

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
January 10, 2011

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 10, 2011 at 312 Spring Hill Drive, Suite 100, West Entrance, 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, Bill Russell, Jason Hajduk, Sergeant Josh Hanson, Rick Moffatt, Mark Smith, Herman I Little, Jr , and persons on the attached list.

1 Minutes of the meeting held on December 13, 2010 were presented and reviewed. Upon motion by Director Saxe, seconded by Director All, the board voted unanimously to approve the minutes as presented

2 The Board recognized Rick Moffatt Mr. Moffatt addressed the Board and discussed the election of a director of the Lone Star Groundwater Conservation District Mr Moffatt is a candidate for the position and advised the Board that he has been a resident of South Montgomery County since 1984. Mr Moffatt is the general manager of Southern Montgomery County MUD. A director of the district, Orville Love, was president of the Lone Star District for several years. The Board of Directors of the District asked Mr Moffatt to run for the open position Mr Moffatt is an engineer and worked for Putney Moffatt and Easley for 23 years, and for Cobb Fendly for seven years. Mr. Moffatt is familiar with utilities and water supply systems, and he believes it would be helpful to the community for a director of the Lone Star District to have technical knowledge of the subject. Rick Moffatt expressed appreciation for the Board's attention and time, and he departed from the meeting.

3. Sergeant Josh Hanson presented a law enforcement report During the month, there were four thefts, five accidents, 14 disturbances, five criminal mischief incidents, one misdemeanor arrest, and 323 other calls. There was one family violence incident and two drug related incidents There were six firearms related incidents Sergeant Hanson advised the Board that one of the vehicles, a 2007 Ford Crown Victoria, has high mileage and should be replaced to provide a more dependable vehicle for patrolling in the District Sergeant Hanson requested that this matter be on the agenda for Board approval at the next meeting. There was discussion of an elderly resident of the District that has a large delinquent water bill, and the

water has been turned off. The customer's son is not helping with the bills, but he is in the area. Sergeant Hanson advised the Board that the officers will observe the location. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

4. Bill Russell presented a bookkeeper's report, a copy of which is attached to the minutes. After payment of bills at this meeting, the debt service fund balance stands at \$3,666,119.74. The capital projects fund balance is \$172,943.67. The general fund balance is \$1,026,740.33. The tax account balance is \$42,563.05. Bill Russell reported that Woodforest Bank would not accept a large check issued by the District for a regular deposit of funds. Finally, the bank accepted a check, but there was a \$34.00 service charge. Bill Russell recommended that the Board discontinue the relationship with Woodforest Bank and engage Compass Bank as the District's depository. Compass Bank would charge a \$10.00 monthly service fee and would pick up deposits daily from the office of Myrtle Cruz, Incorporated. The Board requested that this matter be on the agenda for the next meeting. The Board reviewed a budget comparison report and noted that the District has expenditures greater than revenues of \$128,772.58 for seven months of the fiscal year-to-date. There was discussion, and upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to approve payment of bills listed on the bookkeeper's report. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve payment of director fees and expenses as reflected on the report.

5. Mike Williams presented an operator's report. There are 3,770 connections in the District, of which 3,532 are occupied single-family residences. There are 54 vacant residences. The District collected revenues of \$227,460.91 for service provided during the month. Ten bacteriological samples were taken, and all were satisfactory. The operator repaired 13 water leaks during the month. The wastewater treatment plant operated properly at 97% of capacity. There was discussion, and Mike Williams agreed to check the data to confirm the actual flows through the plant. No taps were made during the month, and there were 14 taps during the year 2010. Mike Williams presented a list of delinquent accounts that are uncollectable and recommended for write-off. The total of all accounts is \$1,067.29. There was discussion, and it was noted that one of the delinquent accounts is for a person who is in line to receive a refund from the District of \$23.72. There was discussion, and the Board voted unanimously to approve the write-off of all accounts on the list except the one that was subject to a refund, and the write-off amount will be \$23.72 less than the amount shown.

There was discussion of the District's expenses of repair of water leaks caused by the contractor, Digco. Mike Williams advised the Board that he has provided to the attorney the list of all services provided and expenses incurred with regard to the emergency repairs, and Herman Little advised the Board that a letter will be written to Digco making a demand for reimbursement to the District. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented.

6. Mike Williams presented a report on the Imperial Oaks parks and recreation facilities. There were seven calls for the pavilion and three calls for the ballfields during the month. A light at the basketball court is out and will be replaced. A customer has requested replenishment of the kiddie cushions at playground facilities. It was mentioned that

another product would be superior. The Craftsman material would cost \$2,412.83 for 43 yards of material. After discussion, upon motion duly made, seconded and unanimously carried, the Board authorized replacement of protective materials from Craftsman at a cost of \$2,412.83. Mike Williams reported that five sprinkler heads were replaced during the month, and dirt was spread in washouts on the soccer fields.

7 Jason Hajduk presented an engineer's report. The new clarifier is 90% complete. The contractor will be installing the driveway in the coming week.

Jason Hajduk reported that plans are being prepared for Well No. 3. Mr. Hajduk reviewed plans for the project, which will include drilling a new well, constructing a transmission line from the well to Water Plant No. 2 and replacement of a ground storage tank at Water Plant No. 1 and other water plant modifications. Jason Hajduk recommended that the work be divided into three parts, so contractors of specialized experience could be engaged to perform the work, as necessary.

