

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
January 19, 2007

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 January 19, 2007, 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., bookkeeper for the District; Mr. John Brock of AquaServices L.P., operator for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Mr. Tommy Lee of Assessments of the Southwest, tax assessor-collector for the District; Mr. Bill Hixon of Cymill Partners, developer of land within the District; Mr. Wayne McLane of Kimball Hill Homes, developer of land within the District; Mr. Gregory Wamhoff of Centex Homes, developer of land within the District; Ms. Patsy Waldrop of BKD, L.L.P., auditor 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. **Authorize purchase of property for off-site rights of way.** The President recognized Mr. Carroll, who presented to and reviewed with the Board the Memorandum on the Acquisition of Drainage, Sanitary Sewer and Water Line Easements, a copy of which is attached hereto as Exhibit "B." Mr. Carroll reported that all the drainage and sanitary sewer easements have been acquired without the need to file eminent domain proceedings. Mr. Carroll reported that one landowner requested the trees on his property not be destroyed. He reported that the landowner was to coordinate with the contractor the moving of the trees before construction begun. Mr. Carroll reported that the contractor removed the trees and that the landowner is seeking reimbursement. Mr. Carroll reported that the drainage

