

MINUTES OF MEETING OF BOARD OF DIRECTORS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1
October 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 October 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. Calvin Browne of Aqua Services L.P., operator for the District; Mr. Steve Sheldon of Dannenbaum Engineering Corp. ("DEC"), engineer for the District; Ms. Donna Bryant of Assessments of the Southwest, tax assessor-collector for the District; Mr. Allen Schubert of Cymill Partners, developer of land within the District; Mr. Jimmy Pappas, developer of land within the District; Corporal Blackledge, constable for the District; Mr. Craig Rathmann of Rathmann & Associates, L.P., financial advisor for the District; Ms. Tracey Hayden of Environmental Allies; Mr. Don Staas and Ms. Dorothy Staas, residents of 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. **Public Hearing on First Amendment to Strategic Partnership Agreement with City of Houston.** The President convened the public hearing on the proposed Strategic Partnership Agreement with City of Houston. The President recognized Mr. Pennington, who presented to and reviewed with the Board the First Amendment to Strategic Partnership Agreement with the City of Houston, a copy of which is attached hereto as Exhibit "B." Mr. Pennington reported that this amendment would add The Shoppes at Fry Road, the newly annexed eleven acre tract owned by Corinthian Fry Road Investors, to the District's current Strategic Partnership Agreement with the City of Houston. Mr. Pappas reported that CVS Pharmacy and IHOP will be part of The Shoppes at Fry Road. He stated that most of the

