

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
January 14, 2008

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on January 14, 2008, 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, Mike Williams, Constable Tim Holifield, 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 December 10, 2007 were presented and reviewed. The Board requested a correction of the minutes, and upon motion by Director Vallery, seconded by Director Burrell, the Board voted unanimously to approve the minutes as corrected.

2. Tim Holifield presented a law enforcement report. Activity reports were mailed to the Board prior to the meeting. Attention was given to traffic on Calmar Drive. The traffic trailer was in place, and additional deputies were employed to observe traffic cutting through the neighborhood. Deputy Sprague is on medical leave, and the staff has been short. There were four arrests, three on fugitive warrants and one DWI arrest. There were many traffic complaints during the month.

Constable Holifield presented a prototype of the sign to be installed on thoroughfares in the District indicating law enforcement is provided by the Precinct Three constable. The new patrol vehicle is not in operation yet, but it will be available soon. The County will purchase a 2008 vehicle, and two officers will be sharing the vehicle.

A resident of the District addressed the Board and expressed thanks for the additional patrol on Calmar Drive. The officers have been serving above and beyond the call of duty. The patrols and speed trailer have had a noticeable impact on the community. There followed a comment by another resident who stated that he has videotaped traffic that does not

stop at stop signs at Pincher Creek. The resident inquired as to the use of speed bumps, and Constable Holifield stated that the county commissioners have not expressed willingness to install speed bumps. There was discussion, and a proposal was made that a petition be circulated in the community to request a speed bump on the street. Efforts should be made to obtain 100% support from residents on the street. There was further discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

3. Vickey Sullivan presented a tax assessor/collector's report. 2007 taxes are 12.1% collected. 2006 taxes are 99.6% collected. After discussion, 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 an Order Reaffirming Adoption of Homestead Exemption. The Board has granted a 10% homestead exemption for all homestead properties in the District for many years. This exemption provides a benefit to all homeowners in the District. There was discussion, and upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to adopt the Order Reaffirming Adoption of the Homestead Exemption, which Order is attached to the minutes.

5. The Board reviewed an Order Reaffirming Adoption of Homestead Exemption for Persons Age 65 and Older and Disabled Persons. It was mentioned that the Board has granted a homestead exemption for persons 65 and older for a number of years. Upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve the Order Reaffirming Adoption of Homestead Exemption for Persons Age 65 and Older and Disabled Persons, which Order is attached to the minutes.

6. The Board reviewed an Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes. Herman Little reported that the additional penalty provides compensation for attorneys who collect delinquent taxes for the District. The penalty provides funds for compensation of the attorneys, so current taxpayers do not bear the cost of collection of delinquent taxes. The attorney requested that the Board engage Smith, Murdaugh, Little & Bonham, L.L.P. to collect delinquent taxes. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to adopt the Order Engaging Delinquent Tax Attorney and Levying Additional Penalty for Delinquent Taxes, which Order is attached to the minutes.

7. Mike Williams presented an operator's report. The District had total revenues of \$180,978.81 during the month. There are 3,722 connections, and 42 vacant residential connections. The meter at Water Plant No. 2 was not operational, and the water production report is not accurate with a reported accountability of 189%. The meter is being repaired. Mr. Williams reported that 141 new taps were made during 2007. The wastewater treatment plant operated properly at 73% of permitted flow, and there were no permit violations. Mr. Williams presented a list of delinquent accounts that are uncollectible because the customers have moved away from the District. The accounts total \$411.02. Upon motion by Director Smith, seconded by Director Vallery, the Board voted unanimously to write-off the uncollectible accounts as recommended by the operator. Director Venema reported that he has observed a pipe with water flowing out of it along West Wellsford. Mike Williams stated that the pipe is

probably an air valve, but the operator will investigate to ensure that there are no problems.

