

# **RAYFORD ROAD MUNICIPAL UTILITY DISTRICT**

Minutes of Meeting of Board of Directors  
March 13, 2006

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

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

and the following absent:

Duane Burrell, President

Also present were Vickey Sullivan, Bill Russell, Mike Williams, James Light, Jim Holcomb, Drew Masterson, Sergeant Jeff Brown, 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 13, 2006 were presented and reviewed. Upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to approve the minutes as presented.

2. Vickey Sullivan presented a tax assessor/collector's report. 2005 taxes are 93.6% collected. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor/collector's report as presented.

3. The Board considered an Order Engaging Delinquent Tax Attorneys and Levying Additional Penalty for Delinquent Taxes. The Board has engaged Smith, Murdaugh, Little & Bonham, L.L.P. to collect the District's delinquent taxes, and by adopting the Order, the Board will impose a 20% penalty for delinquent 2005 taxes remaining unpaid on July 1, 2006. The penalty will be used to pay the legal fees for collection of delinquent taxes. After discussion, upon motion by Director Venema, seconded by Director Finley, the Board voted unanimously to adopt the Order Engaging Delinquent Tax Attorneys and Levying Additional Penalty, which Order is attached to the minutes.

4. Mike Williams presented an operator's report. The District collected \$125,024 of utility service revenues during the month and a total of \$163,603.62. The District accounted for 95% of water produced. 14 taps were made during the month, bringing the total to 42 for the year-to-date. Ten bacteriological samples were taken, and all were satisfactory. The

operator repaired six water line leaks during the month. There was one permit violation to TSS during startup of the plant following blower repairs. The plant operated at 56% of permitted capacity. Mr. Williams presented a list of delinquent accounts that are uncollectible and requested that the Board authorize writing-off the accounts and forwarding the accounts to the collection agency. After discussion, upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to approve the operator's report as presented, and the Board further voted to approve the write-off list.

5. Mike Williams presented a report on Imperial Oaks Park. Regular mowing was accomplished. The District has received calls for rental of the pavilion and for reservation of park space. The bulletin board at the park needs to be repainted. Work will be done on the ball fields to re-level the fields with red clay, and soccer nets will be reinstalled. There was a problem recently with a rental of the pavilion where a family had rented a blowup Jump & Play for children. No electrical outlet was available, and an electrician was called to provide a generator for the party. It was mentioned that the electrical outlets had been removed to prevent damage by vandals. It was mentioned that an outlet should be available, and a new line with a switch should be available with appropriate security precautions. There was further discussion, and the Board requested that the operator obtain bids for installation of necessary electrical facilities at the pavilion.

6. Sergeant Jeff Brown presented a law enforcement report. There was one assault during the month. There were two burglaries and two criminal trespasses. 16 disturbances were reported. There were 29 suspicious persons and 25 suspicious vehicles. Three thefts were reported. There were 6 accidents. The officers had 440 total contacts during the month. Activity in the District is much calmer, and there is much less activity now. The constable's office is charting community contacts and MUD contacts. There were 386 community contacts during the month. The constable will be doing training for community contacts and MUD checks to facilitate better response and more effective relations with the community. Sergeant Brown expects community contacts and MUD contacts to increase in the future. Lorene Roy reported that kids on four-wheelers have been driving on the sidewalks in her neighborhood. Sergeant Brown stated that the constables usually give a warning for the first offense, but a ticket will be issued and a vehicle will impounded for subsequent offenses. Jim Holcomb noted that a local church will be having meetings on the commercial reserve on Rayford Road, and there will be an Easter egg hunt on the property. Mr. Holcomb reported that he recently found four dogs in the lake at the Imperial Lakes subdivision. There has been damage to landscaping around the lake. Signs have been posted indicating that no fishing and no boating is allowed at the lake. Sergeant Brown noted that there are extra patrols in the area. Mike Williams reported that there had been vandalism at the Thorsby Park again. Sergeant Brown will check by the facilities.

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 \$2,187,703.84. The capital projects fund balance is \$2,134,496.99. After payment of bills totaling \$153,630.29, the general fund balance will stand at \$724,002.07, including funds in the transfer account. The Board reviewed the report and a budget comparison report. It was noted that the District has net revenues of \$200,751.29 for eight months of the current fiscal year. After discussion, upon motion duly made, seconded and unanimously carried, the Board

approved the bookkeeper's report and authorized payment of bills listed thereon.

8. It was mentioned that the District should seek proposals for electric power at lower rates than are presently in effect. There was discussion, and upon motion by Director Houston, seconded by Director Finley, the Board voted unanimously to authorize Herman Little to act on behalf of the District to seek proposals for electric power through the H-GAC Energy Purchasing Corporation.

9. James Light presented an engineer's report. Imperial Lakes, Section One is complete, and Pay Application No. 3 and final has been submitted for \$62,529.11. The engineers are seeking another consultant to look at Water Plant No. 2 with regard to the faulty booster pump. The TCEQ has approved the bond application, and the engineers are preparing documents that will be required for the application to release funds from escrow. Plans for the Rayford Road paving project are 90% complete. Discussion are being held concerning drainage through Sam Bell Gully. The Robinson Road project is on hold pending resolution of conflicts with Southwestern Bell and Entergy. The engineers have a map concerning striping of streets in the District. The map has been sent to the county to develop a plan. It was mentioned that crosswalks are not required on streets with a speed limit of less than 30 miles per hour. Several curbs are in need of modification to be ADA compliant. Jim Holcomb stated that the developer is replacing three curbs with ramps at the ball fields. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

10. Jim Holcomb presented a developer's report. There have been 68 home sales in the District for the year-to-date. 181 homes are under construction. The new section is being added, and all utility construction is complete. Mr. Holcomb reported that the developers have had a long term plan for development of Imperial Oaks as a first class community with first class recreation facilities. These goals have been accomplished, and an elementary school has been added. The next priority is for retail shopping. The developers purchased the commercial reserve on Rayford Road, and there have been discussions with Kroger concerning a possible store on that site. Kroger is interested in the site, and a land plan is being prepared. The developer is offering a favorable purchase price for Kroger to locate in the District.

