

## RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
July 11, 2011

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on July 11, 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 Alli, Director

and the following absent:

None

Also present were Sergeant Josh Hanson, Bill Russell, Mike Williams, Drew Masterson, Jason Hajduk, Herman I. Little, Jr and persons on the attached list.

1. Minutes of the meeting held on June 13, 2011 were presented and reviewed. Upon motion by Director Smith, seconded by Director Alli, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Josh Hanson presented a law enforcement report. During the month there were two burglaries, eight thefts, six accidents, 19 disturbances, four misdemeanor assaults, five criminal mischief incidents, 132 traffic enforcement actions, four family violence calls, two drug calls, three DWI arrests and three warrant arrests. Sergeant Hanson reported that there have been a lot of bike thefts recently. There were no problems with fireworks over the July 4<sup>th</sup> holiday. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

3. 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 \$2,190,573.10. The capital projects fund balance is \$147,003.50. The general fund balance is \$818,555.74. The tax account balance is \$14,438.85. The District has collected 99.22% of taxes for 2010. The Board reviewed a budget comparison report and noted that the District had net revenues of \$84,729.88 for one month of the fiscal year. After discussion, upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of bills listed thereon. Bill Russell inquired concerning the Board's desire with regard to payment of director fees. At the budget meeting it had been mentioned that the directors should accept director fees of \$125, but no vote was taken by the Board. There was discussion, and upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to approve payment of director fees in the amount of \$125

from now on Upon motion by Director Saxe, seconded by Director All, the Board voted unanimously to approve director fees and expenses as presented

4 Mike Williams presented an operator's report. The District collected revenues of \$287,945.25 for service provided during the month. There are 3,788 connections in the District, of which 3,544 are customers receiving all District services. There are 51 vacant homes. The District accounted for 96% of water produced. There were 17 leak repairs during the month. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated properly at 69% of permitted flow, and there were no permit violations. No taps were made during the month, and there have been 15 taps for the year to date.

Mike Williams reported that on one day the District had a two inch rainfall, and a few days later there was a two inch rainfall within the space of two hours. The well run time has fallen from 18 to 20 hours per day to 14 to 15 hours per day. There was discussion of the District's water use restrictions, and Mike Williams recommended that the Board not make any changes in the restrictions at this time.

There was discussion of correspondence received from the TCEQ concerning the statewide drought and drought contingency measures. The TCEQ has recommended that all public water systems implement voluntary water use restrictions to preserve water supplies in the State of Texas. It was mentioned that the District is already under water use restrictions, and no other action is needed. Mike Williams reported that signs have been placed at District entrances and at other locations throughout the District. There was discussion of the restrictions and the odd-even plan. Mike Williams advised the Board that when violations are reported, he goes to the customer at which the violation occurred, and he talks with the customer about the importance of compliance in reducing water usage. Mike Williams presented a list of six delinquent accounts that are uncollectable in the total amount of \$672.02, and recommended that the accounts be written off. After discussion, upon motion by Director All, seconded by Director Saxe, the Board voted unanimously to approve the write-off list as presented, and the Board further voted to approve the operator's report as presented.

5. Mike Williams presented a report on the Imperial Oaks Parks maintenance. Two dead trees were removed during the month. The hours for irrigation of District facilities was reduced. There were 9 calls for the pavilion, and 2 calls for the ballfields, and there were two parties. Mike Williams reported that there was a power outage during the month, and it messed up the irrigation system at the ballfields. There were several main line breaks during the month, and all were in Sections 1, 2 and 3. All occurred on eight-inch AC pipe. The operator estimates that approximately 2.5 million gallons of water was lost during the month.

6 The Board reviewed correspondence from the TCEQ regarding the costs of chemical analysis of drinking water that are incurred by the contractors working for the TCEQ.

7. Jason Hajduk presented an engineer's report. The contractor for the clarifier addition is still working on the punch list. Repairs are being made to cracks in the pavement.

