water produced. The sewage treatment plant operated at 80% of capacity with no permit violations. The operator requested write-off of three accounts in the amount of \$135.57.

The operator stated he had conducted a semi-annual test of Water Well No. 1 and reported that everything looks good. The operator then presented a draft of the Consumer Confidence Report for the Board's review and noted that all water constituents were under the action levels. After review, the Board approved the distribution of a black and white copy.

Upon unanimous vote, the Board approved the operator's report and the write-offs as presented.

10. Mike Williams presented a parks and recreational facilities report. There were 51 calls regarding issues in the parks. 16 calls were for the pavilion, 34 calls were for the ball fields and 1 call was for information on holding a party. The operator reported on problems with irrigation during the month and noted the problems were solved.

11. Mike Williams discussed hurricane preparedness. The operator solicited a proposal from Sun Coast for rental of a fuel storage tank. Sun Coast will charge fees of \$205 for each delivery and pick-up. The District will pay a rental of \$200 per month for the empty tank.

Last year, the District utilized this option and never filled the tank. Sun Coast guarantees delivery of fuel if the tank is rented from them. Upon unanimous vote, the Board approved the proposal of Sun Coast for rental of a fuel storage tank.

12. Jason Hajduk presented an engineer's report. Phase I Sanitary Sewer Rehabilitation plans are complete. With the engineer's supervision, the operator drained the ground storage tank, and the contractor did some repairs in an attempt to stop the leaking. The situation has somewhat improved, but the tank is still leaking. The engineer has not processed the final pay application nor recommended its approval, and the District will not make the final payment until the leakage issue is resolved.

The engineer presented a status report on the SJRA surface conversion line. Two segments were awarded last month, and additional segments are currently being advertised for bids. The engineer presented an exhibit showing the location, consulting engineer, and contractor for each line segment. The District's line will be W3B slated for construction in September, 2013.

The engineer presented a request from Spring Farms, LLC. Spring Farms, LLC owns property located outside the water district's boundary. They initially had requested approval to discharge 0.44 cubic feet per second of waste water effluent into a drainage swale owned by the District. The engineer evaluated the request and noted that the addition of the flow does not exceed the swale's capacity. The engineer stated that his firm does not have a particular objection to the request. However, the developer has now modified the request and seeks approval to install a 12-inch gravity pipe underneath the swale, which would outfall at the District's boundary line. Again, the District's engineer stated that he had no objection to the concept provided that plans were provided for review and approval by the District and Drainage District No. 10. The engineer noted that there would be additional costs incurred with the maintenance of the swale due to the pipe installation, including the settlement of backfill, line breakage or infiltration.

Lance Malmgren addressed the Board of Directors and introduced his engineer, Bill Parker of Jones & Carter. The developer stated that he was searching for an outfall for the sewage treatment plant to serve the 14.5 acres being considered for development. The developer has been turned down for service by the neighboring utility districts. The developer intends to receive water service from a private utility, but the developer would be required to make some accommodation for sewer service. Mr. Malmgren noted that Montgomery County does not want the effluent end to discharge into their ditch. The developer is proposing to put the pipe into the embankment inside the swale. Therefore, the pipe would not take up any capacity in the District's swale. The developer noted that they are planning to construct an apartment complex on the site, but if the necessary sewage treatment capacity cannot be provided, self storage facilities may be built. The developer is not certain of the final plan for the development, but he anticipated 250 – 300 units.


The attorney noted that without a firm plan for the development, the District would not be able to make an informed decision. In addition, the District had no obligation to allow third parties to use its facilities. The attorney asked if the developer was willing to provide incentives or other compensation. There was discussion about the matter. Mr. Malmgren

thanked the Board for its time and noted that he would continue to pursue other alternatives.

13. Under pending business, Mr. Mark Czarny presented a proposal for a Boy Scout Eagle Project. He stated his plan to build eight benches by the soccer fields owned by the District. The District engineer noted that the District would have to receive permission from the pipeline company to build anything on the soccer land. After discussion, the Board authorized the attorney to place an item on the next agenda for further consideration of the proposal. In the meantime, the Board authorized the attorney and engineer to have a preliminary discussion with the pipeline company to see if the project might be possible.

After discussion, upon unanimous vote, the Board approved the engineer's report as presented.

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


Secretary