

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 9, 2009

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on February 9, 2009, at 312 Spring Hill Drive, Suite 100, West Entrance, Spring, Texas 77386, in accordance with the duly posted notice of the meeting, with a quorum of Directors present, as follows:

Jon Vallery, President
Frank Moore, Vice President
Charles Saxe, Secretary
Michael Smith, Assistant Secretary
Danny E. Agans, Director

and the following absent:

None

Also present were Bill Russell, Mike Williams, Jason Hajduk, Lieutenant Rick McDougal, 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 January 12, 2009 were presented and reviewed. Upon motion by Director Moore, seconded by Director Smith, the Board voted unanimously to approve the minutes as presented.

2. Lieutenant Rick McDougal presented a law enforcement report. Lieutenant McDougal presented statistics on arrests and criminal activity in the District during the month. Lieutenant McDougal reported that one canine unit will be active in the District in the coming week. Another canine unit will be active the following week. The constables responded to a man who had barricaded himself into a home and was threatening suicide. The constables succeeded in having the man back down, and he was taken to a hospital. Testing is being performed for new officers to work in the District. The constable believes the District's positions will be fully staffed within two weeks. At full strength the constable expects to have one canine unit on each shift. Two officers are being sent to bicycle school. There was discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the law enforcement as presented.

3. There was discussion of a proposal that the District obtain proposals for solid waste collection and recycling service. Teri League addressed the Board and reported that Republic Waste Services will be proposing automated collection service. Ms. League reported that recycling participation in the District is at 55% out of 3,479 customers. This is a very good participation rate, and regular participation in many communities is closer to 30%. Ms. League agreed to provide reports on a quarterly basis.

Ms. League then described the automated collection service which includes one truck and one operator. The same service can be provided for recycling as well. The contractor is attempting to reduce the number of trucks in neighborhoods. The carts are cleaner and provide more efficient collection. Director Smith noted that if the street is blocked with parked cars, then the truck will not be able to access the carts. Ms. League noted that people in the community will become interested in automated service after it is available. In response to a request by the Board, Ms. League agreed to provide the Board with a list of locations and references where automated service is used, including the City of Conroe and The Woodlands.

There was discussion of the District's present contract with Republic Waste Service, and upon motion by Director Agans, seconded by Director Smith, the Board voted unanimously to authorize a written notice to Republic Waste Service that the contract will be terminated as of April 30, 2009 and to advise that the District will be seeking proposals for a contract for service commencing May 1, 2009.

Herman Little presented a draft letter that will be used to seek proposals for solid waste collection services. The Board reviewed the letter and a list of four contractors from whom proposals will be requested. Proposals will be due at the attorney's office on Thursday, March 5, 2009 at 5:00 p.m., and the Board will review the proposals at the meeting on the following Monday.

4. Mike Williams presented an operator's report. There are 3,750 connections in the District, and there are 41 vacant homes. Total revenues during the month were \$187,632.11. The wastewater treatment plant operated properly at 68% of permitted capacity. One tap was made during the month. Ten bacteriological samples were taken, and all were satisfactory. The operator has been processing information for the claim to FEMA for damages resulting from Hurricane Ike. Mr. Williams presented a list of ten delinquent accounts that are uncollectible and recommended for write-off because customers have moved from the District. The accounts total \$961.40.

Mike Williams reported that a used natural gas generator is available for sale by a hospital and could be made available to the District at a very reasonable price. There is no generator at Lift Station No. 4. The 125 kW generator could be installed for \$20,000. The generator would be big enough to run both pumps. Mr. Williams requested that two directors be authorized to look into the opportunity and make recommendations on acquisition of the generator.

Mike Williams reported that he had walked the storm sewer in Imperial Oaks Park, Section Ten with Jason Hajduk. Additional work is needed to remove remaining debris in the storm sewer. After discussion, upon motion by Director Moore, seconded by Director Smith, the Board voted unanimously to approve the operator's report, and the Board further voted to approve the list of delinquent accounts to be written off as presented.

5. Mike Williams presented a report on Imperial Oaks Park facilities. 12 calls were received during the month, four for the pavilion and six for the ball fields. The operator power washed the pavilion and replaced basketball nets. Mr. Williams reported that Texas United Soccer Academy has requested use of the soccer fields all day and on Saturdays. They also have requested use of a soccer field for a party for a specific day. There has become a

very large interest in use of the ball fields, and 17 calls were received today for use of the ball fields.

