

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
June 16, 2006

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

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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 June 16, 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. Also attending all or portions of the meeting were Ms. Wendy Austin of District Data Services, Inc., bookkeepers for the District; Mr. John Brock of AquaServices L.P., operators for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineers for the District; Mr. Tommy Lee of Assessments of the Southwest, tax assessor-collectors for the District; Mr. Greg Sissel of BKD, auditor for the District; Mr. Allen Schubert of Cymill Partners, developer of land within the District; Mr. Chad Harkin of Kimball Hill Homes, developer of land; Mr. Beto Bautista of Centex Homes, developer of land; Mr. Jim Pappas of Corinthian Fry Road Investors, developer of land; and Mr. Oliver Pennington 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. **Ratification of minutes of the meeting of April 21, 2006.** 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 April 21, 2006.
2. **Ratification of Accept Oaths and Election of Officers.** 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 accept the oaths of such directors, to qualify Mr. Henry, Mr. Koehn, and Mr. Halloran, and to keep the slate of officers the same.

