

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
December 11, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on December 11, 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, Lonnie Wright, Jim Holcomb, James Light, Sergeant Jeff Brown, Constable Tim Holifield, Herman I. Little, Jr. and persons on the attached list.

1. Minutes of meetings held on November 13, 2006 and November 30, 2006 were presented and reviewed. The Board requested corrections to the November 30 minutes, and upon motion by Director Smith, seconded by Director Burrell, the Board voted unanimously to approve the minutes of both meetings as corrected.

2. Vickey Sullivan presented a tax assessor/collector's report. 2006 taxes are 3.8% collected. 2005 taxes are 99.8% collected. After discussion, upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to approve the tax assessor/collector's report as presented.

3. Lonnie Wright presented an operator's report. The District had water and waste collection and disposal revenue of \$169,658.20 and total revenues of \$193,100.97 during the month. The District accounted for 100% of water produced. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated properly, and there were no permit violations. The plant operated at 567,337 gallons per day average flow. Ten taps were made during the month, bringing the total to 303 for the year-to-date. There are 3,545 connections in the District. Mr. Wright presented a list of delinquent accounts that are uncollectible and recommended that the accounts be written off and turned over to a collection agency. Upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to approve writing off the accounts totaling \$568.36 as recommended by the operator, and the Board further voted to approve the operator's report as presented.

4. Lonnie Wright presented a report on maintenance of the Imperial Oaks Park and recreation facilities. The operator conducted regular mowing and cleaning during the

month. There was one application for use of the pavilion. Seasonal planting was accomplished in the parks, and Mr. Wright presented photographs of the planted areas. There has been a problem with wild hogs again, and there has been substantial damage to ground cover. Mr. Wright requested authority to bring in the same team that worked in the District in the previous year to remove hogs from the area. There will be no charge to the District. After discussion, upon motion by Director Vallery, seconded by Director Burrell, the Board voted unanimously to authorize the operator to arrange for removal of hogs from the District.

5. Lonnie Wright reported that there was one customer inquiry concerning a security deposit on an account at 30907 North Head. The customer questions the need for a security deposit. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to authorize a response to the customer indicating that there will be no variation in the District's requirement.

A question was presented to the Board concerning recent tests of water in the community. It was mentioned that there has been concern in Imperial Oaks, Section Five, concerning possible contamination from a nearby waste disposal site. It was mentioned that the District's water supply system is under pressure and provides service to Imperial Oaks, Section Five. Concerns about water contamination from the waste disposal site relate to shallow groundwater that does not affect the District's system. It was mentioned that water main breaks occur, and there may be a possibility of contamination as a result of a water main break. Lonnie Wright stated that the District has had its water tested for volatile organic compounds, including compounds mentioned in relation to the waste disposal site, and there has been no contamination found in the District's water supply. There was discussion of having further tests made to test drinking water from homes in the area to determine whether any contamination has occurred in the distribution system in the affected areas. It was suggested that the District authorize additional water samples to provide assurance to the community that the District's water system is secure. After discussion, upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to authorize the operator to select five locations from which to take samples of water from the District's system for laboratory testing.

Jeff Sorrells addressed the Board and stated that he would like to apologize to the Board about how he addressed the Board at a recent meeting. The Board expressed appreciation for Mr. Sorrells' statement.

6. Sergeant Jeff Brown presented a law enforcement report. There was one felony narcotics arrest in the District during the month. There were 18 misdemeanor arrests. The officers responded to 31 alarm calls, one family violence case and 37 assist officer calls. There was one burglary of a habitation, two burglaries of vehicles and 15 disturbances. Eight follow-up investigations were conducted, and 891 security checks were made of District facilities. There were three DWI arrests and 142 community contacts, with a total of 319 total calls. In response to a question by the Board, Sergeant Brown reported that a software developer is working on a program in which a report can be prepared showing specific incidents and activities within a defined area.

Director Venema presented a report on actions of the committee that had been appointed to consider law enforcement issues. Director Venema contacted four people from

different areas to review the law enforcement issues and to prepare a report for the Board. The committee is diverse as to location, age and ideology.