6. There was discussion of the District's recreational facilities and ball fields. It was mentioned that the District's rules prohibit any commercial activity on the District's parks and recreational facilities. Herman Little presented an outline of changes that are proposed for the rules to provide more effective procedures for scheduling and overseeing use of the ball fields and other facilities. There was discussion of the amendments and the Board's policy for having the facilities available for maximum use by residents of the District and members of the public. Upon motion by Director Agans, seconded by Director Moore, the Board voted unanimously to amend the District's rules and regulations governing recreational facilities as set forth on the outline, and the amendments will be effective on March 1, 2009.

There was further discussion of a request by Texas United Soccer Academy for use of a soccer field for a party. It was mentioned that the District should require liability insurance for the event; all trash should be bagged for removal, and a \$500 deposit should be required subject to refund after an inspection following the party. Security should be required, as well. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to approve use of the facilities by Texas United Soccer Academy with requirements that liability insurance be provided, that trash be bagged for removal, that a \$500 deposit to be provided subject to refund following an inspection after the event and a requirement for security personnel to be present during the event.

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 is \$4,001,973.65. The capital projects fund balance is \$1,138,743.69. The general fund balance will be \$974,934.14 following deposit of a transfer check to be approved at this meeting. The tax account balance is \$63,402.19. The District is paying bills totaling \$221,104.30. The Board reviewed a budget comparison report and noted that the District has expense greater than revenues of \$56,301.91 for 8 months of the year-to-date. The expense overrun is related primarily to Hurricane Ike expenses. After discussion, upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to approve the bookkeeper's report and authorized payment of bills listed thereon. Upon motion by Director Moore, seconded by Director Saxe, the Board voted unanimously to approve payment of Director fees and expenses that are reflected on the bookkeeper's report as presented.

Bill Russell noted that a tax assessor/collector's report had been received, and the District's 2008 taxes were 75.6% collected as of December 31, 2008.

8. Jason Hajduk presented an engineer's report. Plans have been submitted for approval for the clarifier at the wastewater treatment plant. Faith United Methodist Church has requested authorization to install a fire line for their facility. It was mentioned that the fire line will be un-metered and will be used only in the event of a fire. The church should pay all expenses of the installation and expenses of the District's operator. Upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to authorize installation of a fire line for Faith United Methodist Church with the church to pay all expenses incurred by the District.

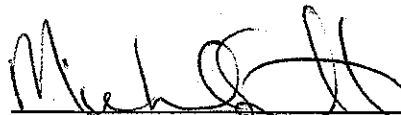
Jason Hajduk reported that Wood Forest National Bank has requested that their utility commitment be renewed for one additional year. Upon motion by Director Smith, seconded by Director Moore, the Board voted unanimously to authorize renewal of the utility commitment for Wood Forest National Bank, and the Board authorized the president to sign the commitment for the District.

Jason Hajduk reported on the investigation of the storm sewer in Imperial Oaks Park, Section Ten. As mentioned by the operator, the engineer and operator walked the storm sewer and found several locations where flow is still blocked. Mr. Hajduk talked to Jaime Salinas, the Drainage District 10 engineer concerning a splash pad that is blocking flow into the detention pond. Additional work is needed in the storm sewer, but heavy machinery cannot be used because of potential damage to the facility. Removal of debris will be done manually. The line is 10 feet deep. It was mentioned that a small Bobcat could be used, but a self contained breathing apparatus would be needed for each person because of the depth of the line. It will be necessary to sandbag flows in the line and to pump water out for the work to be done. It was mentioned that an outfall pipe on the storm sewer behind the Kroger Center was damaged by the hurricane. It will be necessary to reinstall the pipe and to secure it with concrete. There was discussion of the repairs and the costs. It was mentioned that coordination with Drainage District 6 will be required. There is no cost estimate for either project. It was decided that further investigation and cost estimate will be needed before approval of the work by the District. Upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to defer action on the storm sewer work and the storm sewer pipe repair until the next meeting.

9. The Board reviewed a Resolution Declaring a Public Necessity for the Acquisition of Storm Sewer Easements. After discussion, upon motion by Director Saxe, seconded by Director Moore, the Board voted unanimously to adopt the Resolution Declaring a Public Necessity, which Resolution is attached to the minutes.

10. The Board reviewed correspondence from Municipal Risk Management Group concerning additional analysis that is needed with regard to arbitrage rebate reports and yield restriction reports related to District bonds. Herman Little advised the Board that provisions of the Internal Revenue Code and U.S. Treasury regulations applicable to tax exempt bonds create a necessity for periodic review of expenditures of bond proceeds and investment earnings on invested bond proceeds. The Board then reviewed proposals from Arbitrage Compliance Specialists to perform work related to the District's bonds issued in 1992, 1998, 2000, 2002 and 2004. After discussion, upon motion by Director Smith, seconded by Director Saxe, the Board voted unanimously to authorize services by Arbitrage Compliance Specialists, and the Board authorized the president to sign engagement letters as presented.

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


Secretary