

## RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors  
February 12, 2007

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on February 12, 2007, 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, Mike Williams, James Light, Jim Holcomb, Lorene Roy, Bill Russell, Jeff Sorrells, Sergeant Jeff Brown, Jeff McLaughlin, Constable Tim Hollifield, Herman I. Little, Jr. and persons on the attached list.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. The President called the meeting to order and the directors and consultants were introduced.
2. Minutes of meetings held on January 8 and January 29, 2007 were presented and reviewed. Upon motion by Director Burrell, seconded by Director Vallery, 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 were 83% collected as of the report date, and as of today, the taxes are 92% collected. Ms. Sullivan noted that there are many refunds for overpayments of taxes resulting from late approved tax exemptions. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve the tax assessor/collector's report as presented.
4. The Board reviewed a Resolution Authorizing Challenge to Appraisal Roll. It was noted that the tax assessor/collector is authorized to represent the District in a challenge to the proposed appraisal roll in the event of errors in preparation of the appraisal roll. The tax assessor/collector must have written authorization to make a challenge on the District's behalf. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to adopt the Resolution Authorizing Challenge to Appraisal Roll, which resolution is attached to the minutes.

5. Mike Williams presented an operator's report. The District had total revenues of \$158,226.89 during the month. The District accounted for 97% 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 65% of permitted flow. Fifteen taps were made during the month. There are 3,385 connections.

Lonnie Wright addressed the Board and reported that development in Montgomery County MUD No. 99 is proceeding, and model homes are expected to be built in the near future. MUD 99 may not have its wastewater treatment plant on-line when model homes are constructed, and it would be possible for the District to provide temporary waste treatment service to MUD 99. Lonnie Wright suggested that the Board authorize temporary wastewater treatment for MUD 99 by providing sludge from the District's wastewater treatment plant at the time the other plant is activated. The cost of sludge removal is usually \$350 to \$400 per load. The District would receive a financial benefit by removal of sludge at no cost, and the cost of treating wastewater from the model homes would be minimal. After discussion, upon motion by Director Burrell, seconded by Director Vallery, the Board voted unanimously to authorize temporary wastewater treatment service to Montgomery County MUD No. 99 in consideration of MUD 99's withdrawal of five loads of sludge from the District's wastewater treatment plant at no cost to the District.

The Board reviewed a list of delinquent accounts that are uncollectible. Upon motion by Director Smith, seconded by Director Venema, the Board voted unanimously to approve the write-off list as recommended by the operator and the operator's report as presented.

6. Mike Williams reported on maintenance at Imperial Oaks Park. All mowing was accomplished during the month, and five requests for use of the pavilion were received. All lights were replaced at the pavilion. Ant poison and weed killer was applied. Mike Williams requested Board authorization to power wash and re-stain picnic tables at the park. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to authorize work requested by the operator at the Imperial Oaks Park. Director Venema requested that the operator check the drinking fountain to ensure that it is in proper working order. There was discussion of the contract for electric power for streetlights in the District.

7. 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 \$3,676,536.63. The capital projects fund balance is \$2,467,668.48. The general fund balance is \$492,944.17 and will increase to \$652,891.95 upon deposit of a transfer check approved at this meeting.

Mr. Russell then presented a proposal for amendment of the budget for the fiscal year ending May 31, 2007. The Board noted changes on the proposed budget, including an increase in revenues for services provided by the District and increases in interest and fees from tap inspections and new taps. The budget reflects an increase in office expense and decreases in other expenses of administration. The budgeting reflects increases in fees for operations and repairs and maintenance, with a reduction of \$45,000 in special repairs. The budget reflects an increase in costs of law enforcement services and garbage collection services. The overall

change in the budget indicates an increase in the anticipated surplus from \$5,000 to \$45,500 for the year. After discussion, upon motion by Director Vallery, seconded by Director Smith, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon. Upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to approve the amended budget as presented.

8. James Light presented an engineer's report. The booster pump is back in service, and the operator and engineer will continue to listen for any unnecessary noise. The County has announced that the Rayford Road improvements may start as early as June, 2007. The County is still having problems with the Robinson Road project because of conflicts with utilities. James Light reported that the drainage improvements for Sections One and Two are almost finished. The contractor found an AT&T cable ten feet deep in Imperial Oaks Boulevard that was in conflict with the storm sewer, so construction of the project stopped at Imperial Oaks Blvd. Relocation of the cable will be required before construction commences on the second phase of the project. Pay Application No. 2 was received in the amount of \$46,953.91. The pay application will be paid by the developer pursuant to the drainage financing agreement. Upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to approve the pay application submitted by the contractor on the drainage project.

