

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
September 13, 2007

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 special session, open to the public, at 14710 Mills Park Lane, Cypress Texas, on September 13, 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; Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"); and the following residents of the District: Mr. Bob Lilienthal; Ms. Shirley Whitley, Ms. Gail Norris, Mr. Donald Staas, Mr. Charles Hoffman, Ms. Dena Loughlin, Mr. Mike Loughlin, Ms. Twyla Cauthen, Ms. Dorothy Staas, Ms. Thelma Slater, Ms. Tina Howard, Mr. Steve Howard, Mr. Jonathan Salvador, Ms. Jennifer Vherek, and Mr. Larry Ramirez.

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. **Planning and status of facilities for the District.** The President reported that Cymill Partners is constructing a professional building at US Highway 290 and Cypress Chase. He stated that Corinthian Fry Road Investors is developing a commercial tract across US Highway 290 at Cypress-Rosehill which has commitments from IHOP Restaurant and CVS Pharmacy. The President reported that there is a generator at Water Plant No. 2 and that the District is installing a generator at Water Plant No. 1. He stated that the District is obtaining an auxiliary generator and working on control modifications for the existing lift stations for generator hookups.

