

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
June 11, 2007

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on June 11, 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, Terry Holland, Mike Williams, Jim Holcomb, Sean O'Conner, Virginia Blake, Sergeant Jeff Brown, Jason Hajduk, 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. Minutes of the meeting of May 14, 2007 were presented and reviewed. Upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to approve the minutes as presented.

2. The Chair announced that the Board will consider Agenda Item No. 13 at this time. Director Vallery stated that he would like to obtain a proposal for tax assessing and collecting services from J.R. Moore and from Kenneth Byrd and to have representatives of both tax assessors address the Board concerning services to the District. Director Vallery then made a motion to ask for proposals from J.R. Moore and Kenneth Byrd for tax assessing and collecting services for the District. The motion died for lack of a second.

3. Vickey Sullivan presented a tax assessor/collector's report. 2006 taxes are 96.1% collected. Ms. Sullivan reported that a taxpayer, Helen Johnson, had requested an installment payment agreement in the amount of \$50 per month. There was discussion, and it was mentioned that the taxpayer would be unable to satisfy all delinquent taxes with payments of \$50 per month because the current year's taxes will become due before the delinquency has been satisfied. Payments of \$100 per month would be sufficient to pay the delinquent taxes in full. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to approve an installment payment agreement with Helen Johnson with monthly payments of not less than \$100 per month. Vickey Sullivan will communicate with the taxpayer and make arrangements for the agreement to be implemented. Upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to approve the tax

assessor/collector's report as presented.

4. Mike Williams presented an operator's report. The District had water and waste collection and disposal revenues of \$148,062.03 during the month. Total revenues were \$171,252.15. 13 taps were made during the month, bringing the total to 89 for the year-to-date. The District has 3,668 connections. Mike Williams presented a list of six accounts that are delinquent and are uncollectible. The operator recommended that the accounts be written off and turned over to a collection agency.

Lonnie Wright presented a Consumer Confidence Report on the District's water system for 2006. The report indicates the results of tests of water supplied from the District's wells. It was mentioned that the TCEQ conducts tests of the water supply from time-to-time, and data included on the CCR are from TCEQ tests. The District's test data are from 2002, and this is because the District has had very good results in previous tests. The CCR is to be provided to all customers in the District. After discussion, upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to approve the Consumer Confidence Report for 2006 and authorized it to be distributed to District customers. The Board further directed that the CCR be included in the District's web site. Upon motion by Director Vallery, seconded by Director Smith, the Board voted unanimously to approve writing off the delinquent accounts recommended by the operator.

The operator reported that a customer had requested waiver of the \$20 transfer fee as a result of moving from one residence in the District to another residence in the District. After discussion, upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to deny the request for waiver of the transfer fee.

5. Mike Williams presented a report on Imperial Oaks parks. All ball fields and parks were mowed. There were eleven calls for use of the pavilion. There was vandalism during a party that was held at the pavilion. The vandalism caused a problem for the next family that used the pavilion afterwards. The family has requested a refund of one-half of the fee as a result of problems related to the previous vandalism. Upon motion by Director Burrell, seconded by Director Vallery, the Board voted unanimously to approve a refund of one-half of the customer's payment for use of the pavilion.

Director Venema addressed the Board and stated that the property owners association had repairs made to drinking fountains at the POA facilities. There had been discussions about possibly having the District's drinking fountains repaired, as well, but the contractor inadvertently repaired the District's facilities without proper authority. The POA has requested reimbursement of the costs of repairing District facilities in the amount of \$205.90. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve reimbursement to the Imperial Oaks POA as requested.

Mike Williams reported that the fence at 30106 Thorsby at the park is damaged and is need of repairs. Upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to authorize the operator to obtain bids for repair of the fence.

A member of the audience inquired as to when Aldine Westfield will be opened.

Jim Holcomb addressed the Board and stated that work is being done on ditches as required by the commissioner, and the road will be opened as soon as this work has been completed.

6. Terry Holland presented a bookkeeper's report, a copy of which is attached to the minutes. Mr. Holland advised the Board that Bill Russell's father had passed away, and Mr. Holland is filling in. Mr. Holland reported that Rebecca at Legacy Energy Management Solutions had reported that Legacy is almost finished with a report on the District's energy consumption, and a report will be provided to the Board prior to the next meeting. The proposal from Legacy will be continued on the next agenda.

