

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors November 12, 2007

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on November 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, Bill Russell, Jason Hajduk, Lonnie Wright, 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 October 8, 2007 were presented and reviewed. Upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to approve the minutes as presented.

2. Vickey Sullivan presented a tax assessor/collector's report. 2007 taxes are 0.4% collected. 2006 taxes are 99.5% collected. After discussion, upon motion by Director Burrell, seconded by Director Vallery, the Board voted unanimously to approve the tax assessor/collector's report as presented. Ms. Sullivan inquired as to the necessity for an aerial photograph of the District as of January 1, 2008. After discussion, upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to authorize purchase of an aerial photograph of the District as of January 1, 2008. Ms. Sullivan presented a request by a taxpayer requesting waiver of \$331.42 of penalty and interest on a tax account for which the address was improperly given by Montgomery Central Appraisal District. After discussion, upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to authorize waiver of penalty and interest as requested by the taxpayer.

3. Mike Williams presented an operator's report. The District collected \$174,928.23 for utility service provided during the month. The District had total revenues of \$196,302.18. The District accounted for 96% of water produced. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated at 75% of permitted capacity, and there were no permit violations. Twelve taps were made during the

month, bringing the total to 138 for the year-to-date. The District has 3,718 connections. Mr. Williams presented a list of delinquent accounts that are uncollectible totaling \$337.98. All efforts to collect the accounts have been unsuccessful, and all customers on the list moved away from the District some time ago. After discussion, upon motion by Director Burrell, seconded by Director Smith, the Board voted unanimously to authorize writing off all accounts on the list as recommended by the operator.

4. Mike Williams presented a report on Imperial Oaks Parks. Regular mowing was completed on all park facilities. There were six calls for the pavilion and four calls for the ball fields. There were two parties during the month. The operator removed seven dead trees along Aldine Westfield and did seasonal plantings in the parks. Mike Williams requested authorization to plant winter grass on the ball fields. There was no additional price available for striping the ball fields. After discussion, upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to authorize planting winter grass on the ball fields as recommended by the operator.

5. It was mentioned that a representative of Republic Waste Services is not at the meeting to discuss the recent problems with recycling services. It was mentioned that recycling has been proceeding without problems after the first few weeks.

6. The Chair called for customer inquiries. It was mentioned that problems with recycling that were said to be related to garage sales did not make sense because regular pick-up had occurred on the same day without any problems. Director Venema stated that since that weekend, there have not been any problems. Jim Nichols inquired as to whether a report is to be provided by Republic, and the Board noted that a report will be provided after six months under the current contract.

Lorene Roy expressed appreciation that the tax bills have been mailed early. Ms. Roy inquired as to what telephone book includes a correct listing for the District. There was discussion, and it was noted that the District's telephone number is on every utility bill and is on the website. Mike Williams stated that he will check on the availability of listings in telephone directories.

Corey Heisler inquired as to the term of the contract for collection of solid waste. It was mentioned that the contract has a term of one year. In response to an additional question, the Board noted that automated services have been considered, but the community was not ready for the large containers and automated service. Director Venema noted that Republic would like to have automated service, but homeowners were unwilling to handle the large containers. Also, many cars are usually parked on streets, and this causes a problem with access.

Greg Edwards, a resident of 2910 Smoky Forest Lane, addressed the Board and expressed concern about flooding of streets in his neighborhood. Street flooding has washed out the flower beds from his yard, and the residents in that area are concerned about possible flooding of homes. It was mentioned that water builds up in the streets, but it goes down within five minutes as the rain subsides. There was discussion of drainage on the cul-de-sac on Smoky Forest.

Mike Williams advised the Board that the operator had responded and checked all inlets and manholes, and no problems with the storm sewer system were identified. There was further discussion, and residents expressed concerns about possible flooding. Director Burrell inquired as to what can be done. Jason Hajduk described the engineering concepts for the storm sewer system and streets. There are peaks and valleys along the streets, and the system is designed to accommodate from 0.7 feet to 1.5 feet of ponding in the streets as authorized by City of Houston criteria. There was further discussion, and Mr. Hajduk stated that the streets and storm sewers could be surveyed to get grades and elevations to confirm that the system is constructed according to design.

There was discussion of the need for constable patrols on Calmar Drive. There are many children in the neighborhood, and there is a lot of traffic that is above the speed limit. It was suggested that a constable park on the street between 4:00 p.m. and 6:00 p.m. and on weekends to deter speeders. It was mentioned that the speed trailer could be located within the District. Director Burrell stated that he would check with the constable concerning the availability of the trailer and scheduling constables in that area. Director Agans expressed appreciation for residents who attend the meeting and relate concerns about the District's services.

