

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
October 10, 2011

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on October 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 Jason Hajduk, Bill Russell, Mike Williams, Sergeant Josh Hanson, Constable Tim Holifield, Ryan Gable, Dan Norris and Herman I Little, Jr.

1 Minutes of the meeting held on September 12, 2011 were presented and reviewed. Upon motion by Director Smith, seconded by Director All, the Board voted unanimously to approve the minutes as presented

2 Sergeant Josh Hanson presented a law enforcement report. There were five burglaries, five thefts, 13 traffic accidents, 11 disturbances, eight criminal mischief incidents, five misdemeanor assaults, three family violence incidents, three drug involved incidents, three intoxicated persons and one DWI during the month

Sergeant Hanson addressed the Board concerning a request for purchase of two new vehicles for law enforcement within the District. Sergeant Hanson noted that the 2007 Crown Victoria has 71,000 miles and the 2008 Crown Victoria has 73,500 miles. Both vehicles are requiring more and more maintenance. The proposal is for the District to provide funds to purchase a 2011 Dodge Charger, including installation of lights, control panels, console bar and related equipment. The cost would be \$22,600. A second 2011 Dodge Charger would be purchased at a cost of \$22,000. There were questions by the Board as to how the vehicles are used and what life expectancy would be expected. The vehicles are used between 50 and 100 miles per shift. The proposal would also involve purchase of five digital video cameras for use in the District. There was discussion of the patrol services and use of vehicles. Director Vallery stated that the District has budgeted \$30,000 during the present year for law enforcement equipment. Some additional funding has been found, and if one vehicle is purchased with all necessary equipment, the District would have sufficient funds within the budget for the current year. It was mentioned that a second vehicle could be considered for purchase in May, 2012 for the next fiscal year.

Constable Holifield addressed the Board and stated that the original plan was to use the vehicles for up to 75,000 miles to achieve the best resale value. The constable could keep the old vehicle as a pool car and could later sell the vehicle and apply the proceeds of sale to the District's credit. As mentioned, a second car could be purchased in May. There was discussion of the digital video equipment. The digital equipment provides crisper, sharper images, and the images can be e-mailed to the District Attorney's Office for more efficient communications. Director Vallery suggested that the District should try to purchase another vehicle at a later date. Constable Holifield stated that it may be possible to consider a three year municipal lease purchase of vehicles that would provide for three annual payments. Constable Holifield requested that the Board authorize purchase of one vehicle at a cost of \$23,000 with \$4,000 for equipment and expenditure of \$20,000 to purchase five digital cameras. There was further discussion, and upon motion by Director Saxe, seconded by Director All, the Board voted unanimously to provide funding for purchase of one vehicle with equipment and to purchase five digital cameras at a cost for the cameras not to exceed \$20,000. The Board further voted to authorize Bill Russell to prepare a check and circulate the check for signatures by the Board to effect the purchase prior to the next meeting. The Board requested that the constable come back in March or April to discuss acquisition of a second vehicle.

Ryan Gable addressed the Board and stated that he is a candidate for the office of Montgomery County Precinct 3 Constable. Mr. Gable reported that he has 19 years of experience working in the Office of the Constable of Harris County Precinct 4. Mr. Gable has had experience in teaching other constables and justice of the peace personnel in law enforcement matters. Mr. Gable requested consideration by the directors and the public for support of his candidacy for the Precinct 3 Constable office.

Dan Norris addressed the Board and stated that he is a candidate for the office of Montgomery County Precinct 3 Constable. Mr. Norris is a lieutenant in the Montgomery County Sheriff's Department and has served 25 years in the sheriff's office in Montgomery County. His experience in Montgomery County provides him with strong qualifications to work within the precinct and within the District. Mr. Norris requested consideration by the directors and the public of his candidacy for the office of Precinct 3 Constable.

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 \$1,854,172.79. The capital projects fund balance is \$3,191,113.54. All checks drawn on the capital projects fund are related to the bond issue that recently closed. \$235,000 will be transferred to the general fund to cover expenses that had been advanced from the general fund. The general fund balance is \$919,785.95, and the tax account balance is \$5,598.53. The District has collected 99.47% of 2010 taxes. After discussion, upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of bills listed thereon. Upon motion by Director Saxe seconded by Director All, the Board voted unanimously to authorize payment of director fees and expenses as listed.

4. Mike Williams presented an operator's report. The District collected revenues of \$343,443.47 for services provided during the month. There are 3,793 connections in the District, of which 3,552 are residential customers receiving all District services. There are 50 vacant homes.

