

MINUTES OF MEETING OF BOARD OF DIRECTORS  
CYPRESS HILL MUNICIPAL UTILITY DISTRICT NO. 1  
October 29, 2012

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 26281 Northwest Freeway, Suite A-550, Cypress, Texas, on October 29, 2012, at 6:00 p.m.; whereupon the roll was called of the members of the Board, to-wit:

Ronald S. Koehn, President  
Robert Henry, Vice President  
Eddie Rucker, 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. Don Laham, Mr. Randy Pennell, Ms. Norma Hulén, Mr. Dave Novitski, Mr. James Martin, Mr. Suresh Shah, Ms. June Lohman, District residents; Ms. Roxanne Martinez of Sterling Association Services, Inc., property manager for the Sydney Harbour Homeowners Association; and Ms. Kathleen Ellison of Fulbright & Jaworski L.L.P. ("F&J"), attorney for the District.

The meeting was called to order in accordance with 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. **Adopt Policy on Structures in Sydney Harbour Drainage Easement.**  
The President opened the floor to public comments. The Sydney Harbour residents discussed the status of building in the 14 foot drainage easement along the lakes in Sydney Harbour. They discussed the fact that there are encroachments in the 14-foot drainage easement. Mr. Novitski and Mr. Martin discussed their involvement in the Sydney Harbour Homeowners Association Advisory Committee, which has recommended that certain encroachments in the 14-foot drainage easement not be approved by the Homeowners Association. Mr. Laham and Ms. Hulén said that they have been told by the Homeowners Association that it will not approve their plans unless the District approves the encroachment, but others continue to build in the drainage easement.

Ms. Ellison presented to and reviewed a proposed District Policy on Encroachments within Sydney Harbour Drainage Easement ("Policy"), a copy of which is

attached hereto as Exhibit "B." The Board and residents discussed the proposed policy and made alterations to it.

Upon motion by Director Koehn, seconded by Director Bryant, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Policy, as amended at the meeting.

2. **Consents to Encroachment.** Ms. Ellison presented to and reviewed a proposed Form of Consent to Encroachment ("Consent to Encroachment"), a copy of which is attached hereto as Exhibit "C." She explained that the Policy requires that a Consent to Encroachment be signed by each person seeking to encroach on the 14-foot drainage easement. 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 Consent to Encroachment for any resident who meets the requirements of the District's Policy.

3. **Harvest Bible Church payment request.** Ms. Ellison reported that the bookkeeper asked Harvest Bible Church to make a payment based on an estimate of remaining costs for the construction of utilities to serve its property. She reported that Harvest Bible Church has asked to defer payment until the actual remaining costs are known. It was the consensus of the Board to permit Harvest Bible Church to defer payment until the costs are known.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on November 16, 2012.

  
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President, Board of Directors

ATTEST:

  
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Secretary, Board of Directors

(DISTRICT SEAL)

