

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
March 22, 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 special session, open to the public, at 14710 Mills Park Lane, Cypress Texas, on March 22, 2007, at 7:00 p.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 Mr. John Brock of AquaServices L.P., operator for the District; Mr. Alan Hirshman of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Mr. Craig Rathmann of Rathmann & Associates, L.P., financial advisor for the District; Mr. Oliver Pennington, and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District; Deputy Mike Combest, Deputy Steve Mills, Deputy James Blackledge, and Deputy William Brooks, deputies for the District; and the following residents of the District: Mr. Larry Ramirez, Ms. Paula Lilienthal, Mr. Ron Wilson, Mr. E.W. Crowder, Mr. Milton Cherrier, Mr. Bob Lilienthal, Ms. Carolyn Hoffmann, Ms. Gail Norris, Mr. Don Staas, Ms. Dorothy Staas, Mr. David Templeton, Ms. Denise Bryant, Mr. Stephen Howard, Mr. Charles Hoffman, Ms. Thelma Slater, Mr. Eddie Rucke, Mr. Robert Whitley, Mr. Christopher Gilbert, Ms. Angell Swedlund, Mr. Bob Burgess, Ms. Jan Burgess, Ms. Letitiac Powers, Ms. Grace Handley.

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. **Introduction of Board Members & Guests.** The President welcomed the residents to the meeting and introduced the District's Directors and Consultants.
2. **Purpose of a Texas MUD and its responsibilities.** The President stated the purpose of municipal utility districts is to provide water, sanitary sewer, drainage and some auxiliary services.