8. Mike Williams presented a report on Imperial Oaks Parks. The operator performed regular mowings and maintenance. There were seven calls for use of the pavilion and one call for the ball field. One water fountain was repaired. There was discussion of applying lines to the ball fields. The cost would be approximately \$125. Director Smith expressed willingness to provide the services for the District. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to authorize Director Smith to take action to put lines on the ball fields.

9. The Chair called for customer inquiries. Randy Rothrock addressed the Board concerning payment of director fees and expenses. Mr. Rothrock stated that the District is not following correct procedures and that at a meeting last August, the Board voted to allow payment of expenses without requiring supporting documentation. Mr. Rothrock stated that Director Vallery had the integrity to vote against the motion. Mr. Rothrock stated he will go to the media, and, if necessary, to the County District Attorney concerning \$549 of undocumented expenses approved by the Board. Mr. Rothrock stated that Director Smith had been paid \$300 for the last month but did not account for it. Director Smith stated that he had been paid for attending a board meeting and for one additional work day to cover time in which he had received phone calls and had talked to people in the neighborhood about the District's business. Mr. Rothrock stated that Section 49.060 does not allow compensation for reading minutes.

A resident of the District, Darrell Miller, addressed the Board concerning recycling service. Mr. Miller stated that he has observed recycling materials being picked up by regular trash trucks. Republic Waste had stated that only the green trucks would be used for recycling service. Since September the recycling materials have been being dumped into a landfill. Sandi Garidel addressed the Board and stated that on two consecutive Saturday collection days, recycling service was not provided on her street. Director Venema stated that he has seen the green truck in the neighborhood, but that does not mean that the other trucks have not been used. Director Venema sent an email to Curtis Lacy concerning problems with recycling. It was mentioned that a representative of Republic Waste Services should attend the Board's next meeting.

10. 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 \$1,844,029.29. The capital projects fund balance is \$1,597,644.44. The general fund balance will stand at \$227,001 after deposit of a transfer check at this meeting. The Board reviewed a report and a series of checks presented for payment of current bills. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

11. Herman Little addressed the Board and reported that pursuant to the District's bond order covenants and U.S. Treasury regulations applicable to tax exempt bonds, the District should obtain a proposal for a yield restriction and rebate calculation analysis for the District's bonds. Upon issuance of each series of bonds, the District makes commitments to comply with Treasury regulations applicable to the bonds, including a requirement to rebate arbitrage income as required by the Treasury regulations. The analysis will inform the District of

the need, if any, to calculate arbitrage rebate payments to the United States. After discussion, upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to authorize the District's attorney to request a proposal for a yield restriction and rebate calculation analysis for the District's bonds.

12. Jason Hajduk presented an engineer's report. There are no changes on the Rayford Road and Robinson Road construction projects. The Robinson Road storm sewer has been completed. The contractor for paving encountered other utilities, and that is creating a delay. Director Agans noted that the pavement on Robinson Road is defective, and action should be taken to improve access to the community on Robinson Road.

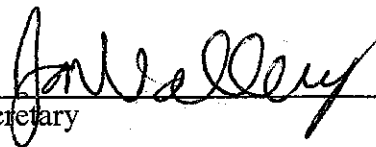
Mr. Hajduk reported that the attorney is still working on easements for the Imperial Oaks, Sections One and Two drainage project. The engineer will be asking Montgomery County Drainage District No. 10 to de-silt the storm water detention pond.

There will be a meeting on January 16, 2008 by the Lone Star Groundwater Conservation District. The engineer will attend the meeting and will advise the Board of any actions that are taken by the Lone Star District or that are required of the District. A groundwater reduction plan is being considered that would reduce groundwater production in the county by 30% by 2015.

The District is still waiting for Tennessee Gas Pipeline Company to grant approval for construction of swales to provide additional drainage in Imperial Oaks Park, Section Nine. Director Venema inquired concerning a drainage inlet on Robinson Road, and after discussion, it was concluded that the inlet belongs to Montgomery County.

13. Herman Little requested that the Board defer action on amendments of the rate order.

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


Secretary