The bond application report is being prepared, and the engineer presented a draft cost summary for the bond application. Non-construction costs were reduced, and the funds were added to construction costs to provide greater flexibility for construction of the projects. The engineers met with a wetlands specialist on-site. In 1991 a report was prepared with regard to wetlands at Webber Pond. The well site is right next to the pond. The engineer and consultant walked the site, and a preliminary report indicated that the well site is ok. Plans are 90% complete and will be sent to agencies for review in the coming week. Design of the transmission line is underway. The engineers are designing the new ground storage tank at Water Plant No. 1 and other water plant modifications.

Jason Hajduk discussed sanitary sewer lines in the oldest sections of the District, and it was recommended that the Board authorize a video inspection of sewer lines in Sections 1, 2 and 3. In Sections 1 and 2 there are 33,200 linear feet of sewer lines. The costs of the work would be estimated to be \$65,000 for the inspection and \$27,000 for engineering. This would be a costly project. Director Vallery stated that he had requested this information from the engineer in order to develop a budget. The idea is to plan for work in the future when funds are available. The District's funds are very limited at this time. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

8 Mark Smith addressed the Board on behalf of the San Jacinto River Authority. Mr. Smith stated that he had been invited to the meeting to describe the authority's plans for development of a surface water treatment plant and conveyance system that will provide surface water to the District. The system is expected to be complete in the summer of 2015 for completion and operation in the summer of 2016. It is expected that the authority would provide 1.2 MGD of surface water to the District. The system will tie into the District's water system at the two water plants. In response to a question by the Board, Mark Smith stated that the cost of providing water to the District's system will be paid by the SJRA. The Board inquired as to the quality of water to be provided. Mr. Smith stated that a pilot project is underway now to determine the feasibility of disinfection using chlorine rather than chloramine. If chlorine can be used, the costs will be lower for all users of the system. The authority is seeking samples of used galvanized pipe for purposes of testing different treatment alternatives.

before a decision is made on the disinfection system. Mr Smith stated that the quality of water delivered through the system will be high. The Board of Directors will be given a tour of the pilot plant if requested on Tuesday, Thursday or Friday afternoon of the coming week. The pilot plant is expected to be dismantled at the end of the month.

There was further discussion of the testing of surface water using galvanized pipe. The surface water will be different and will have different characteristics than ground water that has been used in the past. There was discussion, and Mike Williams advised the Board that there are no galvanized water pipes in the District except possibly some in the interior of homes in the older sections. In response to a question by the attorney, Mark Smith stated that the river authority's decision to provide surface water to the District came about as a result of the need for sufficient customers of the surface water system to meet the Lone Star Groundwater Conservation District requirement for conversion. The original system was planned to serve Conroe and The Woodlands, and to provide service to Southern Montgomery County MUD and Rayford Road MUD would require minimal costs of extension of the distribution system. In response to a question by the Board, Mr Smith stated that the 1.2 MGD would be a contract amount and would be a dependable supply year round. All recipients of surface water would still need an operational ground water supply system to meet demands greater than the contract amount. Also, the ground water system would be needed in case a problem arose with regard to the surface water system. Mike Williams reported that the District pumped 31 million gallons during November, but the pumpage goes as high as 60 million gallons per month in the other eight months of the year.

Director Saxe inquired as to a contingency plan for Lake Conroe if it goes dry. Mark Smith stated that 30 MGD may be removed from Lake Conroe without having an impact on the water surface. If the water surface falls, a drought contingency plan will go into effect and will be implemented by the river authority. This would reduce the supply of surface water to all recipients. There was discussion, and it was mentioned that the District would still be making decisions as to implementation of drought contingency plans and water reduction requirements. Such requirements will not and cannot be imposed by SJRA.

Mark Smith stated that the SJRA plan will consider the District service to be a mandatory connection. There was discussion, and the Board concluded that the District continues to have a need for Well No. 3. When the need for a tie-in arises, the District can design the tie-in if it so desires, but the SJRA will pay the costs of the tie-in. It was mentioned that conversion to surface water in the areas discussed will be a very big job to accomplish by the summer of 2015. After discussion, the Board expressed appreciation to Mr Smith for his presentation and courtesy.

9 The Board reviewed an Order Adopting Residence Homestead Exemption. The District has granted an exemption of 10% of the homestead value for all homesteads in the District for many years. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to continue the general homestead exemption of 10% in effect for the year 2011.

10 The Board reviewed an Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled. The District provides an exemption of \$30,000 for

homesteads for persons 65 or older or disabled. Upon motion duly made, seconded and unanimously carried, the Board approved the Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled.

11. The Board reviewed an Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes. It was mentioned that since the District has engaged JR Moore, the county tax assessor/collector, to collect the District's taxes, the District is relying upon the attorneys who are engaged by Montgomery County to collect the District's delinquent taxes. Upon motion duly made, seconded and unanimously carried, the Board voted to approve the Order Confirming Engagement of Attorneys for Collection of Delinquent Taxes and Levying Additional Penalty for Delinquent Taxes, which order is attached to the minutes.

12. There was discussion of the proposal for election of a director of the Lone Star Groundwater Conservation District. Upon motion duly made, seconded and unanimously carried, the Board voted to cast its votes for Rick Moffatt as a director of the Lone Star District.

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



Secretary