

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
February 13, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on February 13, 2006, 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:

Duane Burrell, President
Jake L. Kelly, Sr., Vice President
Rufus Houston, Secretary
Dwayne Finley, Director
Charles W. Venema, Director

and the following absent:

None

Also present were Vickey Sullivan, Bill Russell, Mike Williams, James Light, Lonnie Wright, Jim Holcomb, 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 meetings held on January 9 and January 31, 2006 were presented and reviewed. Upon motion by Director Houston, seconded by Director Kelly, the Board voted unanimously to approve the minutes of both meetings as presented.
2. Vickey Sullivan presented a tax assessor/collector's report. 2005 taxes are 86% collected. Ms. Sullivan noted that the District has received many requests for refunds of over payments. This probably results from the mailing of duplicate tax bills that was required for the first time in 2005. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor/collector's report as presented.
3. Mike Williams presented an operator's report. The District collected water and waste collection and disposal revenues of \$119,754.01 and tap fees of \$12,235 during the month. Ten bacteriological samples were taken, and all were satisfactory. The wastewater treatment plant operated properly, and there were no permit violations. The plant operated at 54% of permitted capacity. 28 taps were made during the month. There are 3,270 connections in the District.
4. Mike Williams presented a report on maintenance of the Imperial Oaks Park and grounds. Director Venema requested that the operator check on the timing of the lights at the park and basketball court. The lights appear to be coming on during the day and going off during darkness. The operator will make necessary adjustments.

5. Bill Russell presented a bookkeeper's report, a copy of which is attached to the minutes. After payment of bills, the debt service fund balance will stand at \$3,570,408.79. The capital projects fund balance is \$2,131,285.57. The general fund balance is \$575,446.26, including the transfer check that is being signed at this meeting. After eight months of the fiscal year, the District has revenues over the budget of \$92,000 and expenses over the budget of \$28,000. The District has received a 4.7% interest rate on the certificate of deposit at Texas State Bank. Upon motion duly made, seconded and unanimously carried, the Board approved the bookkeeper's report and authorized payment of bills listed thereon.

6. Kim Franklin presented a law enforcement report. There were 560 traffic contacts in the District during the month, and there were three arrests. A vehicle hit a wall and caused damage. An officer obtained information concerning the vehicle that was responsible. There was discussion of the law enforcement activities. Director Venema inquired as to whether information could be provided as to locations of contacts and activity by the deputies. The deputies will investigate what information can be made available to the District. Herman Little distributed a report that contains data from all law enforcement reports in 2005.

7. James Light presented an engineer's report. Utilities to serve Imperial Lakes, Section One are complete. The engineers are still looking at the booster pump at Water Plant No. 2. The pump is still making noise, and the engineers and operator will continue to troubleshoot the problem. The TCEQ conducted a pre-purchase inspection on February 9, 2006 of facilities that will be financed with the next bond issue.

James Light reported that plans for the Rayford Road improvements are 75% complete. The engineers are still working on the ditch and culvert design. There was a meeting at the commissioner's office concerning Sam Bell Gully and alternatives for drainage of the Rayford Road right-of-way to the DD6 channel. The engineers are still looking at alternatives for drainage from the road. The drainage area maps along Rayford Road will be revised to show correct information regarding Drainage District 6's facilities and drainage area.

There was a discussion of traffic striping and maintenance on Imperial Oaks Boulevard. Improvements are needed at several locations. The Board reviewed maps and discussed locations where work may be needed.

James Light reported that the District had received a request for out-of-district wastewater service for 2.1 acres on Rayford Road. The project will be a preschool and day care center. The property is not within the District, and the District does not have excess capacity to allocate to the project. After discussion, upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to reject the request for utility service to the 2.1-acre tract.

8. It was mentioned that the TCEQ has issued its proposed memorandum and order approving the District's \$3,240,000 Series 2006A Bonds. The order will require escrow of funds for most projects until the TCEQ staff has received and reviewed additional documentation. There was discussion, and it was mentioned that most of the documentation requested by TCEQ submitted with the original bond application, but additional copies can be prepared and submitted the release of escrowed funds as soon as possible. There was discussion, and upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously

to adopt an Order Authorizing Application for Release of Funds from Escrow, which Order is attached to the minutes.

9. Jim Holcomb presented a developer's report. The elementary school construction is proceeding well. The principal of the school will come from Hauser Elementary School. The YMCA is planning after school programs for the children attending the school. The Imperial Lake section is complete. MUD 99 will commence construction of its well in the near future. Jim Holcomb noted that there will be an open house for realtors in the coming week. Director Venema expressed appreciation for the excellent publicity that has been generated for Imperial Oaks as a result of the new construction.

