

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
October 20, 2006

THE STATE OF TEXAS §
COUNTY OF HARRIS §
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1 §

The Board of Directors (the "Board") of Cypress Hill Municipal Utility District No. 1 (the "District") met in regular session, open to the public, at the offices of Fulbright & Jaworski L.L.P. at 1301 McKinney, Houston, Texas, on October 20, 2006, at 11:00 a.m.; whereupon the roll was called of the members of the Board, to-wit:

Ronald S. Koehn, President
Robert Henry, Vice President
Alex Handley, Treasurer
Tim Halloran, Secretary
Jerry Bryant, Assistant Secretary

All members of the Board were present, except Director Handley. Also attending all or portions of the meeting were Ms. Wendy Austin of District Data Services, Inc., bookkeeper for the District; Mr. Mark Thorp of AquaServices L.P., operator for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Ms. Donna Bryant of Assessments of the Southwest, tax assessor-collector for the District; Mr. Craig Rathmann of Rathmann and Associates, L.P., financial advisor for the District; Mr. Bill Hixon of Cymill Partners, developer of land within the District; Mr. Chad Harkin of Kimball Hill Homes, developer of land within the District; Mr. Mark Janik and Mr. Gregory Wamhoff of Centex Homes, developer of land within the District; Ms. Gina Barnes of KB Home, developer of land within the District; Ms. Jennie Trapolino, Mr. Louis Trapolino, and Ms. Cathy Pendling of Academy Development, developer of land within the District; Deputy Steve Mills and Deputy Mike Combest, deputies for the District; and Mr. Oliver Pennington, Mr. Steve Carroll, and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order in accordance with the notice posted pursuant to law: Chapter 551, Texas Government Code and Section 49.063, Texas Water Code; (copies of certificates of posting or mailing are attached hereto as Exhibit "A"), and the following business was transacted:

1. **Minutes.** The proposed minutes of the meeting of September 15, 2006, previously distributed to the Board, were presented for review and approval. Upon motion by Director Bryant, seconded by Director Henry, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of September 15, 2006.

