

## RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 9, 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, September 9, 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, Lieutenant Mike Atkins, Karen Sears, Lori G. Aylett, G. Taylor Goodall, Jr., 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 meetings of August 12 and August 26, 2013 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Lieutenant Atkins presented a law enforcement report and reported the following statistics: there were 656 contract calls; 26 district calls; 42 reports taken; four felony arrests; 17 misdemeanor arrests; 346 citations and tickets; and 19 charges filed. The constables drove a total of 8,193 miles in the District during the month. Lieutenant Atkins reported that a large drug bust was made as a result of a routine traffic stop.

3. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,758,274.83. The capital projects fund will stand at \$728,667.96. The operating fund will stand at \$2,072,214.82. Year-to-date expenditures exceed revenues for the first three months of the fiscal year by \$169,776.76, but there is no cause for concern as that balance will change when maintenance tax revenues start coming in. 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.

4. Michael Others presented an audit of the District's books and records for the fiscal year ending May 31, 2013. The District had general fund revenues exceeding expenditures of \$837,518 for the fiscal year. The District has maintained a good healthy fund balance in the debt service fund. The auditor indicated that his firm will be issuing an

unqualified opinion as to the District's books and records. The auditor reviewed the report in some detail with the Board members. After a thorough discussion, upon unanimous vote, the Board approved the audit of the District's books and records for the fiscal year ending May 31, 2013 as presented and authorized its filing as required by law.

5. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives. The attorney noted that pursuant to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. Upon unanimous vote, the Board adopted the resolution as presented.

6. The Board noted the necessity to authorize preparation of continuing disclosure documents. The attorney noted that the District is required by federal securities law to update certain financial information that would be of interest to bondholders of the District. The District has a contract with First Southwest Company to perform the necessary continuing disclosure obligation. Upon unanimous vote, the Board authorized First Southwest Company to prepare and file the necessary continuing disclosure in accordance with their contract.

7. Mike Williams presented an operator's report. The District billed \$353,999.90. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District served 3,815 customers, and 3,574 customers received all services including garbage. The District accounted for 93% of the water produced. The sewage treatment plant operated at 79% of capacity with no permit violations. The operator requested write-off of five accounts in the total amount of \$506.72. The operator presented photographs of the storm sewer repair and noted the repair was completed on an emergency basis.

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

8. Mike Williams presented a parks and recreational facilities report. There were 14 calls regarding issues in the parks. Four calls were for the pavilion and 10 calls were for the ball fields. The operator reported lights and poles were repaired and are in working condition.

9. Jason Hajduk presented an engineer's report. Phase I Sanitary Sewer Rehabilitation project is underway. The engineer is still trying to schedule a meeting with the Texas Commission on Environmental Quality to discuss the permit limitation for copper and possible amendment to the permit. The engineer reported on the status of the Boy Scout park bench project. Kinder Morgan wants to revise the agreement for encroachment for the additional park benches. After discussion, upon unanimous vote, the Board approved the engineer's report as presented and approved revision to the agreement for encroachment with Kinder Morgan from four to eight benches.

10. There was no developer present, so no developer's report was given.

11. Lori Aylett reminded the Board that the District has an agreement with the Imperial Oaks Park Property Owners Association regarding operation of the District's street lights. Pursuant to the terms of the agreement, the District includes street lights under its

electricity contract. The Property Owners Association pays the District back for electricity costs. Bundling the street lights into the District's electricity contract gives better pricing options for the Property Owners Association. The Board stated its willingness to extend the agreement, which will expire December 8, 2013. Paul Alli volunteered to address the Property Owners Association at their annual meeting to see if they would also like to continue the arrangement.

12. The Board discussed renewal of its electricity contract. Karen Sears addressed the Board of Directors on behalf of Acclaim Energy and reported that the District currently has a heat rate contract. Pursuant to the terms of that contract, the District was required to lock-in heat rates at various times during the term. Ms. Sears suggested that the District may want to consider a fixed rate contract, because rates are currently very low and the District can achieve savings and guarantee pricing throughout the term of the contract. The Board discussed the pros and cons of using a heat rate contract versus a fixed rate price. After full discussion, the Board voted unanimously to authorize the bookkeeper to enter into a 48 month contract at a fixed rate under terms and conditions generally described by Ms. Sears.

13. Under pending business, the Board noted that the Boy Scout is scheduling construction of the benches on September 21, 2013, so it will be important for the District to complete the encroachment agreement before that time.

The Board noted that starting the meeting at 6:00 p.m. had been advantageous for Board members and consultants alike. Upon unanimous vote, the Board agreed to conduct its future meetings until further notice at 6:00 p.m. on the second Monday of each month.

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

  
Secretary