10. Drew Masterson addressed the Board and reported that the bond market has improved since the last meeting at which a proposal was presented concerning a possible refunding of District bonded indebtedness. A proposal for refunding a portion of the District's bonds will now provide a net present value savings of approximately 4.2%. This is well above the City of Houston requirement for a minimum 3% savings. Market conditions indicate the possibility of saving as much as \$400,000 in debt service requirements over the life of the bonds, with a present value savings of approximately \$250,000. The Board then discussed the terms and conditions and parameters within which the Board would approve issuance of refunding bonds to refinance a portion of the District's bonded indebtedness. Upon motion by Director Kelly, seconded by Director Venema, the Board voted unanimously to approve a refunding bond issue as long as the net present value savings is \$200,000 or greater and is 3.8% or greater. Upon motion by Director Houston, seconded by Director Venema, the Board voted unanimously to designate Director Burrell as the District's authorized representative with respect to execution of documents for the refunding bond issue.

11. Drew Masterson advised the Board that First Southwest Company would like to serve as underwriter for the refunding bonds. This will necessitate the firm's resignation as financial advisor until the refunding issue has been concluded. There was discussion, and in response to question by the Board, Herman Little advised the Board that it is quite common for a utility district's financial advisor to resign in order to serve as underwriter for refunding bonds. First Southwest Company has an excellent reputation in the marketplace and will provide excellent services to the District as underwriter. After discussion, upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve the resignation of First Southwest Company as the District's financial advisor to facilitate issuance of the Series 2006 Refunding Bonds.

12. The Board then reviewed a preliminary official statement for the Series 2006 Refunding Bonds. After discussion, upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve the official statement for the bonds. Upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve a Resolution Authorizing the District's Designated Official to Act on Behalf of the District in the Issuance, Sale, Approval and Delivery of the Series 2006 Refunding Bonds and to carry out all necessary acts and procedures with respect to documents for the bond issue.

13. The reviewed a Bond Order for the Series 2006 Refunding Bonds. After discussion, upon motion by Director Kelly, seconded by Director Houston, the Board voted

unanimously to adopt the Bond Order attached to the minutes.

14. The Board considered an Order Authorizing Necessary Actions for Issuance, Approval and Delivery of the Series 2006 Refunding Bonds. Upon motion by Director Kelly, seconded by Director Venema, the Board voted unanimously to adopt the Order attached to the minutes.

15. There was discussion of the District's proposed \$3,240,000 Series 2006A Unlimited Tax Bonds. It was mentioned that the Board may approve a preliminary official statement for the bonds at the March 13, 2006 meeting, and the Board can have a meeting for sale of the bonds on March 27, 2006.

16. The Board considered an Order Designating Director Positions. The Board noted that the Texas Water Code authorizes the Board of Directors to designate numbers for each of the five director positions on the Board. Upon motion duly made, seconded and unanimously carried, the Board voted to adopt the Order Designating Director Positions, which Order is attached to the minutes. It was mentioned that the Board will then conduct a drawing to determine the number of each director position. The Board then drew numbers, and it was announced that Director Venema holds Position No. 1; Director Burrell holds Position No. 2; Director Kelly holds Position No. 3; Director Finley holds Position No. 4, and Director Houston holds Position No. 5. It was mentioned that Positions 3, 4 and 5 are subject to election in May, 2006.

17. The Board reviewed an Order for Election of Directors on May 13, 2006. Upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to adopt the Order for Election of Directors on May 13, 2006.

18. It was mentioned that Montgomery County will require all local governments who are holding elections on May 13, 2006 to conduct elections jointly with the Montgomery County Hospital District. The Board then considered a Contract for Election Services with Montgomery County. Upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve and authorize signing the Contract for Election Services as presented.

19. It was mentioned that the District will be required to enter into a Joint Election Agreement with Montgomery County Hospital District with regard to the election scheduled for May 13, 2006. Upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve and authorize signing the Joint Election Agreement with Montgomery County Hospital District as presented.

20. It was mentioned that a change in election laws requiring electronic voting will require an application to the U.S. Department of Justice for approval under the Voting Rights Act. Upon motion by Director Kelly, seconded by Director Venema, the Board voted unanimously to authorize the District's attorneys to file a Voting Rights Submission relating to compliance with the Help America Vote Act.

21. Director Venema described recent actions he had taken to upgrade the

District's web site. It was mentioned that payment of a fee to Google will enable persons to access the District's web site through Google and other search engines. After discussion, upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve the subscription agreement with Google to facilitate public access to the District's web site. The Board then discussed matters that should be included on the web site from time to time. The Board noted that information on the District's meeting location and meeting times and the operator's telephone number are already available to the community on the utility bills. The web site can include minutes of meetings following Board approval. The District's attorney will provide a PDF copy of minutes after signing. The web site can include the monthly constable's reports that will be forwarded by Director Finley. The District web site can include director bio information and photographs. Newsletter content that is applicable to the District can be included, and information on use of the District's facilities, including application forms, can be included. The District's web site is RayfordRoadMUD.com.

22. Jeff Sorrells inquired concerning clearing of land at Riley Fuzzell Road and Rayford Road. The land is not within the District's boundaries. Dan Agans inquired concerning early voting for the coming election. Specific information as to early voting times and places will be available after the county's election procedures are confirmed. There was discussion about the Imperial Oaks Newsletter and actions by the POA. It was mentioned that the people in the community want more information about the District, the POA and constable activities.

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


Secretary