

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors September 12, 2011

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on September 12, 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
Michael Smith, Assistant Secretary
Paul Alli, Director

and the following absent:

Charles Saxe, Secretary.

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

1. Minutes of meetings held on August 8 and August 29, 2011 were presented and reviewed. Upon motion by Director Alli, seconded by Director Smith, the Board voted unanimously to approve the minutes as presented.

2. Sergeant Josh Hanson presented a law enforcement report. There were six traffic accidents, 17 disturbances, three criminal mischief incidents, six misdemeanor assaults, 127 traffic violations, six family violence incidents, two drug involved incidents, seven warrant arrests, two thefts, two burglaries and one murder. There were numerous attempted suicides during the month. Sergeant Hanson advised the Board that at the next meeting he will request authorization and funding to purchase two new vehicles. The current vehicles each have approximately 75,000 miles, and they have been in service for two or three years. The anticipated cost would be \$22,400 for each vehicle, plus the cost of digital video equipment. The total cost per vehicle would be approximately \$29,000. There was discussion, and the Board expressed appreciation for services provided by the constables.

3. Bill Russell presented a bookkeeper's report, a copy of which is attached. After payment of bills at this meeting, the debt service fund balance stands at \$1,699,175.79. The capital projects fund balance is \$36,432.71. The general fund balance is \$610,739.59, and the tax account balance is \$3,837.60. The Board reviewed a budget comparison report and noted that the District has expenses greater than revenues of \$129,875.07 for three months of the fiscal year to date. It was mentioned that the District had paid for expenses associated with the new well and water transmission line of approximately \$189,000 that will be reimbursed from the bond issue. After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of bills listed thereon. Upon motion by Director Smith seconded by Director Moore, the Board voted unanimously to approve director fees and expenses as presented.

4 The Board reviewed an amendment of the agreement with MP2 Energy Texas, LLC for addition of an account. Bill Russell advised the Board that in the transition to MP2, one of the accounts had been dropped. There was discussion, and upon motion by Director Smith, seconded by Director All, the Board voted unanimously to approve amendment of the agreement with MP2 Energy Texas, LLC as presented.

5 Mike Williams presented an operator's report. The District collected revenues of \$289,890.85 for services provided during the month. There are 3,791 connections in the District, of which 3,547 are customers receiving all District services. There are 50 vacant homes. Ten bacteriological samples were taken, and all were satisfactory. The operator repaired 25 leaks during the month. Many of the leaks were underneath driveways, and expenses were incurred for repairs of pavement that was damaged during the water line repairs. There were four main line leaks during the month. Mike Williams advised the Board that the District's water supply is stable, and the water conservation efforts appear to be satisfactory. 35 violation notices were issued during the month, but none were for second violations. Three taps were made during the month, bringing the total to 18 for the year to date. The wastewater treatment plant operated properly at 72% of permitted capacity.

Mike Williams presented a list of seven uncollectable delinquent accounts in the amount of \$418.23 with a recommendation that they be written off. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to authorize write-off of the uncollectable accounts as requested.

There was further discussion of water line leaks. It was mentioned that water pressure goes down significantly when there are many leaks. Mike Williams reported that he has had crews working around the clock on emergency repairs in the District. The operator is approximately 1 ½ weeks behind on responding to service line leaks. There was discussion of the District's water use restrictions, and it was mentioned that there have been several calls about violators. It was mentioned that the text of the violation notices does not include the authorized times for irrigation of landscape. Most violators have stated that they did not know about the restrictions, but the District has been on water use restrictions since April. There was discussion of the notice to District customers, and it was agreed that the notice should be revised to provide additional information about the times and days on which outdoor water use is allowed. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented, and the Board authorized revision of the form for violation notices to add the additional information.

6 Mike Williams presented a report on District parks and recreational facilities. There were 16 calls for use of the pavilion during the month. There has been increased use of ballfields. There are many dead trees in the wetlands areas, and five trees were cut down during one week. No trees have been cut down that did not constitute a threat to adjacent property or a threat to personal injury or to persons in the area. Approximately 15 to 30 dead trees remain on the District's property and wetlands areas. The operator reported that additional fill dirt is needed on the ballfields, and it will be installed in the coming month. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the operator's report on parks and recreational facilities as presented.

7 Jason Hajduk presented an engineer's report. The sanitary sewer line inspection is underway. Plans for the water transmission line have been submitted for agency approvals. The easements needed for the transmission line have been signed, and when the

recorded easements are available, they will be provided to the engineer. Design is underway for replacement of the ground storage tank at Water Plant No. 1. Plans should be available by next month. Upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

8. Jason Hajduk reported that bids were received for Well No. 3. The low bid was submitted by Weisenger Water Well Company in the amount of \$1,603,000. There was discussion of the level at which the well will be completed. Wells 1 and 2 are producing at approximately 350 feet. It will not be known where Well No. 3 will produce until a pilot hole has been built. The contractor will check the adequacy of the water supply and will check the draw down in the aquifer at that point. The contract includes an alternate bid for a deeper well at a cost of \$644,800. After discussion, upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve award of the contract to Weisenger Water Well Company for the low bid and to approve the bid for the alternate as submitted. The contract approval is subject to receipt of funds from the pending bond closing. The Board further voted unanimously to authorize the president and secretary of the Board to sign contract documents as necessary upon receipt of the contracts in proper form from the contractor.

9. The Board reviewed a Resolution for Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow. Funds for the water transmission line will be held in escrow until the TCEQ staff has approved plans for the work and has received recorded easements for the transmission line route. Upon motion by Director Moore, seconded by Director Alli, the Board voted unanimously to adopt the Resolution for Application to the Texas Commission on Environmental Quality for Release of Funds from Escrow, which resolution is attached to the minutes.

10. There was discussion of hearings on violations of water use restrictions, and it was mentioned that no hearings are necessary at this time.

11. There was discussion of the District's Drought Contingency Plan. It was mentioned that changes are needed in the plan as to the hours and days in which outdoor water use is authorized. The Board agreed that changes are needed, but changes will not be implemented until after the current dry weather has abated.

12. It was mentioned that the District's financial advisor, First Southwest Company, prepares and submits continuing disclosure filings on behalf of the District. The continuing disclosure filing will be due in November. Upon motion by Director Moore, seconded by Director Smith, the Board voted unanimously to engage First Southwest Company to prepare and submit the continuing disclosure filing as required by law.

13. Bill Russell addressed the Board and requested that the Board sign the agreement with Myrtle Cruz, Inc. for bookkeeping services. It was mentioned that the Board had approved the contract several months ago, but the documents were not signed. Upon motion by Director Moore, seconded by Director Smith, the Board voted unanimously to authorize signing the agreement for bookkeeping services with Myrtle Cruz, Inc. as presented.

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



Secretary