

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

April 10, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on April 10, 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

and the following absent:

Charles W. Venema, Director

Also present were Vickey Sullivan, Mike Williams, Lonnie Wright, Bill Russell, Frank Mitchell, James Light, 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 on March 13, March 27 and April 3, 2006 were presented and reviewed. Upon motion by Director Houston, seconded by Director Finley, the Board voted unanimously to approve the minutes of the meetings as presented.

2. Vickey Sullivan presented a tax assessor/collector's report. 2005 taxes are 95.5% collected. Ms. Sullivan noted that many requests for refunds had been made due to many taxpayer requests for homestead exemptions that had been filed late. Ms. Sullivan noted that a taxpayer had requested an opportunity to pay taxes in installments. The taxpayer has been ill and submitted an initial payment of \$2,000 and proposes to pay the balance of taxes in payments of \$200 per month. After discussion, upon motion by Director Finley, seconded by Director Houston, the Board voted unanimously to approve the taxpayer's request for installment payments. Ms. Sullivan presented correspondence from a taxpayer who did not receive the tax statement on a timely basis. There was discussion, and upon motion by Director Kelly, seconded by Director Houston, the Board voted unanimously to approve waiver of penalties and interest associated with the late payment of taxes. 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 has 3,313 connections. The District collected water and wastewater revenues of \$118,776.14 and had total revenues during the month of \$144,528.14. 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 53% of permitted capacity. 27 taps were made during the

month, bringing the total to 69 for the year-to-date. Upon motion duly made, seconded and unanimously carried, the Board approved the operator's report as presented.

4. Mike Williams presented a report on the Imperial Oaks parks and recreation facilities. Dead trees were removed from wetlands in several areas. A new plug outlet was installed at the pavilion. The bench at Thorsby Park was replaced. The T-Ball fields were remarked and were leveled with red clay. There was discussion of procedures for District review of applications for use of facilities. After discussion, the Board agreed that in the future, all applications regarding use of park and recreation facilities should be submitted to the operator's office.

5. Deputy Frank Mitchell presented a law enforcement report. There were two assaults, one burglary of a habitation, five burglaries of motor vehicles and four incidents of criminal mischief. There were fourteen motorist assists. One felony narcotics arrest was made, and ten misdemeanor arrests were made. One felony theft call was received regarding building materials. There was one major traffic accident, 432 traffic contacts and 313 contacts with citizens. It was mentioned that a resident of the District had requested an opportunity to discuss a neighborhood watch program. The resident was ill and unable to attend the meeting. This will be discussed at the next meeting.

6. Dan Hoffman addressed the Board and stated that he represents O-Zone Extreme Boot Camp, L.L.C., and Mr. Hoffman introduced James Scott and Octavius Scurlock, owners of the company. O-Zone uses the District's ball fields to conduct a boot camp program in early mornings several days per week. The program has been underway for some time, but the owners recently learned of the District's rules and regulations and are therefore making this appearance to request formal Board approval for use of the facilities. In response to a question by the Board, Mr. Hoffman confirmed that all participants in the program sign waivers of liability. Director Kelly stated that one or more residents have complained about noise created by the participants. Mr. Hoffman confirmed that one complaint had been received and that the location was moved away from the complainant's home. No further complaints have been received. The constables patrolling the District were contacted, and they have reported that no noise has been noticed from the activity. There was discussion, and Director Burrell stated that the Board has received the letter and request for approval, and the Board will give the matter further consideration for a decision at the next meeting. There was discussion of the business organization, and Mr. Hoffman confirmed that it is intended to be a profit-making enterprise. No advertising is used, and the only publicity is by word-of-mouth. There are five to six participants at each session with two or three instructors. If necessary, O-Zone would provide liability insurance. It was noted that many, but not all, participants are residents of Imperial Oaks. The Board will give further consideration to the proposal at the next meeting.

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 \$2,181,120.79. The capital projects fund balance is \$2,141,412.28. The general fund balance is \$583,115.05, and total general funds available are \$731,355.99 including the transfer check. Mr. Russell noted that the District is in very good shape. 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. James Light presented an engineer's report. A letter has been sent to the contractor at Water Plant No. 2 concerning the problem with the booster pump. The matter has been referred to the pump manufacturer. James Light reported that the application for release of funds from escrow was sent to TCEQ earlier in the day. Plans for Rayford Road improvements are 90% complete. There has been no change in the status of plans for the Robinson Road project.

The engineers are designing the Imperial Oaks, Sections One and Two drainage improvements that will be financed initially by Jim Holcomb and Kroger. Construction can be expected to start in September with completion by October, weather permitting. The District will be asking for a meeting with representatives of Faith United Methodist Church concerning a drainage easement to be requested on the back of the church property. After discussion, Director Houston volunteered to accompany the engineers to a meeting with the pastor of the Church. Upon motion duly made, seconded and unanimously carried, the Board approved the engineer's report as presented.

9. The Board considered an Order Authorizing Application for TCEQ Approval for Expenditure of Surplus Funds. It was mentioned that the application will include funding to purchase water capacity from Montgomery County Municipal District No. 99 and funding for the drainage improvements in Imperial Oaks, Sections One and Two. Upon TCEQ approval of the surplus funds application, the District will pay MUD 99 for water capacity, and the District will assume responsibility for payment for design and construction of the drainage improvements. After discussion, upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to approve the Order Authorizing Application for TCEQ Approval for Expenditure of Surplus Funds, which Order is attached to the minutes.

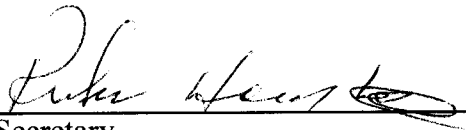
10. Jim Holcomb presented a developer's report. Mr. Holcomb reported that a grass fire had been extinguished earlier in the day in the area of construction in the new sections. The housing market continues to be very good. The well at Montgomery County MUD No. 99 is under construction. The well will provide water to be purchased by the District, and it will facilitate an emergency water interconnect agreement between the District and MUD 99 for the future benefit of both districts.

11. The Board considered an Order Appointing Election Official. The Order will appoint Myra Santana as the District's early voting clerk. Upon motion by Director Kelly, seconded by Director Finley, the Board voted unanimously to adopt the Order Appointing Election Official, which Order is attached to the minutes.

12. The Chair called for customer inquiries. Jon Vallery inquired as to the possible location of the Kroger Store at Fox Run. Jim Holcomb noted that this is incorrect information. The Kroger Store will be located in Imperial Oaks. Mr. Vallery stated that he had requested copies of bookkeeper's reports for three meetings. Herman Little reported that the copies had been mailed to Mr. Vallery, but additional copies will be supplied. Randy Rothrock inquired concerning expenditure of surplus funds. Mr. Rothrock inquired as to the possibility of spending surplus funds for projects other than water capacity and drainage improvements. Herman Little reported that the District's surplus funds resulted from bonds issued to pay for water, sanitary sewer and storm drainage facilities. On several occasions, the District's bond

issue expenditures did not require all funds that had been included in the financings. The result is that funds were not expended for the proposed water, sanitary sewer and storm drainage projects, and under rules of the TCEQ, the District may spend the funds for other water, sewer and drainage projects, subject to approval of the projects and expenditures by the TCEQ. Dan Agans stated that he had experience with school districts and understood that surplus funds could only be used for specific projects. Herman Little reported that the TCEQ rules allow surplus funds to be spent for improvements to the District's water, sanitary sewer and storm drainage system, subject to approval by TCEQ of project and the expenditures.

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


Secretary