

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
November 13, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on November 13, 2006, at 230 Spring Hill Drive, Suite 325, Spring, Texas 77386, in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Danny E. Agans, President
Michael Smith, Vice President
Jon Vallery, Secretary
Charles W. Venema, Director
Duane Burrell, Director

and the following absent:

None

Also present were Vickey Sullivan, Bill Russell, James Light, Mike Williams, Jim Holcomb, Constable Tim Holifield, Sergeant Jeff Brown, Lonnie Wright, Herman I. Little, Jr. and persons on the attached list.

1. The meeting was called to order, and the directors and District consultants introduced themselves to persons attending the meeting.

2. Minutes of meetings held on October 9, 2006 and October 23, 2006 were presented and reviewed. Upon motion by Director Vallery, seconded by Director Smith, the Board voted unanimously to approve the minutes of both meetings as presented.

3. Vickey Sullivan presented a tax assessor/collector's report. 2006 taxes have been billed. 2005 taxes are 99.7% collected. The Board reviewed the report, and Ms. Sullivan inquired as to the necessity of an aerial photograph of the District as of January 1, 2007. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to authorize an aerial photograph to be made of the District, and the Board approved the tax assessor/collector's report as presented.

4. Mike Williams presented an operator's report. The District had revenues from water and sewer service of \$178,042.99 and total revenues of \$202,179.62. The District accounted for 97% of water produced. Ten bacteriological samples were taken, and all were satisfactory. Nine water leaks were repaired during the month. The wastewater treatment plant operated at 70% of capacity, and there were no permit violations. 27 taps were made during the month, bringing the total to 293 for the year-to-date. The District has 3,535 connections. Mike Williams then presented a list of delinquent accounts that are uncollectible and are recommended for write-off. The Board reviewed the list of 20 accounts totaling \$1,048.81, and upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to write-off the uncollectible accounts as recommended.

Lonnie Wright advised the Board that brochures are available from the Lone Star Groundwater Conservation District addressing water conservation issues. It was recommended that the brochures be provided to all District customers. Upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to authorize mailing the water conservation brochures to each District customer.

Director Venema reported that several District residents had wanted to play basketball recently, and the lights were not on at the park. There was discussion of the lighting and of the District's rules that allow use of the park only during daylight hours. There was discussion, and it was agreed that District park facilities should remain closed during hours of darkness.

Sandi Garidel addressed the Board and reported that on October 26, 2006 there had been very heavy rainfall, and it was not possible to reach her home on Stoney Plain because of deep water in the streets. Ms. Garidel noted that the water did not go down quickly after the rainfall ceased, and she inquired as to how often the District's storm sewers are maintained. The areas of concern are on Stoney Plain and Pincher Creek. Director Burrell stated that there have been problems with street flooding at those streets for years, and the Board has tried to obtain voter approval of bonds that would have allowed drainage improvements to be built to alleviate the problem. James Light stated that the storm sewers in those sections of Imperial Oaks were designed according to engineering criteria in effect in the 1970's. Current criteria for drainage would have larger storm sewers in the streets. Even under current criteria, however the streets would be flooded following a 9-inch rainfall within such a short period of time.

It was mentioned that the developer is constructing a storm sewer behind the Kroger center that will alleviate part of the problem. It was mentioned that the storm sewers have been reviewed previously, and there has been no problem with debris or obstructions in the storm sewers. There was further discussion, and Lonnie Wright stated that he would check the storm sewers again.

5. Mike Williams presented a report on Imperial Oaks Park and maintenance and repairs. A regular mowing was accomplished during the month. There were seven calls for use of the park and ball fields. Mike Williams recommended that the Board authorize annual plantings in the parks. The operator will put out ant bait along with the new vegetation. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to authorize the operator to plant flowers in the District parks, as appropriate.

Director Venema stated that an anonymous letter had been received from a resident who requested that the District provide recycling. There was discussion, and it was mentioned that the Board has looked into recycling several times in the past, and it is not cost-effective. It was mentioned that Montgomery County, Precinct 3 has a recycling center that is available to all residents of Imperial Oaks. Lonnie Wright advised the Board that a reference to the county recycling center could be included on the District's utility bill, and the Board agreed to have such a notice.

