

CERTIFICATE FOR
ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION, DROUGHT
AND EMERGENCY CONTINGENCY PLAN, PROVIDING FOR IMPLEMENTATION AND
ENFORCEMENT THEREOF; PROVIDING PENALTIES FOR VIOLATIONS; AND
CONTAINING OTHER PROVISIONS RELATED TO THE SUBJECT

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

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 special session, open to the public, on August 22, 2013, at 1:30 p.m. at the offices of Norton Rose Fulbright, 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
Eddie Rucker, Treasurer
Tim Halloran, Secretary
Jerry Bryant, Assistant Secretary

All members of the Board were present, except the following: None, 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: 5 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 August 22, 2013.


Secretary, Board of Directors


President, Board of Directors

(DISTRICT SEAL)



**ORDER ADOPTING AMENDED AND RESTATED WATER CONSERVATION,
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WHEREAS, Southeast Texas is suffering from a severe shortage of rainfall; and

WHEREAS, such shortage of rainfall has resulted in decreased supplies of potable water; and

WHEREAS, after consideration at a public meeting at which the public had an opportunity to comment, Cypress Hill Municipal Utility District No. 1 (the "*District*") has determined that the adoption of this Water Conservation, Drought and Emergency Contingency Plan (this "*Plan*") by Cypress Hill Municipal Utility District No. 1 is necessary to ensure that adequate supplies of water exist throughout the remainder of the summer and the year; and

WHEREAS, Cypress Hill Municipal Utility District No. 1 also desires to provide in the Plan for the possibility of a natural disaster or an equipment failure; and

WHEREAS, Cypress Hill Municipal Utility District No. 1 desires to evidence its approval of this Plan and to adopt such Plan as the official policy of the Cypress Hill Municipal Utility District No. 1; **NOW, THEREFORE**,

BE IT ORDERED BY THE BOARD OF THE DISTRICT THAT:

Section 1. Approval of the Plan.

Cypress Hill Municipal Utility District No. 1 hereby approves and adopts this Plan as set forth in the Order, and the provisions of such Plan shall be implemented immediately and enforced as a rule of Cypress Hill Municipal Utility District No. 1.

Section 2. The Water Conservation Plan.

A. Education and Information. Cypress Hill Municipal Utility District No. 1 hereby institutes an education program, to be implemented immediately, to promote water conservation by the general public which may include any of the following:

1. Publications of articles in a newspaper or newsletter of general circulation in Cypress Hill Municipal Utility District No. 1's service area, providing information regarding water conservation; and
2. Direct distributions to all Cypress Hill Municipal Utility District No. 1 residents and other users of water within the Cypress Hill Municipal Utility District No. 1 ("*Users*") explaining the Plan; and

3. Direct distributions to Users of education and informational material regarding water conservation;

4. Posting of water conservation information on the Cypress Hill Municipal Utility District No. 1 website; and

5. Additional educational activities consisting of (i) publishing an article or articles in a local newspaper or newsletter of general circulation in Cypress Hill Municipal Utility District No. 1's service area, providing tips or information on water saving techniques, or (ii) conducting an informational school program in a school attended by students within Cypress Hill Municipal Utility District No. 1's service area, or (iii) conducting an educational program for Users at a public place within or accessible to residents of Cypress Hill Municipal Utility District No. 1, or (iv) conducting or engaging in such other informational or educational activity designed to further water conservation, as, in the discretion of Cypress Hill Municipal Utility District No. 1, may be consistent with the purposes and policies of this Plan, or (v) any combination of the foregoing.

Section 3. Retrofit Educational Program. Cypress Hill Municipal Utility District No. 1 shall make information regarding water conservation available to Users to use when purchasing and installing various water conservation fixtures, lawn watering equipment, and other water-using appliances.

Section 4. Coordination with Regional Water Planning Groups. The District is located within Regional Water Planning Group H and the District has provided a copy of the Plan to Regional Water Planning Group H. The District will review and update the Plan to coincide with each five year planning cycle of the Region H Water Planning Group (May 1, 2014 and every five years thereafter), pursuant to 30 Texas Administrative Code Section 288.30(5) and shall make the Plan available for inspection by the Executive Director of the Texas Commission on Environmental Quality upon request.

