

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
March 10, 2008

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on March 10, 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:

Michael Smith, Vice President
Jon Vallery, Secretary
Charles W. Venema, Director
Duane Burrell, Director

and the following absent:

Danny E. Agans, President

Also present were Vickey Sullivan, Constable Tim Holifield, Mike Williams, Jason Hajduk, Herman I. Little, Jr. and persons on the attached list.

The Vice 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 February 11, 2008 were presented and reviewed. The Board requested corrections of the minutes, and upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve the minutes as corrected.

2. Vickey Sullivan presented a tax assessor/collector's report. 2007 taxes are 93.5% collected. 2006 taxes are 99.7% collected. Upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to approve the tax assessor/collector's report as presented.

3. Constable Tim Holifield presented a law enforcement report. The constables responded to 803 calls during the month. There were no outstanding issues during the month. There was one sexual assault. There have been no more vehicle burglaries since the constables added additional personnel. The constable has suspects in four vehicle burglaries that occurred previously. There was discussion, upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement report as presented.

4. Director Venema addressed the Board and requested that the Board postpone consideration of a proposal for a community patrol program until the next meeting.

5. Mike Williams presented an operator's report. The District received total revenues of \$168,765.38 during the month. There are 3,729 connections. There are 40 vacant homes in the District. Four taps were made during the month, bringing the total to six for the year to date. The District accounted for 93% of water produced. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated properly at 73% of permitted flow. There were no permit violations. Mr. Williams presented a list of delinquent accounts that are recommended to be written off as uncollectible. After discussion, upon motion by Director Burrell, seconded by Director Vallery, the Board voted unanimously to authorize writing off the uncollectible accounts as recommended by the operator, and the Board further voted to approve the operator's report as presented.

6. Mike Williams presented a report on the Imperial Oaks Park. Eight calls were received for use of the pavilion, and 16 were received for use of the ball fields. All ball fields are booked through April, 2008. The operator put sand in the volleyball court and horseshoe pits. Mr. Williams requested to purchase two pallets of grass for the area around the pavilion. Mr. Williams also requested authorization to power wash and re-seal the picnic tables in the park. After discussion, upon motion by Director Burrell, seconded by Director Venema, the Board voted unanimously to authorize the operator to purchase and install grass and to power wash and seal the picnic tables as requested by the operator.

7. The Chair called for customer inquiries. Jim Nichols requested an update on signs that were to be installed. Director Venema stated that the signs have been installed at all locations.

8. Rick Elquesebo addressed the Board on behalf of Republic Waste Services. Johnny Smith was unable to attend the meeting. Mr. Elquesebo described the procedures followed for collection of recycling materials. Some recycling materials are collected in green trucks, but because of a shortage of equipment, other trucks are used for collection of recycling materials. Republic tries very hard to avoid any loss of recycling items through deposit into the landfill. There are two routes followed by the contractor in the District, one for garbage, and the other for recycling materials. Sometimes it simply becomes necessary to use one of the brown trucks to pick up recycled materials. In response to a question, Mr. Elquesebo stated that the contractor will accept corrugated paper and cardboard. This information will be made available on the District's web site and in local news coverage. The contractor accepts newspaper but not used pizza boxes. In response to a question by the Board Mr. Elquesebo stated that there is insufficient data to determine the amount of participation in recycling by customers of the District. The driver has stated, however, that approximately 75% of the community participates in recycling. The history reflects that approximately 8 pounds of recycling is presented for each home, and this is equivalent of ten tons of materials that are not being sent to the landfill. The contractor will provide a report as to the utilization rate three or four times per year. It was mentioned that the District's contract with Republic is for a two-year term.

Director Smith stated that sometimes the truck cannot get down the street because of cars parked on both sides of the street. It has been noted that the garbage truck does make it

down the street on most days. It was mentioned that it may be a time specific problem. Republics drivers are instructed to report problem situations, and they should make an effort to collect any materials on the following collection day. The problem could have involved a substitute driver. Director Vallery stated that he had observed a truck picking up garbage and recycling materials on the same trip. There was discussion of procedures for collection of recycling materials, and in response to a question by the Board, Mr. Elquesebo stated that the contractor will pick up wet newspaper. Recycling materials are taken to Vista Fibers. There was discussion, and the Board expressed appreciation by Republic Waste Services.

9. 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 stands at \$2,175,317.07. The capital projects fund balance is \$1,112,961.77. The general fund balance is \$917,047.50. The general fund balance reflects the amount spent for purchase of a new patrol car. After discussion, upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon.

10. There was discussion of the developer's report that had been emailed. The Kroger Store opened and had record first-day sales for any store opened in Texas. There has been a big problem with construction thefts in the MUD 115 area. A new elementary school is planned for MUD 115 to relieve overcrowding at Kaufman Elementary School.