6. Sergeant Jeff Brown presented a law enforcement report. There were 31 alarm calls, 2 assaults, 3 family violence calls, 34 disturbances and 4 narcotics arrests. There were 279 traffic contacts, including 4 DWI's. The officers made 378 total calls and 18 arrests

during the month. There were 194 community contacts. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

7. Constable Tim Holifield addressed the Board and presented a proposal for additional law enforcement resources. With 3,500 connections, the District has approximately 10,500 residents. The U.S. Department of Justice recommends 2.5 officers per 1,000 residents in urban communities. This would indicate a need for 26 officers. This number of officers would not be realistic under the circumstances after reviewing the community dynamics and noting that the District is family-oriented and has parks, a school and playgrounds. Constable Holifield then presented three plan alternatives for additional law enforcement staffing. Under Plan I, four additional deputies would be added, plus one detective. At present, all officers are on an auto allowance, and the constable recommended that the Board change the financial structure for vehicles to lease or purchase vehicles that could be shared by constables while on duty. This could result in a \$45,000 to \$50,000 savings to the District. If vehicles are shared, then the vehicle is on duty 16 hours and off 8 hours.

Plan II would add two deputies and one detective, plus a step program for additional officers for traffic enforcement on an overtime basis. Constable Holifield noted that Plan III is a break-down of all elements of the first two proposals with a statement of individual costs per deputy and costs for vehicles.

There was discussion of the proposals. It was mentioned that to provide 24-hour coverage seven days per week a total of 5.7 officers would be needed. It is not unusual for one of the officers to be away at training, vacation or illness. The review of the District indicates that additional officers are needed, particularly at peak traffic times. Constable Holifield stated that office space for the officers would provide a big improvement in time on patrol because current time required to go to the courthouse would be eliminated in many cases. Director Vallery inquired as to the need for a detective, and Constable Holifield reported that the volume of cases does not allow patrol officers to make investigations to solve many of the offenses. The Montgomery County Sheriff's Department detectives handle 60 cases per month, and a detective assigned to the District would increase the solvability and clearance rate of criminal activity in the District.

Randy Rothrock stated that Imperial Oaks is entitled to have general law enforcement services provided by the county, and this should involve detectives when necessary. There was discussion of the shortage of officers patrolling from the Sheriff's office. In response to a question by the audience, Constable Holifield reported that officers on patrol in the District only leave Imperial Oaks to respond to calls in an emergency situation only. The constable has a very good working relationship with Sheriff Gage, and there is effective communications between the two agencies. Director Vallery stated his opinion that the District does not have sufficient funds for any of these proposals. There was further discussion, and Constable Holifield stated that if the Board will tell him what the Board wants done, then the constable will do it.

There followed a discussion of the benefits of leasing vehicles, and it was mentioned that substantial savings are available if vehicles are leased or purchased. Constable Holifield stated that he would want the District to approve a 3-year contract in order to provide

additional resources under one of the plans that have been presented. There was discussion, and it was mentioned that if the District pays for a vehicle for law enforcement, the vehicle becomes the property of Montgomery County. There was further discussion, and Director Agans stated that the Board will need time to study the proposals. Constable Holifield stated that he will respond immediately when the Board advises him of what resources are needed.

8. 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 will stand at \$1,533,977.87. The capital projects fund balance is \$2,441,549.18. The general fund balance will stand at \$730,301.01 after depositing the transfer check approved at this meeting. Mr. Russell noted that the District's budget is in good shape. There was discussion, and upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

The Board reviewed the budget and noted that the cost of law enforcement at present levels is \$37,000 per month. It was mentioned that additional funds for law enforcement can be found in the budget. There will be no election expense in 2007. Other expenditures may be less than projected on the budget. It was mentioned that with 3,500 connections, an increase on the monthly bill of \$1.00 would produce \$42,000 per year of revenue. Each additional dollar would cover the approximate cost of one additional officer.

9. James Light presented an engineer's report. The booster pump was reinstalled at Water Plant No. 2, and it is still making noise. The District is still working with the manufacturer to see what other measures may be taken. It is expected that plans will be submitted for the Rayford Road paving project this week. The Robinson Road project is being delayed because of issues relating to relocation of utilities.