There are several issues concerning the development. New drainage facilities will be needed along the back of the property. The engineers have reviewed the drainage requirements and proposed that drainage line be extended to serve areas in Imperial Oaks at the front of the subdivision. Mr. Holcomb stated that development of the commercial tract will result in addition of as much as \$12.5 million of taxable value that will allow the District's tax rate to be reduced by up to \$0.02 in the future. Several restaurants are looking at the property, and several banks are looking also. The District also will require additional water supply capacity to serve the commercial reserve at full buildout. A new water plant is under construction in Montgomery County MUD No. 99, and the MUD 99 water plant will have capacity for the District to contract to purchase water, as necessary. Mr. Holcomb noted that the drainage line can be constructed to provide benefits to Imperial Oaks as well as the commercial tract, and the development of the commercial tract will provide positive benefits for the community. Kroger will commence construction of their store immediately upon confirming utilities are available.

James Light presented a supplemental engineer's report concerning development of the commercial tract. A storm sewer at the wastewater treatment plant is not functional any more because of obstructions with tree roots. A new drainage line will be needed to serve the commercial tract, and the outfall line will go the DD6 ditch at the Faith United Methodist Church site. The drainage line can be extended to address drainage problems on Nanton Drive. If the District approves the proposed drainage project with service to Imperial Oaks, there will be a cost savings in performing the drainage project all at one time. Mr. Light noted that drainage will be improved in two cul-de-sacs on Medway and Mercol. In response to a question by Director Venema, James Light stated that the drainage inlets have adequate capacity, but the lines themselves are too small. The additional drainage line will provide relief in the area.

James Light described the water supply requirements of the District, and at full buildout, including the commercial tract, the District will need an additional 58,380 gpd of water supply capacity. Presently the District's remaining capacity is 14,280 gpd. The District will have access to additional water supply capacity by contracting with Montgomery County MUD No. 99. It may be possible to increase capacity from the District's existing wells, but this could create a hazard for the additional demands that would be placed on the wells. Herman Little addressed the Board and stated that the proposal for drainage improvements and water supply are important to the District. Since Director Burrell is not present, it would be preferable to have a special meeting to receive the engineer's report and recommendations for consideration by the whole board. There was discussion, and the Board agreed to have a meeting on Monday, March 27, 2006 at 7:00 p.m.

11. Drew Masterson addressed the Board and reported on results of the Series 2006 Refunding Bonds. The District achieved a total savings of \$400,724.31 over the life of the bonds, which equates to \$22,000 per year. The present value savings is \$249,140.14. The debt was not extended, and the interest rate was reduced from 5.3% to 4.32%.

Mr. Masterson then presented a Preliminary Official Statement for the \$3,240,000 Waterworks and Sanitary Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2006A. The Board reviewed the Preliminary Official Statement and a Notice Of Sale of the Series 2006A Bonds, and it was noted that the bond sale could occur on Monday, April 3, 2006. Bids will be received by the financial advisor at the office of First Southwest Company at 2:00 o'clock in the afternoon, and the Board will have a meeting later in the day to approve award of the sale of bonds. There was discussion, and upon motion by Director Kelly, seconded by Director Houston, the Board voted unanimously to approve the Preliminary Official Statement and Notice of Sale of the \$3,240,000 Series 2006A Bonds.

Drew Masterson presented a letter from First Southwest Company requesting the Board's authorization to submit a bid for the bonds. After discussion, upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to authorize the District's financial advisor to bid for the Series 2006A Bonds, and the Board signed letters confirming such authorization.

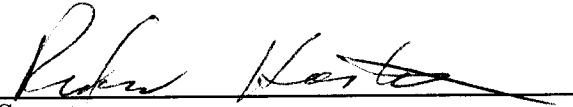
12. Herman Little advised the Board that McCall, Parkhurst & Horton, L.L.P served as special tax counsel for the District's Series 2006 Refunding Bonds. Upon motion by Director Venema, seconded by Director Finley, the Board voted unanimously to approve the

engagement letter for special tax counsel services of McCall, Parkhurst & Horton, L.L.P.

13. The Chair called for customer inquiries. Jeff Sorrells inquired concerning drainage along Rayford Road and the Rayford Road widening project. Dan Agans inquired concerning funding for the purchase of water supply capacity. The community had understood that the District did not have funds to acquire additional water supply. Herman Little stated that the District's bookkeeper has reported that the District has surplus bond funds of \$1,594,497 that will provide funding for the water capacity purchase and the drainage project if approved by the Board. The surplus funds have resulted from savings in interest cost in several recent bond issues and from lower construction costs than had been anticipated at the time of bond applications.

There was discussion of vandalism that has occurred in the District. The operator will obtain bids for reconstruction of facilities that were damaged or destroyed. Director Venema stated that he has been working on the District's web site and will be updating the web site to provide information concerning the upcoming director's election. It was mentioned that there are two candidates for Position No. 3, two candidates for Position No. 4 and three candidates for Position No. 5. A drawing will be conducted in the District to determine an order of names on the ballot.

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

  
Secretary