

CERTIFICATE FOR
ORDER SETTING TAX RATE AND
LEVYING TAX FOR 2011

THE STATE OF TEXAS
COUNTY OF HARRIS
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1

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We, the undersigned officers of the Board of Directors (the "Board") of Cypress Hill Municipal Utility District No. 1 the ("District") hereby certify as follows:

1. The Board convened in regular session, open to the public, on October 21, 2011, at 11:00 a.m. at the offices of Fulbright & Jaworski, 1301 McKinney, Suite 5100, Houston, Texas, and the roll was called of the members of the Board, to-wit:

- Ronald S. Koehn, President
- Robert Henry, Vice President
- David Templeton, Treasurer
- Tim Halloran, Secretary
- Jerry Bryant, Assistant Secretary

All members of the Board were present, except the following: Director Templeton, thus constituting a quorum. Whereupon among other business, the following was transacted at such Meeting: A written

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was duly introduced for the consideration of the Board and read in full. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of such Order, prevailed and carried by the following votes:

AYES: 4 NOES: 0

2. A true, full, and correct copy of the aforesaid Order adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in the Board's minutes of such Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such Meeting pertaining to the adoption of such Order; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of such Meeting, and that such Order would be introduced and considered for adoption at such Meeting and each of such officers and members consented, in advance, to the holding of such Meeting for such

purpose; and such Meeting was open to the public, and public notice of the time, place, and purpose of such Meeting was given, all as required by all as required by Chapter 551, Texas Government Code, as amended, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this October 21, 2011.

Tim Halloran
Secretary, Board of Directors

David Stecher
President, Board of Directors

(DISTRICT SEAL)



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WHEREAS, the Appraisal Review Board of the Harris County Appraisal District (the "HCAD") has finally approved the appraisal records of Cypress Hill Municipal Utility District No. 1 (the "*District*") and the chief appraiser of the HCAD has prepared and certified to the District's tax assessor and collector the District's tax roll for 2011;

WHEREAS, the Board of Directors (the "Board") of the District is required to levy and cause to be assessed and collected ad valorem taxes upon all taxable property within the District in sufficient amount to pay the interest on bonds issued by the District payable in whole or in part from taxes, to create a sinking fund for the payment of the principal of the bonds when due or the redemption price at any earlier required redemption date, to pay when due the other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting the taxes, full allowance being made for expected delinquencies;

WHEREAS, the Board is authorized to levy and collect a tax for operation and maintenance purposes and a tax to meet contract tax obligations; and

WHEREAS, all actions required to be taken prior to levying such taxes have been taken;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1 THAT:

I.

The Board hereby levies and causes to be assessed upon all taxable property within the District an ad valorem tax for the year 2011 (to be used for calendar year 2012 debt service and fiscal year 2012 maintenance and contract obligations) at the rate of \$0.63 per \$100 assessed valuation to pay the debt service requirements on District bonds (TAX LEVY FOR BONDS); at the rate of \$0.15 per \$100 assessed valuation to pay the other contractual obligations of the District payable in whole or in part from taxes (CONTRACT TAX LEVY); and at the rate of \$0.20 per \$100 assessed valuation for operation and maintenance purposes (MAINTENANCE TAX). TOTAL TAX RATE = \$0.98 per \$100 assessed valuation. Such total tax rate shall consist of:

\$0.63 per \$100 assessed valuation, which shall, pursuant to the Texas Property Tax Code, comprise the District's Debt Tax and shall be the rate that will impose the amount of taxes needed to pay the District's debt service; and

\$0.20 per \$100 assessed valuation, which shall, pursuant to the Texas Property Tax Code, comprise the District's Operation and Maintenance Tax and shall be the rate that will impose the amount of taxes needed to

fund maintenance and operation expenditures of the District for the next year.

\$0.15 per \$100 assessed valuation, which shall, pursuant to the Texas Property Tax Code and the Plan of Arrangements approved by the Federal Bankruptcy Court, comprise a portion of the District's debt service tax rate (the "Contract Tax") and shall be the rate that will impose the amount of taxes needed to fund Contract Tax of the District for the next year.

II.

Taxes shall be due and payable on receipt of the tax bill and shall be paid on or before January 31, 2012 or as otherwise provided by section 31.02 of the Texas Property Tax Code.

III.

The Tax Assessor and Collector for the District is hereby authorized and instructed to proceed to collect the aforesaid tax upon the basis of this Order.

IV.

Pursuant to Section 49.455 of the Texas Water Code, the District has filed an Amended Information Form indicating the most recent rate of District taxes on property located in the District. If such rate is changed by this Order, the District shall file within seven days an amendment to such Information Form indicating that the most recent rate of District taxes on property located in the District is \$0.98 per \$100 assessed valuation.

V.

The President or the Vice President and Secretary or Assistant Secretary are authorized on behalf of the Board to evidence adoption of this Order and to do any and all things appropriate or necessary to give effect to the intent hereof.

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