

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
October 7, 2010

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on October 7, 2010 at Kaufman Elementary School, 31202 Aldine Westfield Road, Spring, Texas 77386, 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
Charles Saxe, Secretary
Michael Smith, Assistant Secretary
Paul All, Director

and the following absent.

None

Also present were Mike Williams, Jason Hajduk, Drew Masterson, George Defenbaugh, Clare Walsh, Reneé Simpson, and Herman I Little, Jr.

1 Director Vallery announced that the Board is having this public meeting to provide information to the public to explain the purpose of the bond election that will be held in the District. Director Vallery stated that the Board has been very concerned about possible shortages of water, and Well No. 1 is 30 years old, and Well No 2 is 15 years old. Both wells will need to be rehabilitated, but the District cannot undertake the work on either well because there is not enough water capacity available if one well is out of service. If either well should fail, the District would effectively run out of water unless major conservation measures were undertaken immediately. If water pressure drops significantly, the District would be required to send notices for consumers to boil water.

Director Vallery described alternatives that had been considered to increase the water supply including construction of a new or larger water storage tank. After the study, the Board determined that a new well and a new storage tank will be needed to provide sufficient water capacity for the District. The District has had to impose water conservation measures on four occasions in the last five years, and there were serious shortages of water during the summer of 2009. In 2010, the District was approaching the need for water conservation measures, but unexpected rainfall in the summer made it not necessary. The Board has no other way of financing a new well and water tank without having bonds authorized by the District's voters.

2 Jason Hajduk then provided an analysis of the water supply issue. Mr Hajduk stated that adding ground storage tank capacity would not be a suitable solution to the problem, because heavy demands on the water system will deplete the supply in the tank before it can be replenished. It is not possible to rehabilitate either well until another water supply is in place. Mr Hajduk showed a map with locations of the District's Water Plant No 1 and Water

Plant No. 2 indicated, together with the locations of other wells in the vicinity. Mr. Hajduk indicated on the map the proposed location of Well No. 3 and the route of an interconnecting line that would deliver water from the new well to Water Plant No. 2 for storage and distribution.

3. Director Vallery called for questions and comments from the public. Clare Walsh inquired as to how many people are able to vote in the District's election. It was mentioned that there are 3,700 homes in the District, and as a general rule, there are at least two voters in each home, bringing the total voters to between 7,000 and 8,000. Ms. Walsh stated that she is embarrassed that people in the community have not been interested enough to attend this meeting. Ms. Walsh stated that she has not seen water conservation measures being taken seriously, and it is not possible to get people to conserve water. There was a discussion of the District's drought contingency plan and actions that are taken to curtail water usage in high demand periods. Director Vallery stated that water conservation measures will help, but a third well is necessary. Without the new well, the Board will have no choice but to restrict water usage significantly.

Ms. Walsh inquired as to what other choices the District has. It was mentioned that the District could increase the cost of water to its customers, and this is a likely action in any event. Ms. Walsh stated that she only uses 1,000 gallons of water per month, and her bill would be the same regardless of higher costs for consumption. Ms. Walsh stated that she is not in favor of the election because the community does not take conservation measures seriously.

Director Smith stated that the District needs a third well for a back-up to the two existing wells. Without a new well, all customers in the District will be vulnerable to an extreme reduction in water supply. Ms. Walsh then stated concern that someone's brother-in-law must be in the water well business. The Board stated that that is not the case. The District is under careful regulation by the Texas Commission on Environmental Quality and state laws, and only independent contractors are eligible to do work for the District following competition bidding.

Ms. Walsh stated that she did not see any signs about this meeting in the community, and that might be an explanation for why no one has attended the meeting. It was mentioned that the District had mailed a notice of the election and public meeting to every household in the District, and in addition, there was an extensive article in the Woodlands Villager about the election and the meeting. Director Alli stated that the Property Owners Association regularly puts out signs for its meetings, and in a recent annual meeting there were only 37 residents in attendance out of 3,200 eligible to attend. After further discussion, Director Vallery expressed appreciation for the three persons who attended the meeting, and the meeting was adjourned.



Secretary