7. The committee is presenting a written report indicating concerns about increased accountability of law enforcement activities within the community. A second concern is that the constable be given more opportunities to provide services in the District. The committee report makes four recommendations, including: 1) draft clear language that all parties can understand as to what is expected of the officers; 2) provide education to the residents about the law enforcement program; 3) appoint a permanent law enforcement committee to address issues of concern in the community and 4) create an easy-to-use method for the community to express concerns about supplemental law enforcement activities.

Director Venema reported that in October, 2005, the District sent customer comment forms to more than 3,000 District residences. Only 44 responses were made with recommendations as to the law enforcement program. The data is old, and a new system of gaining information from the community should be employed. There was further discussion, and the Board expressed appreciation for the committee's activities.

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 stands at \$1,536,032.79. The capital projects fund balance is \$2,450,035.70. The general fund balance is \$561,426.73 and will total \$761,735.33 after deposit of a transfer check at this meeting. The Board reviewed a budget comparison report and noted that the District has net revenues of \$44,049.62 for five months of the year-to-date. After discussion, upon motion by Director Smith, seconded by Director Vallery, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

9. James Light presented an engineer's report. The booster pump at Water Plant No. 2 was removed again for more investigation. Plans for the Rayford Road improvements are at the Commissioners Court for approval. Nothing new has happened on the Robinson Road project because SBC and Entergy are still involved in relocation of utility facilities. Work is underway on the storm sewer in Imperial Oaks, Section One. The attorney will be working with property owners to secure easements for the remainder of the storm sewer project.

James Light reported on the Lone Star Groundwater Conservation District. A draft plan is being considered in which the entire county will be included. The objective will be to reduce pumpage by 64,000 acre-feet. Phase 2 of the plan will be underway in July, 2008. Director Venema noted that a member of the Faith United Methodist Church had expressed concern about conduct of the contractor's personnel on the storm sewer project. Mr. Light stated that the contractor will be informed about the situation.

The Board reviewed correspondence from the Lone Star Groundwater Conservation District concerning election of a director to represent utility districts. It was mentioned that Mr. Orval Love has served as a director and is an effective representative of utility districts. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve a Resolution expressing a vote for Orval Love as a Director of the Lone Star Groundwater Conservation District.

10. Jim Holcomb presented a developer's report. The developer is updating the Level I Environmental Report for the community in follow-up to the recent Channel 2 News article. The report will include water tests that have already been accomplished, the history of the waste disposal site from the TCEQ, and the involvement of Rohm & Haas. The Berg Oliver firm has been commissioned to look into current conditions in the area. There have been threats of lawsuits in the community, but there have been no actual problems with water or any other physical condition in the community. Mr. Holcomb stated that when the report has been drafted, it will be submitted to the Board. The final report will be made available to realtors, mortgage brokers, builders and residents. Mr. Holcomb requested that the District authorize incorporation of results of the new water tests to be conducted in Section Five into the report. The concerns are for existing property owners as well as builders and potential homeowners.

Jim Holcomb reported that construction of the Kroger Center will be underway soon. Tribble & Stevens will be the contractor. Following clearing of the site, an 8-foot fencecrete fence will be constructed along the side adjacent to homeowners in Imperial Oaks. Pate Engineers will have an on-site inspector on the project. Construction will commence by the first of March, and Kroger hopes to be open by late July or early August.

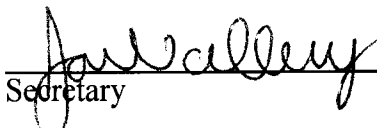
There are 200 builder homes in the District, and there were 325 home sales during 2006. This was an all-time record for sales in Imperial Oaks. Aldine Westfield Road is under construction to connect to Rayford Road. ESD No. 8 has been notified of the road construction and is planning to raise money for construction of a fire station in the District. The developer will visit with Commissioner Chance concerning the Rayford Road paving project and will attempt to have the north side of Rayford Road paved first. Bids are expected for the Rayford Road project in January, 2007.

11. Director Agans announced that the Board will meet in an executive session to deliberate the deployment on specific occasions for implementation of security or devices, and the public meeting was adjourned at 7:58 p.m.

12. The District reconvened in a public meeting at 8:55 p.m. Upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to extend a request for proposals for law enforcement services to the Constable of Montgomery County, Precinct 3 with the same requirements as the previous requests made to the Montgomery County Sheriff and the City of Oak Ridge North.

13. The Chair requested Director comments. Director Venema expressed appreciation to members of the committee for their participation and their additions to the discussion.

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


Secretary