

# RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

April 3, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on April 3, 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 Mike Williams, Anthea Moran, Jon Vallery, Lorene Roy, Randy Rothrock and Herman I. Little, Jr.

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

1. Anthea Moran presented a tabulation of bids that have been received for the District's \$3,240,000 Waterworks and Sanitary Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2006A. Nine bids were received. The Board reviewed the tabulation of bids and noted that the bid of Southwest Securities with a net effective interest rate of 4.454688% is the lowest bid and should be accepted. It was mentioned that the number of bidders indicated that there is great interest by the District's bonds in the market at this time.

2. The Board considered an Order Awarding Sale of the District's Series 2006A Bonds. Upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to approve the Order Awarding Sale of Bonds to Southwest Securities, which Order is attached to the minutes.

3. The Board considered a Bond Order for the Series 2006A Bonds. It was mentioned that the District's covenants with the bondholders include the promise to repay the bonds and the promise in each year to levy a debt service tax sufficient to pay the bonds. The District must take all actions necessary to retain the tax exempt status of interest on the bonds. Continuing disclosure of information will be required according to securities laws applicable to the District as with previous bond issues. After discussion, upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to adopt the Bond Order for the Series 2006A Bonds, which Order is attached to the minutes.

4. It was mentioned that the District will require a Paying Agent/Registrar Agreement with J.P. Morgan Chase Bank, N.A. The bank has served as paying agent/registrar

for the District's previous bond issues. After discussion, upon motion by Director Venema, seconded by Director Finley, the Board voted unanimously to approve the Paying Agent/Registrar Agreement with J.P. Morgan Chase Bank, N.A. and authorized signing the Agreement.

5. It was mentioned that the District will require an Official Statement for the Series 2006A Bonds. The Preliminary Official Statement has been approved, and changes will be made to reflect the actual terms of the bond issue according to the bid approved by the Board. After discussion, upon motion by Director Houston, seconded by Director Finley, the Board voted unanimously to approve preparation and distribution of the Official Statement for the Series 2006A Bonds.

6. The Board noted that the TCEQ's Order approving the bond application and authorizing issuance of the bonds requires that certain bond proceeds be held in escrow until additional information is submitted to the TCEQ and approved. After discussion, upon motion by Director Finley, seconded by Director Houston, the Board voted unanimously to adopt the Escrow Order for the Series 2006A Bonds, which Order is attached to the minutes, providing for the escrow of funds with Texas State Bank as required by the TCEQ.

7. The Board considered a Resolution Authorizing Actions Necessary for Delivery of the Series 2006A Bonds. Upon motion by Director Finley, seconded by Director Venema, the Board voted unanimously to adopt the Resolution Authorizing Actions Necessary for Delivery of the Bonds.

8. Mike McCall addressed the Board and presented a proposal to perform certain agreed upon procedures relating to the Series 2006A Bonds and the developer reimbursement with proceeds of the bonds. TCEQ rules require that an auditor review the developer's reimbursement request and interest calculations to ensure that the payments made by the District conform to law and the TCEQ's approving order. Mr. McCall has provided these services to the District in the past, and the fee is estimated to be between \$4,000 and \$6,000. After discussion, upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to engage McCall Gibson & Company to perform agreed upon procedures relating to expenditure of funds from the Series 2006A Bonds.

9. The Board reviewed a Drainage Improvements Financing Contract with Rayford Land Investments, No. 2. At the last meeting Jim Holcomb presented a proposal for development of a 16.39-acre reserve on Rayford Road for a Kroger Signature Store and other commercial improvements. Construction of a storm sewer line will be necessary for development of the property. The District engineers had presented a proposal relating to construction of the storm sewer for the commercial tract and noted that extending the storm sewer into Imperial Oaks would provide alternative storm water flows from areas within Imperial Oaks, Sections One and Two. Mr. Holcomb stated that his partnership would agree to provide funding initially for the project until the District has obtained approval for expenditure of funds for the project by the TCEQ. The Drainage Improvement Financing Contract is similar in form to the previous financing contracts that the District has had with developers relating to construction of water, sewer and drainage facilities in the District. The District has authorized developers to pay for design and construction of facilities, and upon completion, the District has

obtained TCEQ approval to issue bonds to reimburse the developer for the facilities.

In this case, the District has no remaining bond authority, but the District bookkeeper has reported that there are sufficient surplus bond funds to allow for design and construction of the storm sewer project. The contract will enable the District to have the line designed and construction initiated by the developer pending TCEQ review and approval of an application to spend surplus funds for the project. It was mentioned that Kroger Texas, L.P. will be participating in the development and will be participating in the storm sewer project, as well. A Drainage Improvement Financing Contract has been prepared for Kroger Texas, L.P., and the two contracts are identical in content. After discussion, upon motion by Director Houston, seconded by Director Finley, the Board voted unanimously to approve and authorize signing a Drainage Improvements Financing Contract with Rayford Land Investments, No. 2 and a Drainage Improvements Financing Contract with Kroger Texas, L.P.

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

  
Secretary