Mr. Holland reported that after payment of bills at this meeting, the debt service fund balance will stand at \$2,357,100.05. The capital projects fund balance is \$1,883,077.41. The general fund balance is \$439,439.24, and a transfer check will bring the balance to \$612,925.57 at the end of the meeting. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

7. The Board reviewed correspondence from the Texas Commission on Environmental Quality indicating approval of the District's application for use of surplus funds to pay for purchase of water capacity from Montgomery County MUD No. 99, reimbursement of the developer's payment of impact fees and payment of construction costs for the storm sewer facilities to serve Imperial Oaks, Sections One and Two. Herman Little advised the Board that before the District may expend funds for payments to the developer for impact fees and reimbursement for costs of the storm sewer, it is necessary to have a report by the District's auditor indicating that the payments will be in accordance with TCEQ rules and approvals.

Virginia Blake addressed the Board on behalf of McCall, Gibson & Company, and Ms. Blake stated that the auditor's report will reflect a review of developer expenditures for impact fees and payment of engineering and construction costs for the storm sewer. The auditors test the developer's calculations and contact the contractor to confirm that all payments had been made. The TCEQ approval approves expenditure of up to \$1,411,149. Upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to approve the engagement of McCall, Gibson & Company to perform agreed upon procedures to review the developer's reimbursement request. Ms. Blake then presented the auditor's report and reported that interest on the developer's expenditures was not included in the application to the TCEQ, and interest has not been included in the auditor's report, as well.

Ms. Blake reported that interest calculations at the rate on the District's last bond issue, 4.44%, would indicate the total amount due for reimbursement of the developer's interest in the amount of \$20,935.80.

Herman Little advised the Board that the interest reimbursement should have been included in the application to TCEQ. Reimbursement of developer interest has been approved in all the District bond issues financing construction of utilities in the District. Payment of interest is allowed by TCEQ rules and the District's financing agreements and has been approved by the TCEQ in all previous bond application approvals. It was mentioned that the District's surplus funds are sufficient to allow for payment of the developer's interest upon receipt of approval by

TCEQ. Herman Little recommended that the Board authorize an application to the TCEQ for payment of the developer's interest on the impact fees and the storm sewer project as described by the auditor. Upon motion by Director Smith, seconded by Director Venema, the Board voted unanimously to adopt a Resolution Authorizing an Application for TCEQ Approval of Surplus Funds for Reimbursement of Developer Interest, which Resolution is attached to the minutes. Jason Hajduk addressed the Board and stated that before payment can be made for reimbursement of the costs of the storm sewer, it will be necessary to have a TCEQ pre-purchase inspection. The engineers have requested the inspection by TCEQ, and the inspector reported that no problems were identified during the inspection. The District must now wait for a letter from TCEQ authorizing the payment to the developer.

8. Jason Hajduk presented an engineer's report. A contractor has done further review of the noise at the booster pump at Water Plant No. 2. The report prepared by STP Services incorrectly indicated that the pump barrel is 16 inches in diameter rather than 15 inches as specified in contract documents. It continued by specifying that the pump bowls are 11 ½ inches rather than 12 inches as specified in the contract documents. Using the graphs in the report and sizes built, it appears that everything should be working correctly. At this time Pate Engineers and the operator recommend putting the pump back on line.

The Rayford Road paving project has been approved for construction. AT&T is relocating cables in Imperial Oaks Boulevard, so when the District has the necessary drainage easements, the second phase of the storm sewer project can be constructed. A customer of the District inquired concerning the status of Robinson Road. A delay has been caused by the necessity for relocation of utilities in Robinson Road.

Jason Hajduk reported that the TCEQ approval for expenditure of surplus funds allows the District to purchase water supply capacity from Montgomery County MUD No. 99. There was discussion, and upon motion by Director Vallery, seconded by Director Smith, the Board voted unanimously to authorize a payment to Montgomery County MUD No. 99 in the amount of \$317,500 to purchase water supply capacity sufficient to serve 200 equivalent single-family residential connections in the District.

Herman Little advised the Board that he is still working on acquisition of drainage easements for the storm sewer project.

