

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

June 13, 2007

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on June 13, 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 Mike Williams, Curtis Lacy, 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. Director Agans announced that the District is holding this special meeting to receive a proposal from Republic Waste Services to provide recycling service within the District. The Board will receive the proposal and will then entertain public comments. Persons who wish to comment should state whether they are for or against the proposal, and a maximum of 16 people will be recognized to address the Board, eight for and eight against. The Board then will have a period of questions and discussion.

Curtis Lacy addressed the Board and stated that Texas is a little behind the rest of the country on recycling services. The proposal from Republic will provide each resident an 18-gallon recycling bin that the customers can use to put newspapers, aluminum cans, bi-metal cans and No. 1 and No. 2 plastics. Material placed in the bin should be rinsed, but it is not necessary to remove labels from containers. Mr. Lacy stated that the recycling materials will be collected once per week. There will be some separation of materials on the truck, but most separation will occur at the recycling destination. The charge will be \$3.25 per home per month. The key to a successful recycling program is maximum participation by customers. A 75% participation rate would be excellent. The Woodlands has an effective recycling program that is strongly encouraged by The Woodlands Corporation and community leaders. In Houston there is a 35 to 40% recycling rate. Recycling will delay the need for a new land fill.

Christy Steindorf addressed the Board and stated that she is in favor of recycling. We all have a responsibility to take care of the environment, and we should try to give our

children a better place to live. With two garbage pick ups each week, there is too much garbage being thrown away. Recycling will reduce landfill use and will preserve natural resources. Cost is not a factor. With a cost of \$36 per year, any family could afford to pay for the recycling.

Ian Bickford addressed the Board and stated that he is in favor of the proposal. Mr. Bickford goes to the local recycling collection center two times per month. He would save money by having recycling provided at the curb. This is a situation where the government can do something that individuals cannot do on their own. Recycling will mean that we are taking better care of the neighborhood.

Corey Heisler addressed the Board. Mr. Heisler stated that he is in favor of the proposal, and he believes it is well worth the cost.

Carrie Lyons addressed the Board and stated that she has lived in California where there is a lot of effort to save the earth. Recycling will be a way of life. In many communities, recycling is mandatory. Eventually, everyone will need to preserve resources, and the proposal will allow Imperial Oaks to take the lead.

Paul Alli addressed the Board and stated that he is embarrassed that so much is being thrown away in the community. Mr. Alli works out of his house, and recycling would significantly reduce the amount of paper that is thrown away.

Millie Paige addressed the Board and stated that she has lived in California and in Houston. Ms. Paige is embarrassed and disappointed that so much is thrown away in the community. Recycling would be a good experience for education of our children. \$3 to \$4 per month is not a significant charge, and it will be beneficial to the community.

Mike Dillon stated that he has visited a land fill, and it is incredible that so much material goes into a land fill. In third world countries people would use much of what we throw away.

The Chair then called for comments from the Board. Director Venema inquired about the procedures for a contract. Mr. Lacy stated that the contract could be tied into the existing contract for solid waste services that runs through April, 2009. An addendum could be added to the contract.

Director Vallery stated that he has talked to many residents about the cost of recycling service. Director Vallery inquired as to whether the service could be provided for a shorter time on a trial basis. Mr. Lacy stated that the typical arrangement would be for three years. Mr. Lacy stated that the District's proximity to The Woodlands would encourage recycling. The cost of fuel is increasing rapidly, and labor is costing more and more. In the past people thought that money could be made through recycling materials, but as recycling became popular, the demand for materials went down. Mr. Lacy stated that a good participation rate would be 45%. Director Smith inquired as to whether the percentage of participation could be reported to the Board, and Mr. Lacy stated that the information could be provided, most likely on a quarterly basis.

In response to a question from the audience, Mr. Lacy stated that recycling would be collected on one of the current trash pick up days. A separate truck is used to collect recycling materials. In response to a question by Herman Little, Mr. Lacy stated that the degree of participation in the community could affect the charges for the service. Reports could be provided to the District, and if participation is very high, then it may be possible to discuss the charges.

In response to a question by Director Venema, Mr. Lacy stated that the contractor uses the Atascocita landfill, and the contractor is charged per yard of materials delivered. Republic has a landfill in Brazoria County that is served by 18-wheelers, and the rate of charges at that location is by the ton. Mr. Lacy stated that bins for recycling will be delivered to each home at no cost.

There was discussion of the \$3.25 per month charge. Mr. Lacy stated that that charge would not fluctuate during the initial contract period, but the contractor may still charge fuel surcharges and cost of living increases as provided in the contract. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve a recycling program in the District with Republic Waste Service at a cost of \$3.25 per home per month. The Board will require that data be provided on a quarterly basis concerning participation, and the Board will have an opportunity to discuss the rate from time-to-time. The term will be through April, 2009, and the agreement will allow for fuel adjustments and CPI adjustments. Members of the audience expressed their appreciation for the Board's decision.

2. There was discussion of a proposal for solid waste collection service using 95-gallon containers. Curtis Lacy addressed the Board and stated that under the present contract, the contractor is losing money in the District. This is caused by increases in fuel costs and material costs. The demand for fuel and materials in China is a contributing factor. The use of 95-gallon containers would enable the contractor to operate at a lower cost. If the current service is continued, then a substantial price increase will be anticipated at the end of the contract. Presently, service is provided by three men on one truck.

Mr. Lacy stated that with the 95-gallon container, an automated truck can be used with only one man on the truck. This decreases the labor cost. The container will be set at the curb on the street facing out. The community can get rid of plastic bags and can reduce litter caused by animals and breakage. One container will be provided per home, but an additional container can be made available, if necessary. There is no charge for the containers. The container is designed to serve a family of four with collection once per week. It is recognized that there is a long growing season in Houston, and the disposal of grass clippings and yard waste can be accomplished in the same container. Presently, containers get lost, and the lids blow away. The lid on the 95-gallon container is attached. The cost of the containers is amortized over 15 years. The container protects against varmints. The container is well balanced and is easy to handle. If necessary, a customer can be provided a smaller 65-gallon container.

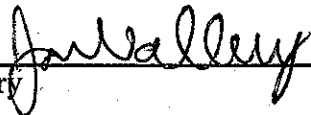
In response to a question by the Board, Mr. Lacy stated that the procedures for collection of heavy trash would change. The heavy trash is now picked up on the second

collection day each week. Under the new procedure, a particular day would be designated each month for heavy trash pick up. Republic can provide heavy waste pick up on an individual customer basis for \$10 for 10 cubic yards. Customers can call for arrangements for individual service.

Mr. Lacy confirmed that green waste goes into the containers. Director Vallery inquired as to what cost the District will have. Mr. Lacy stated that the agreement approved last year binds the contractor until April, 2009. It was a good deal for the District, but the costs can be expected to go up very significantly. In response to further questions about cost, Mr. Lacy stated that services provided in a new community would be charged \$15 to \$16 for twice per week pick up. The District's present charge is \$10 per connection, and using the 95-gallon containers the cost will be \$11.

Director Venema inquired as to whether some containers could be provided in the District for test purposes. Mr. Lacy stated that containers will be provided for that purpose. In response to a question by Director Vallery, Mr. Lacy stated that references can be provided to the District. Mr. Lacy stated that the recycling service can commence in the District as soon as a contract addendum is approved and signed, and as soon as the bins are available.

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


Secretary