

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 10, 2014

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, February 10, 2014, 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, Drew Masterson, Lieutenant Mike Atkins, Lieutenant David Weis, Paul Green, Mark Jarratt, Jim Nichols, Kathryn Nichols, Aimee Ordeneaux Raley, Clayton Harry, 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 January 13, 2014 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Lieutenants Atkins and Weis presented a law enforcement report and reported the following statistics: there were 707 contract calls; 10 District calls; 42 reports taken; four felony arrests; 19 misdemeanor arrests; 386 citations and tickets; and 16 charges filed. The constables drove a total of 7,301 miles in the District during the month. There was a report of a burglarized vehicle, but the officers have some suspicions about the report because only certain items were missing. Two new Tahoes are in service, and the officers are pleased with the new vehicles.

3. Aimee Ordeneaux Raley presented the Best Trash quarterly report. Mr. Jim Nichols mentioned that he has a new neighbor that needs a recycle bin. Aimee Ordeneaux Raley will have one delivered. Otherwise, there were no issues or complaints to discuss.

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 \$4,265,596.16. The capital projects fund will stand at \$729,208.77. The operating fund will stand at \$2,281,117.12. Revenues exceed expenditures for the first eight months of the fiscal year by \$22,599.66. The bookkeeper wrote a check to the Attorney General for the filing fee for the refunding bonds. The fee will be repaid with proceeds of the bonds, when issued. 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. There was presented the attached Resolution Authorizing Challenge to the Appraisal Roll. The attorney noted that the preliminary tax roll comes out in May, and the tax assessor has a limited amount of time to challenge any errors or omissions that he sees on the preliminary roll. The tax assessor should be authorized to make such challenges on the District's behalf. Upon unanimous vote, the Board approved the resolution as presented.

6. Mike Williams presented an operator's report. The District billed \$231,342.63. The operator took 10 bacteriological samples, all of which were within acceptable limits. The District accounted for 93% of the water produced. The District served 3,815 customers, and 3,592 customers received all services including garbage. The sewage treatment plant operated at 78% of capacity with no permit violations. The operator reported that the well will be taken down next week so the tanks can be inspected. Upon unanimous vote, the Board approved the operator's report as presented.

7. Mike Williams presented a parks and recreational facilities report. There were 10 calls regarding issues in the parks. Seven calls were for the pavilion, two calls were for the ball fields and one call was for information. The operator reported that one dead tree in Camden Park had been cut down. Mr. Mark Jarratt addressed the Board regarding Imperial Oaks swim team activities. He provided a list of proposed dates for swim meets to the operator and Board and requested authorization to leave a deposit for the District to hold for the swim season. Upon unanimous vote, the Board approved the list of proposed dates provided by Mr. Jarratt.

8. Jason Hajduk presented an engineer's report. The Phase 1 sanitary sewer rehabilitation contractor noticed that a pool at 2015 Woodhue is close to the easement and that pipe bursting could damage the pool. The engineer suggested making point repairs in this location instead of pipe bursting. The total increase to the contract will be \$9,316. Without conducting a survey, the engineer cannot verify whether the pool is encroaching in the easement. After discussion, the Board concurred with the engineer's recommendation to perform the repairs in this area using point repairs.

The engineer discussed the status of the SJRA surface water conversion project. The SJRA concurred with the Board's recommendation to award the contract for construction of surface water facilities to the low bidder. The engineer provided contracts for the Board's execution. A Notice to Proceed will be issued and a pre-construction meeting will be held before next month's meeting.

With regard to the storm sewer outfalls, the engineer has inspected 21 of the 29 metal outfalls. Inspection reports should be available at the next Board meeting.

With regard to the wastewater treatment plant permit issue, the Range Finder test for copper has been scheduled, but due to weather has not yet begun. The engineer is waiting on optimal weather to get a good sample.

The engineer inspected Water Plant No. 1 and will inspect Water Plant No. 2 next week. Inspection reports will be available at a future meeting.

Director Vallery asked the engineer to make sure that all District contractors were aware that they needed to communicate with Drainage District No. 6 whenever they are on that district's drainage facilities. The engineer will make sure that the contractors coordinate with the Drainage District inspector.

The attorney reported that she received a follow-up call from the TCEQ regarding the open Enforcement Order. The TCEQ Enforcement Division has requested a letter from the District's operator or engineer describing the corrective actions that were taken to address the alleged non-compliance for copper limitations. The Board authorized the operator and engineer to direct such correspondence to the TCEQ.

