

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

October 14, 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, October 14, 2013, in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Jon Vallery, President
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Frank Moore, Vice President
Brendon Keith, Secretary.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Constable Ryan Gable, Lieutenant Mike Atkins, Chief Matt Rodrigue, Karen Sears, Jim Nichols, Kathryn Nichols, Mark Czarny, and Lori G. Aylett.

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 September 9, 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 577 contract calls; 31 district calls; 43 reports taken; 11 felony arrests; eight misdemeanor arrests; 199 citations and tickets; and 17 charges filed. The constables drove a total of 6,710 miles in the District during the month. Lieutenant Atkins reported on a bank robbery that occurred in the Kroger's Shopping Center and stated that more information will be on the October report, as the matter is still under investigation. The constables have been proactive in meeting with the business owners and handing out their business cards. The constables met with the store managers and owners to discuss having a good law enforcement presence in the shopping center. Lieutenant Atkins noted that the eyewitnesses at the bank robbery gave out incorrect information as to the color and location of the automobile that was used in the robbery. With regard to the AT&T robbery that occurred a month prior, the constables caught the perpetrators in the act. Constable Gable reported that their office has met with the City of Oak Ridge North Police, City of Shenandoah Police, and the Sheriff's Office to discuss crime deterrence and a cooperative approach in the south county area.

Finally, Chief Rodrigue noted that Montgomery County recently adopted a STEP program for compensation for constables and sheriffs. The constables and sheriffs' offices will now be paid the same. As of October 1, 2019, there will be no POV allowance. Chief Rodrigue presented the details of the STEP program and asked for the Board's concurrence. He noted that

the anticipated increase to the District would be about \$13,000 per year. After discussion, upon unanimous vote, the Board approved implementation of the STEP program for compensation of constables.

3. Lori Aylett presented a report on behalf of the developer. She presented correspondence from Brian Jarrard expressing the developer's concerns about security and law enforcement presence in the Kroger shopping center. Lori Aylett noted that Lieutenant Atkins was very proactive in responding to the developer's concerns and met with the developer on site. She thanked Lieutenant Atkins and the Constable's Office for their prompt and diligent approach.

4. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,758,676.67. The capital projects fund will stand at \$728,776.34. The operating fund will stand at \$1,953,756.47. Year-to-date expenditures exceed revenues for the first four months of the fiscal year by \$288,693.12. 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.

5. Mike Williams presented an operator's report. The District billed \$351,299.44. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District served 3,815 customers, and 3,567 customers received all services including garbage. The District accounted for 92% of the water produced. The sewage treatment plant operated at 83% of capacity with no permit violations. The operator requested write-off of six accounts in the total amount of \$845.56. The operator reported on repairs made during the month and noted that the District continues to be in compliance with the copper limitation in the permit. A repair was made to a large District storm sewer on the drainage ditch, and Drainage District 6 and the neighboring property owners were pleased with the repair. The well pump went down but was repaired.

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

6. Mike Williams presented a parks and recreational facilities report. There were 16 calls regarding issues in the parks. Five calls were for the pavilion, 10 calls were for the ball fields and one call was for information. There was one party held in September. The operator reported that regular mowing and maintenance was completed, and a fallen tree was removed from a customer's fence. The operator worked with the Boy Scouts on bench installation. The operator noted that the District may have other Boy Scouts doing projects on its property, as the first one was such a success. Mike Williams noted that Carol Hearn, a local realtor, had asked if she could have an event at the soccer fields after dark on a Saturday evening. The Board asked the operator to obtain the dates so that a formal action could be taken.

