

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
July 21, 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 July 21, 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 Directors Henry and Halloran. 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. Jim Holcomb of Cymill Partners, developer of land within the District; Mr. Wayne McClane of Kimball Hill Homes, developer of land; Mr. Beto Bautista of Centex Homes, developer of land; Ms. Gina Barnes of KB Home, developer of land within the District; Mr. Jim Pappas of Corinthian Fry Road Investors, developer of land; Deputy James Blackledge and Deputy Mike Combest, deputies for the District; Ms. Shirley Whitley and Mr. Bob Lilienthal, residents of the District; Mr. Steven Hirshman, son of Mr. Alan Hirshman; Mr. Craig Rathman, financial advisor for the District; 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. **Minutes.** The proposed minutes of the meeting of June 16, 2006, previously distributed to the Board, were presented for review and approval. Upon motion by Director Handley, seconded by Director Bryant, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of June 16, 2006.

2. **Public Comments and letters from residents.** The President recognized Mr. Lilienthal, who reported that the grass on Skinner Road still has not been mowed. Director