Upon unanimous vote, the Board approved the remainder of the engineer's report as presented.

9. Drew Masterson presented a financial advisor's report and a report on the potential for refunding of the District's outstanding bonds. Mr. Masterson reported that due to historic low interest rates, some of the District's outstanding debt could be refinanced at lower interest rates resulting in gross savings and net present value savings. For the District to take advantage of such an opportunity, the District would need to approve a Preliminary Official Statement, the offering document for the bonds. In addition, the District would have to appoint an underwriter and set parameters under which an official of the Board could act to approve and authorize the sale of the bonds. The City of Houston has ordinances governing the issuance of the refunding bonds, and the District must achieve present value savings of 3% to meet the City of Houston ordinances. Based upon current interest rates, the District could expect to achieve present value savings in the range of 4% to 5%. The financial advisor noted that it would be appropriate for the Board to authorize a District officer to act on the District's behalf in the issuance, sale, approval and delivery of the bonds under terms and conditions set forth by the Board. The Board can establish parameters under which one of its officials will be authorized to act on behalf of the District. After discussion, upon unanimous vote, the Board authorized Jon Vallery to act on the District's behalf in the issuance, sale, approval and delivery of the refunding bonds if the District can achieve a 4% present value savings.

The financial advisor noted that the District was required to select an underwriter. At the previous meeting, the District had made the preliminary selection of BOSC as the District's underwriter. Upon unanimous vote, the Board selected BOSC to act as the District's underwriter.

Mr. Masterson turned to the Preliminary Official Statement and reviewed it in detail with the Board of Directors. He noted that the document described the District and the proposed bonds in detail. The District will engage Grant Thornton as verification agent to verify the District's compliance with City of Houston ordinances and the amounts put on deposit in the payment fund. The Preliminary Official Statement must describe the District accurately and must not omit anything that would be material to an investor. After a thorough review, upon unanimous vote, the Board approved the Preliminary Official Statement, the Official Statement, and the Notice of Refunding for the Series 2014 Refunding Bonds.

The attorney noted that it would be appropriate for the Board to designate District

officers and directors authorized to act on behalf of the District in the issuance, sale, approval and delivery of the Series 2014 Refunding Bonds and to carry out all necessary acts and procedures, including but not limited to, entering into a Bond Purchase Agreement, entering into a Paying Agent/Registrar Agreement, entering into a Deposit Agreement, approving the Verification Agreement, adopting the City of Houston ordinance provisions regarding refunding, and evidencing such actions by the execution of an Approval Certificate. Upon unanimous vote, the Board authorized and designated the Board President and Secretary to act on its behalf subject to the parameters previously set forth, and the Board further authorized Jon Vallery to execute the Bond Purchase Agreement and the Approval Certificate. The Board further authorized all its consultants to take any actions necessary to issue, sell, approve and deliver the bonds.

There was presented the attached Bond Order for the Series 2014 Refunding Bonds. The attorney explained the Bond Order to the Board. She noted that the Bond Order is the District's covenant with the bondholders. As such, the District covenants to levy a tax sufficient in rate and amount to pay the bonds when due, and the District covenants to maintain the tax-exempt status of the Bonds. The District further promises to annually update certain financial information that is of interest to bondholders. The Bond Order contains the parameters under which Mr. Vallery and the Board President and Secretary will be authorized to act on the Board's behalf. Upon unanimous vote, the Board approved the Bond Order as presented.

There was presented the attached Order Authorizing Actions for Issuance, Approval, and Delivery of the Series 2014 Refunding Bonds. Upon unanimous vote, the Board adopted the Order as presented. Mr. Masterson noted that if the bond market remained favorable, the financial advisor will attempt to price the bonds next week and redeem the refunded bonds on March 27, 2014.

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

11. There was presented the attached order for Election of Directors. The attorney noted that the Board would need to decide whether to conduct its election independently or with Montgomery County. The Board noted that there were efficiencies associated with conducting a joint election with the County and agreed that if an election was required, the election would be held jointly with Montgomery County. Upon unanimous vote, the Board adopted the order as presented.

12. Under pending business, the Board members responded to questions from the audience regarding the status of the Robinson Road ballfield project. DD 6 board members Paul Green and Mark Jarratt presented a brief synopsis of events related to the ballfield development from the DD 6 perspective.

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


Secretary