James Light reported that bids were received for the storm sewer to serve Imperial Oaks, Sections One and Two. The Board reviewed the bid tabulations for the storm sewer project, and it was noted that the low bid of B&D Construction of \$478,048.37 is under the anticipated budget. James Light reported that efforts are still being made to secure the drainage easement on the Faith United Methodist Church site, and the church has now requested water supply capacity as partial consideration for granting the easement. Five equivalent residential connections have been requested for a total of 2,100 gallons per day. The District has capacity to supply the water as requested, and it is recommended that the Board approve a utility commitment to the church for the requested capacity.

James Light reported that he had met with property owners within the District concerning an easement between the two homes. The residents have not yet expressed willingness to provide the easement, but they did say that \$150 is not enough compensation for trees that would be removed. The residents inquired as to what will be done if the improvements do not work as planned, and they requested information on what will happen if a slab is damaged or if any other damage occurs, what will the District do to resolve the situation? There was discussion, and Herman Little requested that the Board authorize the attorney to be involved in further discussions with the property owners. It appears that one owner may be willing to cooperate, but one owner is saying that the easement will not be granted. In response to a question by Director Vallery, it was mentioned that the District does have sufficient funds to pay for the storm sewer project and costs associated with the easement. Upon motion by Director

Burrell, seconded by Director Venema, the Board voted unanimously to authorize the attorney to have communications with the property owners to secure the easements needed by the District. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to authorize issuance of a utility commitment letter to Faith United Methodist Church for water supply capacity as requested. Upon motion by Director Smith, seconded by Director Vallery, the Board voted unanimously to authorize award of the contract for the drainage improvements to B&D Construction according to the low bid of \$478,048.37. Director Smith requested that the engineer make one final review of the bids to assure that all costs are appropriate.

The Board then reviewed photographs of property in Imperial Oaks Forest, Section Two, where drainage problems have occurred in the back yard. There was discussion, and it was noted that a problem with drainage of the property would not be the District's responsibility, and it would likely be a problem for the builder to address. The Board requested that Jim Holcomb encourage the builder to look into a solution to the problem.

10. Jim Holcomb presented a developer's report. Conroe I.S.D. is fixing the erosion problems at the elementary school that have been of concern to the community. There have been 308 sales this year, and there are 204 homes under construction. The developer is working on obtaining county acceptance of streets in the new sections. Kroger will open bids next week, and construction will commence very soon. The developer will construct an 8-foot fencecrete fence along the rear of the Kroger Center. This construction will occur after completion of the storm sewer project. Director Vallery inquired concerning the easement for the road to the wastewater treatment plant, and it was agreed that a copy of the agreement will be provided to Director Vallery.

11. There was a discussion of the contract for solid waste collection services with Republic Waste Service of Texas, Ltd. It was mentioned that the Board had approved an increase in the charge to \$10 per connection several months ago, but the contractor did not submit a new contract until now. The contract will provide for continuation of waste collection services in the District for three years for \$10 per connection for the first year, and in subsequent years the charge will increase according to the consumer price index. Upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to approve and authorize signing the contract for solid waste collection services with Republic Waste Services, Ltd.

12. The Board reviewed an Impact Fees Contract with Montgomery County Drainage District No. 6. It was mentioned that Drainage District 6 had requested changes in language in the contract to conform to the Drainage District's policies regarding impact fees. Herman Little advised the Board that the changes by Drainage District 6 did not change the substance of the agreement and recommended that the Board approve execution of the contract as amended. There was discussion, and upon motion by Director Burrell, seconded by Director Venema, the Board voted to approve the contract with Directors Vallery and Agans voting against the motion.

13. The Board reviewed a proposal from the Anco McDonald Insurance Agency for renewal of the District's insurance coverage. Herman Little described the coverage under each of the policies presently in effect. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to approve the proposal for renewal of insurance as presented.

14. The Chair called for Director comments. Director Smith inquired concerning the charges for electricity to the District and for street lights. The District has a contract with the property owners association pursuant to which the District purchases electric power for the street lights, and the POA reimburses the District for the costs.

Director Smith inquired about how to obtain more deputies for patrol in the District. Director Agans stated that the Board would have to find the additional funding before a decision can be made about more deputies. Director Venema suggested asking the Sheriff for more coverage in the District. Director Burrell stated that the Board should consider all options for law enforcement services. There followed discussion of law enforcement services that could be provided by other agencies, and upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to appoint a committee consisting of Directors Burrell and Smith to explore options for law enforcement services available to the District. The Board directed that the committee report back to the Board at the earliest opportunity.

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


Secretary