The Phase 1 sanitary sewer inspection project was originally planned to address Sections 1 and 2, with bids to be received only on one section. Instead, Sections 1 and 3 were addressed as a result of a misunderstanding in discussions following the previous meeting. Jason Hajduk requested directions from the Board as to the next steps in the sewer inspection program. Director Vallery stated that after the previous meeting he had discussed with Mike Williams concerns about lines in Section 3. There followed discussion of sanitary sewer lines in Sections 1, 2 and 3. It was mentioned that Section 2 is the newest section. Mike Williams advised the Board that lines in Section 1 should be given the top priority, and then lines in Section 3 should be inspected. Lines in Section 2 should be done last. It was mentioned that the District included \$100,000 in the budget for sanitary sewer rehabilitation related expenses, and it may be possible to have inspections made of two sections. Jason Hajduk reported that the bid from Flexible Pipe for televised inspection of lines in Sections 1 and 3 was \$47,400. Engineering for Section 1 only would be approximately \$33,000. There was discussion, and upon motion by Director Smith, seconded by Director Alli, the Board voted unanimously to authorize the engineer to take bids for televised inspection of sanitary sewer lines in Sections 1 and 3, and the Board will review the inspection results in Section 1 as the first priority.

Jason Hajduk reported that a staff memorandum was received from TCEQ concerning the bond application. The staff has recommended that funds for Well No. 3 be placed in escrow pending receipt of approved plans and a copy of the deed to the plant site. Herman Little advised the Board that the engineer has provided approved plans, and the District already has a deed to the site, and after a conversation with the TCEQ staff reviewer, the plans and deed were sent for review by the staff. An addendum to the staff memorandum is expected that will remove the escrow requirement for Well No. 3 funds. Jason Hajduk advised the Board that plans are being prepared for the transmission line from the well to Water Plant No. 2, and easements will be needed for the extent of the transmission line. There are several land owners from whom easements will be needed. Plans will require approval by the City of Houston. There was discussion of the schedule for receiving bids for the well. It was mentioned that advertisement for bids for the well will commence approximately 30 days before the District has bond proceeds following the bond sale.

Jason Hajduk reported that studies are still underway for the problem with electric power lines at the ground storage tank at Water Plant No. 1. It took weeks for CenterPoint Energy to respond to the District's request.

Jason Hajduk addressed the Board and stated that Pate Engineers is concerned about the District's budget and intends to take steps to reduce the amount of engineering fees charged to the District in the coming year. There was discussion, and Director Vallery expressed appreciation for the engineer's cooperation with the District.

8 It was mentioned that the District has received proposals for bookkeeping services from three bookkeeping firms. Herman Little addressed the Board and stated that copies of the proposals and a summary report on the proposals had been e-mailed to the directors last week. Unfortunately, the attorney failed to bring the meeting file for the Board meeting, and the original proposals are in the file. Director Saxe stated that he did not have time to review the information that had been e-mailed. Director Vallery suggested that the Board approve a special meeting for review of the bookkeeper proposals. There was discussion, and the Board concluded

that review of the proposals would be on the agenda for the next meeting.

9. Drew Masterson addressed the Board and presented information concerning the upcoming bond sale. If the Board authorizes preparation of a Preliminary Official Statement the document will be available for review and approval by the Board at the regular meeting in August. The Board can approve the Preliminary Official Statement and Official Notice of Sale and can then authorize the financial advisor to bid on the sale of the bonds. The bond sale can be scheduled for the regular meeting in September, or the Board could have a special meeting on Monday, August 29, 2011. There are concerns about the possible increases in interest rates given uncertainties in the financial markets. There was further discussion about advertising for bids for Well No. 3. Drew Masterson advised the Board that the bond closing will occur approximately 30 days after the bond sale. Mr. Masterson advised the Board that the District has several advantages with regard to the bond sale. First, the District has a strong credit rating. Second, the bonds will be bank-qualified, and this should result in an interest rate approximately 0.5% lower than regular district bonds. There was further discussion, and upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to authorize the financial advisor to prepare the Preliminary Official Statement and Official Notice of Sale for the District's Series 2011A bonds.

10. There was discussion of the District's claim for damages against DigCo. Herman Little advised the Board that he has had conversations with an insurance adjuster for DigCo, and he advised the adjuster that the District does not intend to accept less than full reimbursement for its out-of-pocket expenses. The District was not contacted by the contractor for location of the lines before the work was done, and the responsibility for damage lies solely with the contractor.

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



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Secretary