

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

June 8, 2015

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, June 8, 2015, 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

and the following absent:

Paul Alli, Director.

Also present were Bill Russell, Mike Williams, Jason Hajduk, Drew Masterson, Sergeant Weis, Ms. Weis, Paul Green, Aimee Ordeneaux Raley, Paul Cote, Michael Burton, 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 May 11, 2015 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 590 contract calls; one District call; 59 reports taken; one felony arrest; nine misdemeanor arrests; 342 citations and tickets; nine crashes; and three charges filed. The constables drove a total of 5,599 miles in the District during the month.

Sergeant Weis reported that thieves had struck again, and a motorcycle was stolen off the street. There was discussion regarding whether golf carts are allowed in the subdivision. Sergeant Weis informed the Board that in order for a golf cart to be driven on the road, it must be licensed and inspected in the same manner as a motor vehicle.

3. At last month’s meeting, the Board asked Ms. Raley of Best Trash to return and provide pricing for recycling carts. Ms. Raley presented a proposal for 64-gallon recycling containers. Best Trash proposed extending the District’s contract for five years from the current expiration date with an increase of \$0.80 per month. Upon unanimous vote, the Board approved the contract extension as presented.

4. The Board discussed the proposed sale of the Series 2015 Unlimited Tax Refunding Bonds with the District’s financial advisor, Drew Masterson. Drew Masterson noted that the District had an opportunity for a current refunding of its outstanding District debt through the use of a private placement transaction.

He first recommended approval of a placement agent agreement with Hutchinson, Shockey, Erley & Co. in the amount of \$6,000. The placement agent oversees the bidding process on the bonds, which are going to be privately placed with a financial institution instead of being sold to individual bondholders through an underwriter. The Board approved the placement agent agreement as presented. Mr. Masterson noted that if the District had sold the bonds today, it could have expected to receive a 5.9% present value savings. The financial advisor recommended that District officers be designated to execute all bond documents, including a purchase letter, using a 5% present value savings parameter. The placement agent will use a term sheet to solicit bids, currently scheduled for June 25, 2015.

After discussion, the Board unanimously approved the refunding through a private placement transaction and authorized a Notice of Refunding for the bonds being refunded. The Board designated officers Brendon Keith and Jon Vallery to act on behalf of the District with respect to approving the final transaction. In that regard, the Board also approved, based upon achieving a 5% net present value savings, the forthcoming purchase agreement, paying agent/registrar agreement, and deposit agreement for the Series 2015 Refunding Bonds. The Board also approved the form of the bond order for the Series 2015 Refunding Bonds and authorized all actions necessary to complete the approval, delivery and registration of the bonds.

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 \$1,959,838.47. The capital projects fund will stand at \$92,068.15. The operating fund will stand at \$2,876,338.26. Expenditures exceeded revenues for the fiscal year by \$401,734.20.

Mr. Russell next requested Board authorization to close the District's money market account for construction and transfer the balance in the construction account to the District's checking account to avoid bank charges. Upon unanimous vote, the Board approved the transaction and closure of the money market account.

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. Bill Russell presented a request for amendment to the bookkeeper's contract. He requested an increase in hourly billings from \$50 to \$65 per hour, with a monthly fee of \$3,000 per month. Upon unanimous vote, the Board approved the amendment of the bookkeeper's contract as requested by Mr. Russell.

7. The Board reviewed the ethics letter and update by investment officer, Bill Russell. The attorney noted that annually the investment officer is asked to disclose whether he has any personal business relationships (as that term is defined by statute) with anyone offering to engage in an investment transaction with the District. Mr. Russell submitted the required disclosure which indicated that he had no such relationships to disclose. The attorney noted that this document would be filed with the Texas Ethics Commission and in the District's records as required by law. Upon unanimous vote, the Board approved the investment officer disclosure as presented and authorized its necessary filing.

8. The attorney distributed a conflict of interest questionnaire to the Board.

The Board members completed the questionnaires, noting no conflicts, and provided copies for the District's records.

9. Mike Williams presented an operator's report. The District billed \$245,211.44 to customers for services rendered. The operator took 10 bacteriological samples, all of which were acceptable. The District accounted for 94% of the water produced. The District served 3,816 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 District received 16 inches of rain during month. During the major rain event in late May, no homes flooded, but some streets experienced flooding. Two plants lost power. The operator discussed the upcoming hurricane season and the need for a generator. The operator gave a proposal for the purchase of a used backup generator for \$25,000. The generator is trailer-mounted and has less than 300 working hours on it. The operator recommended purchase of the generator to use at the District lift stations in the event of major power outages. Upon unanimous vote, the Board approved the purchase of the generator based upon the proposal given by the operator.

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

10. Mike Williams presented a parks and recreational facilities report. There were 13 calls regarding issues in the parks. Five calls were for the pavilion, and eight calls were for the ball fields. The operator performed regular mowing and cleanup of wetlands during the month.

The operator then discussed a recent issue that had arisen with Mr. Michael Burton of 1431 Redwood Village. Mr. Burton purchased a home, which backs up to a District-owned wetlands. Mr. Burton took down the existing fence behind his property and the District wetlands and performed some clearing. The operator was made aware of the work by the Imperial Oaks Property Owners Association.

Mr. Burton addressed the Board and stated that the forest on the District's property had overtaken his fence. According to Mr. Burton, there was a 55-gallon drum filled with motor oil on the District's property. In addition, according to Mr. Burton, there were windows that had been removed from the house and thrown back on the District's property. Mr. Burton wanted to extend his fence into the conservation easement onto his own property border and needed to clear out the dumped materials in order to do that. The Board reviewed a survey which appeared to show a conservation easement on the rear of Mr. Burton's property. The Board authorized the engineer and attorney to review the situation to determine the restrictions regarding the wetlands and to approve the new fence construction, if appropriate.

Upon unanimous vote, the Board approved the parks report as presented.

11. Jason Hajduk presented an engineer's report. No pay applications were presented for the SJRA surface water conversion project. The SJRA needs to restore the surface of the land and easements on all affected areas.

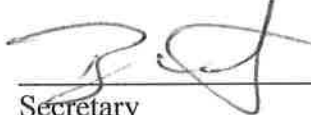
The engineer is working on preparation of a feasibility study for potential annexation of 1.33 acres near Rayford Road and Spring Forest Drive. The engineer needs information from the developer to complete the study. He anticipates that the report will be ready for the Board's review next month.

The engineer presented a proposal for preparing a utility and map book for the use of the operator. The Board authorized preparation of the utility map at a cost not to exceed \$10,000.

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

12. Under pending business, Paul Cote addressed the Board of Directors regarding the upcoming San Jacinto River Authority election to fill the vacancy created by the death of Al Newton, who was the east side MUD representative to the SJRA's Groundwater Reduction Plan Committee. Mr. Cote stated that his water district, Montgomery County MUD 89, was nominating and supporting Greg Grant and asked Rayford Road MUD to consider supporting Mr. Grant.

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



Secretary