9. James Light then described requests for annexation and utility service to two tracts that were received by the District. At the last meeting, the Board reviewed an application for service to an 8,500 square foot service station. The request has been resubmitted, but with reduced capacity to two equivalent single-family connections. A request was received for service to property on Robinson Road being 4,200 feet of commercial space plus 50 manufactured homes on 4.58 acres. It was mentioned that the wastewater treatment plant would have capacity for all of the improvements, however, it would be necessary to study capacities in the District's water system and water lines and sanitary sewer lines to determine whether the lines have adequate capacity. Since the District will be purchasing additional water capacity from MUD 99, it is not recommended that any water capacity be committed for property not now in the District. The District would require water and sanitary sewer easements for construction of lines to serve the properties, because the lines would not be allowed within the road right-of-way. There was discussion, and Herman Little advised the Board that the District has no duty to provide service to property outside the District. It would be incumbent upon the owner to pay all costs of extending lines to provide service from the District. There was discussion, and upon motion by Director Agans, seconded by Director Venema, the Board voted unanimously to deny service to both properties.

10. Jim Holcomb presented a developer's report. 342 homes were sold in the District in 2006. 162 homes are presently under construction by builders. The Kroger project has been delayed because of rainfall, but the storm sewer is in place. The developer is planning for a date for bidding construction of buildings for Kroger and other retail facilities for delivery in the fall, 2007. There was discussion of traffic that cuts through the old Eckerd location. Mr. Holcomb noted that Aldine Westfield Road has been paved, and the developer is waiting for the County to accept the new section of road. Persons seeking access to the school and daycare center on Rayford Road will have safer access by using the Aldine Westfield Road intersection. It was mentioned that Art Salinas will be attending the next homeowners' association meeting to talk about the Robinson Road and Rayford Road projects and street maintenance in the area.

Residents have expressed concern about increased traffic on Robinson Road. Mr. Holcomb noted that a final draft of the Berg Oliver report will be provided to the Board for review.

11. Sergeant Jeff Brown presented a law enforcement report. The constable has taken steps to increase visibility of officers in the District. A new patrol schedule will have coverage in the evening rush hour on most days and will have double coverage at certain times and on weekends. The District has been divided into five zones, and the officers will patrol within defined zones and will achieve maximum visibility within each area. Each area will have the same amount of coverage to insure uniformity of service. The constable is making arrangements to obtain office space in the District and is waiting for final contracts to be in place. A lease has been requested with the POA for office space for the constables. Two additional officers will be in place as soon as possible after final approval of the contract amendment. The traffic trailer is presently in use in Imperial Oaks. The trailer can track the volume of traffic and will be moved from time to time. There was discussion of equipment that had been previously authorized by the Board, and Sergeant Brown noted that two video cameras and two radar units have been placed on hold pending a decision by the Board for continuation of service. The constable will now place orders for three video cameras and three radars to include the additional officer. It will be necessary to replace one radar unit that has been in use for seven years. The cost of replacing the unit is not much more than the cost of repairing the old one. The constable has ordered digital cameras and other equipment described in the constable's proposal. The constable checked on officers who would be willing to release their auto allowances, and no officers expressed willingness to do so at this time. Director Burrell requested that the District be provided an inventory of all property that has been purchased by the MUD, and Sergeant Brown stated that the inventory will be provided. In response to a question by Director Agans, it was mentioned that a radar unit could be expected to have a service life of 2-3 years. Additional equipment that is being ordered will be installed within one week after the contract is in place.

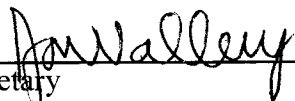
Sergeant Brown then reported that there were 22 alarm calls, one assault followed by an arrest and four family violence calls during the month. There was one burglary of a habitation, and a suspect has been identified. There were two burglaries of vehicles, five criminal mischief cases, two misdemeanor thefts, nine minor accidents and three DWI's. Tim Holifield advised the Board that a crimes data report will be presented with data from 2005 and 2006. Director Venema requested that signs be provided to indicate that the Precinct 3 Constable provides law enforcement service in the District. Director Venema will work with the constable on acquisition of the signs.

12. There was discussion of a First Supplement to the Interlocal Contract for Law Enforcement Services. Constable Holifield stated that the agreement provides for a \$4,000 budget for costs of operations of the new vehicle, and the constable will draw against this amount on a monthly basis. Fuel will be purchased from Conroe ISD to save costs. The vehicle that will be purchased will come with a 36-month complete warranty, and it is expected that the vehicle will have 12,000 miles of mileage with a single driver. The constable encouraged the District to obtain extended warranty coverage for mileage above 36 months. There was discussion of the costs of a lease purchase agreement versus an outright purchase of a vehicle. Director Venema noted that the District has money available to purchase the vehicle, and it will result in lower costs. There was discussion of what type of vehicle should be purchased, and

Director Burrell suggested that the constable purchase a Ford if at all possible. There was further discussion, and upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to approve the First Supplement to Interlocal Contract with Montgomery County for Law Enforcement Services, and the Board further voted to approve the proposed office lease by and between Montgomery County and the Property Owners' Association. Upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to authorize purchase of items on the list presented by Sergeant Brown. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to authorize the constable to schedule patrols in the manner deemed most appropriate by the constable.

13. There was a discussion of fences along roads, and it was noted that the POA and residents of the HOA have responsibility for the fences.

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

  
Secretary