9. Jim Holcomb presented a developer's report. Conroe I.S.D. is reviewing the need for additional elementary schools. Kauffman Elementary School now has 1,080 students, and all students at Kauffman are residents of Imperial Oaks. New subdivisions under construction in the area will send students to Broadway Elementary School in Spring Trails. Mr. Holcomb reported that 160 lots remain available for construction in the District. 157 homes are under construction. There have been 120 sales to date, but the rate of sales is down from the previous year by 15 to 18%. A new builder will come into the District, John Lane. Construction of the Kroger Center is underway. There will be two banks, Compass Bank and Chase Bank, and other retail establishments, including a pizza restaurant, a Subway restaurant, a nail salon and possibly a medical office. The fence along the back of the Kroger Center has been completed. The fence is fencecrete, which will be durable and will provide an effective barrier for the residential community. The Kroger opening is scheduled for November 13, 2007.

Mr. Holcomb reported that the Rayford Road contract was awarded to Angel Brothers, a good contractor. The project will start at Fox Run and will move to the west. Mr. Holcomb reported that Montgomery County MUD No. 115 is interested in participating with the District in the law enforcement program. Montgomery County MUD No. 99 will consider the matter and will most likely participate, as well. The subdivisions in MUD 115 will include The Meadows at Imperial Oaks and The Falls at Imperial Oaks. It is expected that homes will be constructed and occupied in MUD 115 by the end of the year.

10. Sergeant Jeff Brown presented a law enforcement report. Sergeant Brown talked to the constable about other districts participating in the law enforcement program, and the constable is strongly in favor of a law enforcement alliance with multiple districts.

Sergeant Brown reported that 17 arrests were made during the month, 4 felonies and 13 misdemeanors. None were traffic offenses. The constable now has 6 officers on duty. The new vehicle is being outfitted. The constable proposes to add additional graphics on the vehicle to indicate that the vehicle serves the Imperial Oaks Division. The Board expressed approval of the additional graphics.

Sergeant Brown reported that everything is ready for the constable's office space, and it will be operational as soon as telephone service has been completed. The availability of the office will save as much as 40 hours per week of officer time. There were two family violence incidents, four vehicle burglaries, of which three have been solved, five criminal mischief incidents, three misdemeanor thefts and eight traffic accidents. One stolen vehicle was recovered. There were 113 non-law enforcement contacts and 251 checks of District facilities. A burglary of a vending machine was solved very quickly. Officer Mitchell found illegal drugs in a lawful investigation during a traffic stop. There was a theft of guns and body armor from a federal agency vehicle. As a result of effective investigation, the culprits were located in Fort Bend County. The Board expressed appreciation to Sergeant Brown and the officers for the effective law enforcement work that has been accomplished in the District. In response to a question by Director Venema, Sergeant Brown stated that having lights in the park is better than darkness, especially during summer, so officers can see activity that is going on in the area. There was discussion, and upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to authorize the District's operator to turn the lights on in the park during the summer. It was mentioned that the park is open only from dawn to dusk, and having lights on does not indicate that the park is open.

Sergeant Brown presented information on the proposed bike patrol. The proposal would involve purchase of two bicycles, four helmets, eight shirts, four uniforms and other equipment for startup of the bike patrol. The cost would be \$2,935. Sergeant Brown noted that the bike patrols will provide much better citizen contacts and much better understanding by citizens of the officers' activities. Bike patrols are quiet, and bikes are able to go places where cars cannot. The bike patrol works well with other officers. The constable will contribute training of the bike patrols without charge to the District. Each officer will have a handheld radio and appropriate duty gear. After discussion, upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve purchase of the bicycles and other equipment and to approve initiation of a bicycle patrol program in the District as proposed by the

constable. In response to a question by Director Agans, it was mentioned that signs that had been requested by the Board must meet Department of Transportation standards, and it is not possible to get a large cost savings. Sergeant Brown noted if a mutual aid pact is entered into with the county, then the county could provide the signs at a lower cost. Upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to authorize purchase of ten signs with the county's information. The attorney will contact Art Salinas in the commissioner's office concerning a letter requesting an appropriate agreement. Director Venema suggested that the Board consider issuing commendations for law enforcement officers who provide exceptional services.

11. It was mentioned that the Board will conduct a special meeting on June 13, 2007 to discuss recycling services and the use of large containers for solid waste collection. There was discussion, and it was mentioned that the cost of recycling is definitely lower than the cost of two trips to the county recycling center. It is a commendable action by the District to provide recycling services. Director Venema stated that he may not be able to attend the meeting on June 13, but he is definitely in favor of recycling. In response to a question by the Board, Herman Little stated that Curtis Lacy of Republic Waste will attend the meeting. An announcement will be made at the POA meeting about the District's special meeting on the 13th.

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

Secretary