7. Jason Hajduk presented an engineer's report. A Notice to Proceed on the sewer rehabilitation was issued on October 7, 2013. The Board approved the form of the notice to homeowners regarding the project. The engineer reported on the status of the Boy Scout park bench project and stated that they have been installed and the project has been completed. SJRA

contract award is scheduled for December for line segment construction. Mike Williams reported the contract to make necessary plant modifications to receive surface water was awarded today. The engineer briefly discussed the compliance with copper limitations in the District's permit. The TCEQ has suggested that the District perform a receiving stream study for water-effect ratio ("WER") for copper. If the study gives positive results, the District could amend its permit to lower the copper parameter. The Board authorized the engineer to obtain more information on the cost of such a study on the receiving stream and report back to the Board.

The Board reviewed the engineer's feasibility analysis on service to the Robinson Road ballfields. Jason Hajduk reported that sewer service is available at an 8-inch line on Ashton Village. The customer would use approximately 5,000 gallons per day. According to the engineer, the District has plenty of capacity available to serve the property. The engineer discussed options for accounting for the quantity of sanitary sewage used by the proposed customer. The engineer noted that there are manufacturers for sanitary sewer meters, but at low flows these meters are not very accurate. In the alternative, the District could bill a flat rate and inspect and monitor the usage. Another alternative would be to sub-meter the restrooms, and use that reading to bill for sewer.

The Board reviewed the possible fees to be generated from providing service to the property. The Board noted that the District would not obtain any tax revenues and would obtain very little service fee revenues. The Board noted that there was little economic advantage in providing services to the customer. Upon unanimous vote, the Board authorized a refund of the feasibility deposit to the customer and declined to provide any out-of-district service to the customer.

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

8. Mark Czarny gave a report on the status of his Eagle Scout project to construct benches. He presented the Board with a request for reimbursement of \$586.73 for supplies used in construction of the benches. The Board commended him on the project and voted unanimously to reimburse him for the cost of the supplies.

9. Lori Aylett presented a copy of the District's annual report on MS4 compliance with the Texas general stormwater permit. The District and the other South Montgomery County Storm Water Coalition participants provided information to the TCEQ on solid waste removed from drainage structures and various educational materials provided to customers. Upon unanimous vote, the Board approved the Year 6 MS4 Report and authorized its filing as required by law.

10. The Board discussed the District's electricity contract. Karen Sears reviewed with the Board the status of her efforts to obtain a renewal of the electricity contract. Last month, the Board had authorized the electricity consultant to go forward with a four year contract for services with GEXA. After the meeting date, energy prices moved, and GEXA would not honor the price quoted. Ms. Sears noted that there were still opportunities for the District to save money by locking in pricing. She handed out a current pricing report that

indicated the current rate of electricity was \$0.05229, and the District could currently obtain a 48 month contract with MP2 for \$0.0563. MP2 is the District's current energy provider and may be willing to extend the contract at even lower terms. Karen Sears asked for Board authorization to enter into an energy contract for 48 months at a price not to exceed \$0.055. Upon unanimous vote, the Board authorized the President to execute a contract under those terms and conditions.

11. The Board discussed renewal of an agreement for operation of street lights. For the past 10 years, the District has included the Imperial Oaks street lights in its electricity contract to obtain lower overall prices for energy. In turn, the District invoices the Imperial Oaks Property Owners Association for the electricity usage of the street lights, and the Association reimburses the District. The Property Owners Association has indicated that they wish to renew the agreement. Upon unanimous vote, the Board authorized renewal of the agreement for the operation of street lights.

12. Lori Aylett presented the annual arbitrage compliance report of Municipal Risk Management Group, L.L.C. It appeared that the District's investments are being maintained in compliance with Internal Revenue Service regulations regarding arbitrage and rebate compliance. The attorney reported that the District needs to perform a 10 year arbitrage rebate report for its Series 2004 bonds and presented the engagement letter of Arbitrage Compliance Specialists to perform such report. Upon unanimous vote, the Board voted to engage Arbitrage Compliance Specialists to perform the report.

13. Under pending business, two residents suggested that the 6:00 p.m. meeting start made it difficult for them to attend. The Board agreed that for future meetings they would begin at 6:30 p.m.

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


Secretary