

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
December 15, 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 December 15, 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., 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. Chad Harkin of Kimball Hill Homes, developer of land within the District; Mr. Jim Pappas of Corinthian Fry Road Investors, developer of land; Deputy James Blackledge and Deputy Kevin Lineberry, deputies 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 November 17, 2006, previously distributed to the Board, were presented for review and approval. 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 November 17, 2006, as revised.

2. **Public Comments and letters from residents.** There were no public comments or letters from residents.

3. **Security report and any necessary action.** The President recognized Deputy Blackledge, who presented to and reviewed with the Board the Security Report for

November, a copy of which is attached hereto as Exhibit "B." Deputy Blackledge reported that there was a home burglary and that activity has been busy at Wal-Mart. He stated that the two outside gas pumps at Wal-Mart are credit card only to decrease gas thefts.

Deputy Blackledge reported that there were break-ins at the commercial strip center; however, the businesses installed better locks that have prevented further break-ins.

Deputy Blackledge introduced Deputy Lineberry to the Board, who will be patrolling the District.

The Board discussed the location of the defibrillator purchased by the District and purchasing two additional defibrillators, so each patrol car would be equipped. Director Blackledge reported that the existing defibrillator is old and is in the process of being exchanged with the school district. Director Handley asked Deputy Blackledge to research the cost of new defibrillators.

Mr. Pennington asked Mr. Hixon about the progress of the new building and whether there will be space for a Constable substation. Mr. Hixon stated that an architect was about to be signed for the design. Deputy Blackledge stated that the deputies would only need a small area to allow them to put up a substation sticker.

4. **Developers' Report and reimbursement issues.** Mr. Hixon stated that he is in the process of signing up a seafood restaurant, Compass Bank and perhaps another bank or a mattress firm. He stated that the next building on Cypress Mill Place will have approximately 12,000 square feet and that he is planning to lease to an insurance company and title company.

Mr. Harkin reported that the excavation is complete at Cypress Landing Park. He stated that the plans are at the City of Houston for signature for Cypress Landing Park, which will have approximately 120 to 130 lots. Mr. Harkin reported that construction of the lift station will begin in January 2007.

Mr. Pennington reported that all but two waterline easements and a sanitary sewer line easement have been obtained for the Centex Homes and Kimball Hill Homes development. He stated that the hearings are set for December and January for the two remaining waterline easements.

Mr. Pappas reported that a contract is proceeding with International House of Pancakes for the west tract and CVS Pharmacy for the hard corner, and once signed, the funds will be released for utility construction. Mr. Pappas stated that he would advertise for bids for the utility construction per the TCEQ requirements. He stated that drainage and detention is still being analyzed for optimal efficiency and appearance. Upon motion by Director Bryant, seconded by Director Henry, after full discussion and the question being put to the Board, the Board authorized Mr. Pappas to advertise for bids for utility construction.

5. **Consider Corinthian Fry Road Investors petition for annexation and submission to the City of Houston.** No action was taken on this item.

