

# **RAYFORD ROAD MUNICIPAL UTILITY DISTRICT**

Minutes of Meeting of Board of Directors  
March 27, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on March 27, 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 Mike Williams, Kevin Tokarski, Jim Holcomb, Lorene Roy, Randy Rothrock, Jeff Sorrells, Jon Vallery, Susan Alexander and Herman I. Little, Jr.

The President called the meeting to order and declared it open for such business as might regularly come before it.

1. Jim Holcomb described a proposal for development of a 16.39-acre commercial tract on Rayford Road. The developer has been considering development of the property for a long time and has wanted to make sure that the property is developed with the best possible advantage to the community. Kroger has been considering several sites in the area for a store, and Kroger has expressed strong interest in the 16.39-acre tract. The discussions are moving towards an agreement, and if the Kroger store is developed and the property is built out with commercial improvements, as much as \$12.5 million of taxable value could be added to the District. This would equate to a possible \$0.02 reduction in the tax rate in the future. The initial development will include some spec space. Several banks are interested in the site, and restaurants may locate there, as well. Development of the property will require water supply capacity and storm drainage facilities. Mr. Holcomb has talked to Montgomery County about the Rayford Road paving project, and the county does not have any money to take care of drainage outfall from Rayford Road. The developer is hoping for a contract with Kroger by next month, and Kroger will want to start construction by the end of the year. There was discussion of utilities needed for the development.

2. Kevin Tokarski presented an engineer's report on the proposed commercial development. Water supply requirements for the project would be approximately 58,000 gallons per day. The District's present capacity is 14,280 gpd. It is proposed that the District buy capacity from MUD 99 that is constructing a new water plant. MUD 99 has a contract with the developer of future MUD 115 for a shared water system, and it appears there

will be capacity in the MUD 99 water plant for the District to purchase capacity. Mr. Tokarski noted that the District could purchase approximately 200 esfc, which would equate to 84,000 gallons per day. This would allow for development of the full commercial tract and will leave a small amount of water capacity available for the District. The cost of 200 esfc would be approximately \$252,633.44, based on the contract price for the MUD 99 water plant. Randy Rothrock inquired as to the source of funding for the project, and it was mentioned that the District has surplus bond funds from previous bond issues that would be available to pay for water capacity. Kevin Tokarski noted that the MUD 99 water line can be interconnected to the District's water distribution system without difficulty, and the interconnecting line can be used to supply water to the District. The line also can serve as a source of emergency water for either district under an emergency interconnect agreement. It was mentioned that the interconnection with MUD 99 may not be open continuously, but the District may elect to purchase water as necessary, leaving the interconnection closed at other times. Herman Little advised the Board that he represents MUD 99 also, and a potential exists for a conflict of interest for the attorney representing both parties to the proposed water supply agreement. The Board may at any time elect to have other legal counsel represent the District in view of such possible conflict.

The proposed water supply contract would enable MUD 99 to purchase water from the District during an initial period while the MUD 99 water plant is under construction. In view of the District's limited capacity, it would be appropriate to limit the amount of water supply to MUD 99 to approximately 30 equivalent connections, but it will be beneficial to both districts to have the proposed water supply agreement. Jeff Sorrells inquired as to whether any other districts have been contacted to supply water to the District. Herman Little stated that the District is interconnected with Southern Montgomery County MUD and Spring Creek Utility District for emergencies, but neither of those districts have surplus water supply capacity because of the growth that has been and is occurring within those districts. Jon Vallery inquired as to whether the water supply agreement would be executed even if Kroger does not develop on the site. There was discussion, and the Board agreed that additional water supply capacity is desired for the District, and development of the commercial tract will require water capacity, regardless of the ultimate users.


Kevin Tokarski then reported on drainage facilities that are needed for development of the site. Previous construction at the wastewater treatment plant resulted in bypassing a storm sewer that had been blocked by tree roots. The trees were left in place to retain a visual barrier around the treatment plant site. The proposed storm sewer line could be extended to provide drainage from Nanton, and the best solution for drainage in the front of Imperial Oaks would be to have a larger storm sewer in place to solve the drainage problem at the front of the subdivision. The cost of the storm sewer that would serve the commercial tract and also assist the District would be \$978,442. Mr. Tokarski noted that easements may be needed for the storm sewer line, particularly along the Faith United Methodist Church tract at the outfall to the drainage ditch. Mr. Tokarski noted on a map the areas of the District that are served by two small storm sewers at this time, both of which go north to Secola Lane. The new storm sewer would interconnect with the Imperial Oaks Boulevard storm sewer and the Nanton storm sewer and could improve drainage in the entire area. There was discussion of drainage and the funding for the project. It was mentioned that the District's surplus funds are sufficient to include the drainage project in addition to the water capacity purchase. It was mentioned that even if the Kroger store does not materialize, the storm sewer project will be needed for

development of the commercial tract, and it will provide benefits to residents in the front of the subdivision. Director Kelly made a motion to approve the proposed drainage and water supply projects and to authorize engineering planning for design of drainage facilities and water supply facilities to serve the 16.39-acre tract. The motion was seconded by Director Houston, and after discussion, the Board voted four in favor with none against the motion to approve the project and authorize engineering. Director Venema abstained from the vote.

3. There was a discussion of rules for use of Imperial Oaks Park, ball fields and recreation facilities. An athletic program is being conducted at the park early in mornings before daylight, and residents of the community have complained about noise made by the participants. It was mentioned that the organization is a commercial enterprise, and the park rules do not allow such activities. The rules prohibit any activities before daylight. No request has been made for special use of the facilities as called for in the rules. There was further discussion, and upon motion by Director Houston, seconded by Director Venema, the Board voted unanimously to direct the District's attorney to communicate with the attorney representing the organization conducting the activities and inform them that the activities are in violation of the rules, and inviting the organization to present an application for special use of the facilities.

4. Jeff Sorrells addressed the Board and expressed disagreement with an article that appeared in the recent Imperial Oaks Newsletter concerning the upcoming directors election. Mr. Sorrells stated that the Board should not have authorized the notice to be published without identifying all candidates for the election. It was mentioned that the article was published by the POA and the District did not have any responsibility for the content of the newsletter or the article. The Board did not authorize the article. There followed a discussion of comments made by persons attending the meeting and of actions taken by the Board.

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

  
Secretary