

RAYFORD ROAD MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors
May 22, 2006

The Board of Directors ("Board") of Rayford Road Municipal Utility District ("District") met on May 22, 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
Rufus Houston, Secretary
Dwayne Finley, Director
Charles W. Venema, Director

and the following absent:

Jake L. Kelly, Sr., Vice President

Also present were Bill Russell, Vickey Sullivan, Jon Vallery, Mike Williams, Lorene Roy, Lonnie Wright, Randy Rothrock, Fred Sunderman, Mike Smith, Danny Agans, Jeff Sorrells, Jim Fisher, Katie Agans 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. It was mentioned that the purpose of the meeting is to review results of the directors election and to adopt an Order Declaring Results of the Election. The Board then reviewed official returns by the Montgomery County Elections Administrator reflecting the results of the election. The Board noted that Danny E. Agans had received the most votes for Position No. 3, Michael Smith had received the most votes for Position No. 4, and Jon Vallery had received the most votes for Position No. 5. The Board then reviewed an Order Declaring Results of Directors Election, and upon motion by Director Venema, seconded by Director Houston, the Board voted unanimously to adopt the Order Declaring Results of Directors Election, which Order is attached to the minutes.

2. Director Burrell expressed congratulations to the newly elected directors. The Board then presented Certificates of Election to Mr. Agans, Mr. Smith and Mr. Vallery.

3. The Board reviewed qualifications and oaths of office of the newly elected directors. Herman Little advised the Board that Mr. Agans, Mr. Smith and Mr. Vallery had submitted qualification letters, statements of elected officer and oaths of office. Each of the qualifications and oaths are in proper legal form, and the attorney recommended that the Board approve the qualifications and oaths of office as presented. Upon motion by Director Houston, seconded by Director Venema, the Board voted unanimously to approve the qualifications and oaths of office of Danny E. Agans, Michael Smith and Jon Vallery. Mr. Finley stated that he had served as the District's law enforcement liaison for the past four years and presented to the Board

his file pertaining to law enforcement matters of the District, and Mr. Finley expressed his congratulations to the newly elected directors. Mr. Houston stated that he had served as a director for eight years and expressed appreciation for the support and encouragement of the community and the District's consultants during that time.

4. It was mentioned that the Board should elect officers, including a president, vice president and secretary of the board. Director Vallery then nominated Director Agans to serve as president of the Board. Director Venema nominated Director Burrell to serve as president. No further nominations were presented, and upon a vote by the Board, Director Agans was elected president of the Board.

Director Agans then called for nominations for the office of vice president. Director Vallery nominated Mike Smith. There were no further nominations, and a vote was called, and Director Smith was elected vice president of the Board.

Director Agans then called for nominations for the office of secretary of the Board. Director Smith nominated Jon Vallery to serve as secretary. There were no further nominations, and upon a vote, the Board elected Director Vallery secretary of the Board.

It was mentioned that the Board should appoint an investment officer. Herman Little reported that Bill Russell had previously served as the District's investment officer. After discussion, upon motion by Director Venema, seconded by Director Agans, the Board voted unanimously to appoint Bill Russell as the District's investment officer.

5. Bill Russell and Vickey Sullivan then presented bank resolution forms and signature cards for signing by the newly elected directors. It was mentioned that all checks of the District must be signed by a minimum of three directors. The Board then completed appropriate resolutions and signature documents for the District's depository banks.

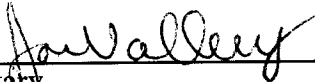
The Chair then recognized Frederick Sunderman, and Mr. Sunderman addressed the Board saying that he is the Republican Precinct Chairman of Precinct 46. Mr. Sunderman stated that he had requested copies of public records of the District, being the District's check register, by letter dated April 25, 2006. The District's attorney responded to the letter on May 4, 2006 and presented a statement of expenses that would be incurred by the District for preparation of copies of the requested information. Mr. Sunderman stated that he had only requested the District's check register and stated that most government officials are not aware of expenditures that are being made, particularly in light of tax increases of 5% per year. Mr. Sunderman stated that he had requested a partition of his request for public information and stated that the District is not being targeted for any purpose, but some irregularities have been found in expenditures by other districts. Mr. Sunderman stated that he wants everything to be more open with information to be shared with the community. There was discussion, and upon motion by Director Vallery, seconded by Director Venema, the Board voted unanimously to approve preparation by the tax assessor/collector, operator and bookkeeper of information requested by Mr. Sunderman and deliveries of the information upon payment of the charges described in the statement.

6. Herman Little addressed the Board and presented director policy notebooks to each of the directors. Mr. Little stated that the notebooks include many of the

District's organizational documents and contracts and stated that he would be pleased to meet with the directors at any time to describe the District's organization and legal responsibilities. There was discussion of the schedule for the next meeting to be held on June 12, 2006. It was mentioned that Director Smith would not be present at the meeting, but after discussion, the Board agreed that the meeting will be held on Monday, June 12, 2006 as planned. The Board noted that for the June 12 agenda, there should be an item for appointment of a law enforcement liaison. This person would serve as a contact person with Constable Holifield's office and would be a point of contact for customers of the District who are concerned about law enforcement issues. Herman Little then presented an outline of times pending for Board action or approval.

7. Lonnie Wright addressed the Board and stated that the operator will be making preparations for protection of District facilities in view of the coming hurricane season. Mr. Wright expressed a desire to conduct a tour of the District's facilities for any directors who wish to view the facilities.

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


Secretary