11. Jason Hajduk presented an engineer's report. The detention basin receiving flows from Sections Ten and Eleven was de-silted. The engineer and operator will monitor flows from those sections. Mr. Hajduk described plans by the Lone Star Groundwater Conservation District to reduce reliance upon groundwater in Montgomery County. Mr. Hajduk recommended that the Board join the San Jacinto River Authority in a water resources assessment progress to review and identify a suitable procedure for reduction of groundwater usage. Montgomery County MUD No. 99 will be adjoining in the WRAP if the Board votes to participate. Jason Hajduk reported that Tennessee Gas Pipeline Company has approved construction of drainage swales across the right-of-way, and Montgomery County Drainage District No. 10 will be signing the agreement for the work.

Mr. Hajduk reported that a request for District service has been received for 35,000 square feet of mixed use commercial property. This will replace the community center located on Rayford Road. The request is for an increase from two equivalent connections to twelve equivalent connections. Mr. Hajduk advised the Board that the District has sufficient capacity to serve the property according to the request. The engineer presented a report indicating that the District has remaining water supply capacity for 113 equivalent connections and remaining wastewater capacity for 21 equivalent connections. The wastewater capacity is based upon 305 gallons per connections per day, but on typical usage of 250 per connection per day, the District would have 30 equivalent connections of wastewater capacity remaining.

The District's water plants are being inspected, including ground storage tanks and hydropneumatic tanks. A second clarifier will be needed at the wastewater treatment plant,

and funds for the project are held in escrow. An additional report will be presented on the clarifier at the next meeting. In response to a question by Director Venema, Jason Hajduk reported that the District has adequate sewer capacity for the area within the District. Herman Little noted that the District has a responsibility to commence planning a treatment plant expansion if the District exceeds 75% of permitted flow for three consecutive months. Because the District is almost totally built out, it is highly unlikely that a treatment plant expansion will be required beyond the clarifier project. After discussion, upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve issuance of a utility commitment letter for the commercial development on Rayford Road as recommended by the engineer. It was decided that the Board will consider the San Jacinto River Authority WRAP at next month's meeting.

12. Renée Miller addressed the Board on behalf of Legacy Energy Solutions. The District's current contract ends in June 2008. Ms. Miller requested that the Board renew the contract for services with Legacy Energy Solutions, so she may obtain proposals for additional energy after June. In the current market, it would be better to price energy sooner rather than later. Current factors affecting the cost include the high cost of crude oil and colder weather in the northeast during the winter. Ms. Miller stated that she would expect to have proposals from five or six providers for the Board's consideration. After discussion, upon motion by Director Venema, seconded by Director Burrell, the Board voted unanimously to engage Legacy Energy Solutions to provide services to the District with regard to purchase of electric power.

It was mentioned that the Board should authorize a representative to receive proposals from Legacy and to take action on behalf of the District for renewal or approval of contracts. There was discussion, and upon motion by Director Vallery, seconded by Director Burrell, the Board voted unanimously to authorize Bill Russell to represent the District in matters pertaining to the electric energy market and proposals to be supplied through Legacy. In response to a question by Mr. Russell, the Board voted unanimously to authorize Bill Russell to negotiate for a term not more than three years and not less than one year.

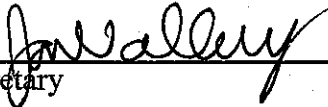
13. There was discussion of the directors' election to be held on Saturday, May 10, 2008. The Board reviewed an Order Designating Polling Places and Appointing Election Officers for the election. It was mentioned that there will be two candidates for Position No. 1 and three candidates for Position No. 2. In response to a question by Randy Rothrock, Herman Little reported that the order of names on the ballot will be decided by a drawing to be held within the next few days. Each candidate will be given advance notice of the drawing. After discussion, upon motion by Director Vallery, seconded by Director Burrell, the Board voted unanimously to adopt the Order Designating Polling Places and Appointing Election Officers, which Order is attached to the minutes. The Board confirmed that early voting will take place from 11:00 a.m. until 7:00 p.m. on all days of early voting. Director Venema stated that the District's web site will show the polling places and hours of voting for early voting and on election day.

14. The Chair invited Randy Rothrock to present information, and Mr. Rothrock stated that he is clear on where the Board stands with regard to issues that he has

brought before the Board, and he is waiting to hear from the TCEQ in response to complaints that he has filed about the District's procedures.

15. The Chair called for director comments. Director Vallery stated that he and his wife will be speaking in Washington D.C. to an organization that focuses on prevention of use of inhalants by young people.

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


Secretary