The operator repaired 13 leaks during the month. Ten bacteriological samples were taken, and all were satisfactory. The District pumped 70,912,000 gallons of water during the month, and the connection to Montgomery County MUD 99 was turned off. The wastewater treatment plant operated properly at 68% of permitted flow, and there were no permit violations. Mike Williams reported that the first phase of sewer line cleaning has been completed. The plant has had some issues, and some new bacteria came into the plant during the line cleaning. It was necessary to add chlorine at the inflow point to deal with the infusion of bacteria. There were no permit violations related to the incident. Two taps were made during the month, bringing the total to 23 taps for the year to date

Mike Williams reported that to date, 200 to 300 violation notices have been issued for the water use restrictions under the Drought Contingency Plan. None of the violations involve second violations, however, and it appears that the District's program is working effectively.

Mike Williams presented a list of 16 uncollectable delinquent accounts in the amount of \$1,429 01. After discussion, upon motion by Director Smith, seconded by Director Alli, the Board voted unanimously to approve the operator's report and to approve the write-off of delinquent accounts as recommended by the operator

5. Mike Williams presented a report on District parks and recreational facilities. Regular mowing was accomplished. Seven dead trees were removed. Mike Williams reported that there are many more dead trees on District property that will be cut down and left remaining on the ground. There were 36 calls for District facilities, 16 for the use of the pavilion and 20 for the ballfields. The operator is cutting back on landscape maintenance work, and no plantings will be done at this time because of the water shortage. Next year the District will be pressure washing picnic tables at the park

6. Jason Hajduk presented an engineer's report. The sanitary sewer line inspection has been completed. Contracts for construction of Well No. 3 have been signed. A preconstruction meeting was held today. A notice to proceed will be issued immediately. The contractor has advised the District that the well should be up and running by June 8, 2012. The contractor will be using water from the District's water supply during drilling of the well. The water will be captured before it enters the Drainage District 6 ditch, however. A temporary agreement will be obtained with the Tennessee Gas Pipeline Company for use of the surface for well construction. Jason Hajduk presented a proposal from Toulney Wong for materials testing service in the amount of \$3,939. The work is needed for the Well No. 3 construction.

Jason Hajduk presented an aerial photograph of Imperial Oaks, Section 6. The engineer will go to the District to talk with homeowners adjacent to and in the vicinity of the new well construction project. The homeowners will be told what to expect during the construction. There was discussion, and it was suggested that a director accompany the engineer during conversations with homeowners. Director Alli stated agreement that a board member should accompany the engineer in meetings with homeowners. There are three lots to the north of the water plant site that will be in close proximity to the work. Mr. Hajduk reported that a sound wall will be constructed around the drilling site, and the only noise should be from the diesel generator. Drilling will occur on a 24-hour basis for approximately two weeks, and a week will then be taken to develop the well. Afterwards, there will be regular hours of operation and construction at the site. Mr. Hajduk stated that clearing of the site will commence by the end of the week. The noise from the construction will be during January. A 70 foot drilling rig will be

used.

Jason Hajduk reported that plans have been approved for the water transmission line from Well No. 3 to the Water Plant No. 2 site. The District's application to TCEQ will now be filed. Plans for the ground storage tank replacement are at agencies for review and approval. There was discussion, and upon motion by Director Saxe, seconded by Director Smith, the Board voted unanimously to approve the proposal for testing services by Tournay Wong as recommended by the engineer.

7. At 7:57 p.m. the Board convened in a public hearing to consider proposed taxation of tangible personal property in transit located within the District. Herman Little advised the Board that taxing jurisdictions have had authority to tax tangible personal property for years, but the Texas Legislature has required that public hearings be held by taxing jurisdictions before the taxation can be continued. It was mentioned that there are no warehouse locations within the District within which taxable property could be located, but the approval is recommended by the tax assessor/collector and the chief appraiser to be sure that all taxing jurisdictions in the county have similar authority. After discussion, the public hearing was closed at 7:59 p.m. Upon motion by Director Saxe, seconded by Director Alli, the Board voted unanimously to adopt the Resolution for Taxation of Tangible Personal Property in Transit, which resolution is attached to these minutes.

8. It was mentioned that the District is required to file continuing disclosure data with a national information repository for use by investors and potential investors in District bonds. The First Southwest Company provides such services to the District for continuing disclosure filings. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to engage First Southwest Company to prepare and submit the continuing disclosure filing as required by law.

9. The Board reviewed a Public Funds Depositor Collateral Security Agreement with Amegy Bank. It was mentioned that the agreement is necessary because Amegy Bank is changing its safekeeping bank from JP Morgan Chase Bank to the Federal Reserve Bank in Dallas, Texas. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved and authorized signing the Public Funds Depositor Collateral Security Agreement with Amegy Bank as presented.

10. Upon motion by Director Saxe, seconded by Director Alli, the Board voted unanimously to approve and authorized signing and filing an Amendment to Statement of Directors as required by law following issuance of the Series 2011A bonds.

11. Herman Little advised the Board that he will be retiring from Smith, Murdaugh, Little & Bonham as of December 31, 2011. Lori Aylett will assume representation of the District, and will provide excellent services to the Board and District. Herman Little will continue to have a relationship with the firm and will provide services to the firm and clients, as necessary.

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



Secretary