

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
November 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, November 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, Aimee Ordeneaux Raley, Rick Moffatt, Sergeant Weis, Paul Green, Jim Nichols, Kathryn Nichols, 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 held October 13, 2014 were presented for the Board's review and approval. Upon unanimous vote, the minutes were approved as presented.

2. Sergeant Weis presented a law enforcement report and reported the following statistics: there were 715 contract calls; zero District calls; 60 reports taken; four felony arrests; 24 misdemeanor arrests; 333 citations and tickets; and 22 charges filed. The constables drove a total of 7,239 miles in the District during the month. Sergeant Weis reported that there have been a lot of tire thefts nearby, but none in Imperial Oaks. The Constable's Office is working to resolve complaints about parking tickets that were being given in the subdivision. Sergeant Weis noted that the officers will focus on education of the residents. The Board discussed whether it was necessary for an officer to attend POA meetings on a monthly basis. The Board members expressed the opinion that it might be more appropriate for the officers to provide a copy of the statistics and invite interested persons to attend District meetings for more information. After discussion, upon unanimous vote, the Board approved the law enforcement report as presented.

3. Rick Moffatt from the Lone Star Groundwater Conservation District addressed the Board and stated that he has served his four year term on the Lone Star board and would like to serve another term. He informed the Board that he represents the east side municipal utility districts and is involved in the planning committee, which drafts the rules for groundwater reduction. The Board thanked Mr. Moffatt for his presentation.

4. Aimee Ordeneaux Raley presented a report on recycling and garbage collection on behalf of Best Trash. There were no significant issues relating to garbage pickup. Ms. Raley stated that her company was offering a pilot program regarding the provision of the larger recycling carts. The program costs \$65 per customer, and several residents at the meeting indicated interest. Ms. Raley will provide further information to the Board.

5. Bill Russell presented a bookkeeper's report, a copy of which is attached. After this meeting, the debt service fund balance will stand at \$1,727,400.83. The capital projects fund will stand at \$730,062.32. The operating fund will stand at \$1,805,963.14. Expenditures exceeded revenues for five months of the fiscal year by \$1,456,724.79. The bookkeeper reported that tax revenues are starting to come in, so the budget will even out. 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.

6. Mike Williams presented an operator's report. The District billed \$424,104.74 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 93% of the water produced. The District served 3,815 customers, and 3,588 customers received all services including garbage. The sewage treatment plant operated at 77% of capacity with no permit violations. The operator requested write-off of four accounts in the total amount of \$928.12, and the Board approved the request.

The operator reported that the water system was inspected by the TCEQ, and no violations were noted.

In response to a question from the Board, the operator reported that the District had written off \$8,570 in uncollectible accounts year to date. The Board asked the operator and attorney to review the rate order to determine whether the District could benefit from an escalating deposit.

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

7. Mike Williams presented a parks and recreational facilities report. There were 19 calls regarding issues in the parks. Two calls were for the pavilion, 16 calls were for the ball fields and one call was for information. There was one party held during the month of September and none in October. The operator would like to obtain pricing for the Board's review for replacement of older water fountains in need of refurbishment. The Board authorized the operator to proceed with getting additional information.

8. Jason Hajduk presented an engineer's report. On the SJRA surface water conversion project, the electricians are pulling wiring through the conduit infrastructure.

The engineer presented Pay Application No. 7 to C.F. McDonald Electric, Inc. in the amount of \$14,085. Pursuant to the District's supplemental agreement with the SJRA, the District must receive SJRA's written approval before disbursing payments to the contractor. The

engineer recommended payment of the pay application, subject to receipt of approval from the SJRA. The Board approved payment as requested, subject to receipt of SJRA approval.

Phase I of the sanitary sewer rehabilitation is complete. The contractor is obtaining post-construction video.

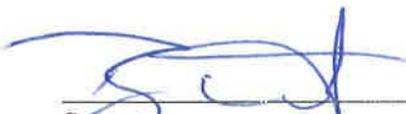
The engineer is currently reviewing an interim guidance document regarding the possibility of increasing the copper limitations of the District's waste discharge permit. The District's operator and engineer have reviewed the preliminary analysis, and it appears that the District may be able to increase its daily average from 0.0158 to 0.1183 and the maximum grab sample from 0.0492 to 0.3685. If the Commission accepts these new limits, the District should be able to achieve continuing compliance, as the District has never exceeded these limitations with past samples.

Director Smith expressed concern about sand and debris in the street near the SJRA construction site. There is also some damage to the facilities around the District's parks. Director Smith will send photographs to the District engineer, and the engineer will contact the contractor to have these issues rectified.

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

9. The Board considered renewal of the District's insurance policies. The attorney presented a renewal proposal from Highpoint, and the District's insurance premiums have increased by \$48.00. the increase is attributable to an increase in replacement value of property from \$8,931,000 to \$8,946,000. The District's property, general liability, automobile liability, pollution limit, directors and officers liability, travel and accident insurance, law enforcement liability, directors and officers bond and public employee blanket bond were being proposed for renewal without changes. The boiler and machinery policy contains an increased deductible of \$35,000 for equipment 50 feet or more under ground, and a \$35,000 deductible for submersible pumps of 100 horsepower or greater located 50 feet per ground plus \$150 per each horsepower. The Board reviewed the renewal proposal in detail, and upon unanimous vote, approved the Highpoint proposal as presented.

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


Secretary