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 \$1,605,456.13. The capital projects fund balance is \$1,610,173.24. The general fund balance will stand at \$425,294.35 after depositing a transfer check to be approved at this meeting. In response to a question by Director Smith, Mr. Russell reported that the District has received refunds of taxes incorrectly paid to electricity providers. The refunds total approximately \$11,000, to date. Mr. Russell stated that he is receiving monthly reports on power rates, and the last two accounts with Reliant Energy have been changed to the District's new electricity provider. The current contract is favorable to the District under current market conditions. The Board reviewed the report and a series of checks presented for payment of current bills. Upon motion by Director Burrell, seconded by Director Vallery, the Board voted unanimously to approve the bookkeeper's report and to authorize payment of bills listed thereon.

8. Jason Hajduk presented an engineer's report. Construction of Rayford Road improvements is underway. The storm sewer project in Robinson Road is under contract. The waste discharge permit renewal is pending at the TCEQ, and all actions have been taken, including publication of notices. There was further discussion of flooding along Smoky Forest Lane, and upon motion by Director Venema, seconded by Director Smith, the Board voted unanimously to authorize the District engineer to obtain survey and topographic information on three streets in the area and identify whether problems exist in the system. At the next meeting, the engineer will provide a cost estimate for the work that may be necessary.

9. The developer was not present at the meeting. It was mentioned that the Kroger Center is opening for tenants. The Kroger store is expected to open in January or February. The District will have a total of approximately 200 new homes by the end of the year, but this is a reduction from previous expectations. The sales tax election for Montgomery County ESD No. 8 did not pass.

10. Director Burrell reported concerning law enforcement activities. The constable is in a transition period, and a supervisor is needed. The officers are not getting appropriate communications from the community because there is not a supervisor at this time. The schedule and constable assignments are presently unknown. Director Venema stated that he has requested monthly reports in an electronic format for posting on the website. It was mentioned that the Calmar issue should be discussed with the constable, and there should be a question about a trailer hitch being included on the District's vehicle. After discussion, upon motion by Director Venema, seconded by Director Vallery, the Board voted unanimously to authorize Director Burrell to talk with the constable on behalf of the Board concerning the issues of concern described at this meeting.

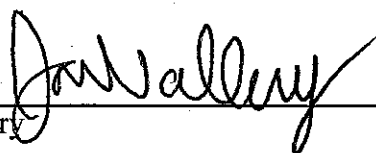
11. There was discussion of the South Montgomery Storm Water Coalition. Jason Hajduk reported that there had been a Coalition meeting last week, and actions are being taken by Montgomery County Drainage District No. 6 and municipal utility districts to determine how costs can be shared and how participants can avoid duplication of efforts. The Coalition is expected to reduce costs of compliance with the new storm water permit requirements. The next Coalition meeting is expected to be held on Monday, November 26, 2007 at 7:00 p.m.

12. The Board reviewed proposals submitted for renewal of the District's insurance policies. Herman Little reviewed the coverage under each policy and noted that there are minimal changes in cost. It was suggested that the District include law enforcement liability coverage in the District's insurance program. There are no concerns about officer misconduct or potential liability, but the law enforcement liability policy would provide defense counsel for the District in the event of a claim. After discussion, Upon motion by Director Vallery, seconded by Director Burrell, the Board voted unanimously to approve renewal of the District's insurance coverage and directed that an additional policy be obtained for law enforcement liability.

13. There was discussion of the election of a Director for the Board of the Montgomery Central Appraisal District. It was mentioned that Biff Picone has been elected by utility districts to represent utility districts in the county. Director Venema stated that he does not know Mr. Picone, but he is acquainted with Tom Cox, and Mr. Cox is well qualified to serve on the Appraisal District Board. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve a Resolution authorizing casting the District's votes for Tom Cox as a member of the Montgomery Central Appraisal District Board.

14. Director Venema reported that he had attended a three-day conference on community patrol. The community patrol would be a separate entity and would be tax-exempt under Section 501(c)3. The program would involve volunteers who would not be law enforcement officials but who would serve as eyes and ears to support local law enforcement agencies. Volunteers would be trained and would be visible in the community to deter criminal activity by having an obvious presence. It was mentioned that further consideration can be given to community patrol at a future meeting. The Board requested that the attorney follow up on signs had been authorized for installation in the District.

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


Secretary