Section 5. Requirements of North Harris County Regional Water Authority. The District is a "Customer" under the Drought Contingency Plan of the North Harris County Regional Water Authority (the "Authority") and is required to adopt a Plan with requirements at least as stringent as the requirements of the Authority's Drought Contingency Plan (the "Authority Plan"). This Plan is intended to comply with that requirement.

Section 6. The Drought Contingency Plan.

A. Public Involvement. The District shall actively inform the public and affirmatively provide opportunity for input from the public regarding the Plan. Such provision includes, but is not limited to, notifying the public of the District's public meeting regarding the proposed Plan, notice of which will be given pursuant to the Open Meetings Act.

B. Trigger Conditions. For the purpose of this Plan, the District hereby adopts the trigger conditions (the "Trigger Conditions") set forth below, which are based on a study and/or statistical analysis of the vulnerability of water sources under drought

of record conditions. These Trigger Conditions are for the purpose of responding to, but not limited to, the following situations: (a) reduction in available water supply up to a repeat of the drought of record; (b) water production or distribution system limitations; (c) supply source contamination; or (d) water system outage due to the failure or damage of major water system components (e.g., pumps).

1. Stage 1 Water Shortage. This condition (herein, “Stage 1 Water Shortage Condition”) exists when either (i) demand on the water supply facilities of the District reach or exceed eighty percent (80%) of the production capacity of such facilities for three consecutive days, as determined by the District’s operator, or (ii) the Authority determines a Stage 1 Water Shortage has occurred under the Authority Plan.

2. Stage 2 Water Shortage. This condition (herein, “Stage 2 Water Shortage Condition”) exists when either (i) demand on the water supply facilities of the District reach or exceed eighty-five percent (85%) of the production capacity of such facilities for three consecutive days, as determined by the District’s operator, or (ii) the Authority determines a Stage 2 Water Shortage has occurred under the Authority Plan.

3. Stage 3 Water Shortage. This condition (herein, “Stage 3 Water Shortage Condition”) exists when either (i) demand on the District’s water supply facilities reaches or exceeds ninety percent (90%) of the production capacity of such facilities for three consecutive days, as determined by the District’s operator, or (ii) the Authority determines a Stage 3 Water Shortage has occurred under the Authority Plan.

4. Stage 4 Water Shortage. This condition (herein, “Stage 4 Water Shortage Condition”) exists when either (i) demand on the District’s water supply facilities reaches or exceeds one hundred percent (100%) of the production capacity of such facilities for 24 hours, as determined by the District’s operator, or (ii) the Authority determines a Stage 4 Water Shortage has occurred under the Authority Plan.

C. Notice. Once one of the above Trigger Conditions has occurred, Users will be notified that such Trigger Condition has occurred and of the Drought Response Measures (as defined below) to be taken. The process for notifying Users may include any of the following:

1. Mailing, emailing, and texting of the required Drought Response Measures, a written notice to each User;
2. Posting of signs at the entrances to the District;
3. Posting of notices at public places in the District;
4. Dissemination of press releases to the local news media; and

5. Notice on websites of the District and District operator.

Any notice issued shall contain (i) the date the Drought Response Measures will begin, (ii) the date the Drought Response Measures will terminate, if known, (iii) a list of Drought Response Measures to be implemented, and (iv) an explanation of penalties for violations of such Drought Response Measures.

D. Drought Management Program. The District hereby establishes and adopts the following measures (“Drought Response Measures”) for the respective Trigger Conditions. The Drought Response Measures related to each Trigger Condition shall automatically become effective and shall be implemented by the District when such Trigger Condition occurs.

1. Stage 1 Water Shortage. In the event of a Stage 1 Water Shortage, the District’s targeted reduction in daily water demand shall be 5% of average total daily usage of water, and the following Drought Response Measures shall be taken:

a. Users will be asked to voluntarily reduce water use and will be informed of specific steps that can be taken to reduce water use.

b. Users will be asked to check for and repair all leaks, dripping faucets, and running toilets and to utilize water conservation measures such as displacement bags, low-flow shower heads and leak detection tablets;

c. Users will be asked to limit irrigation to the hours between 7:00 p.m. and 5:00 a.m. as of the following day on no more than two days per week in conformity with the following schedule (no watering on Mondays):

(1) Sundays and Thursdays for single family residential Users with even-numbered street addresses;

(2) Saturdays and Wednesdays for single family residential Users with odd-numbered street addresses;

(3) Tuesdays and Fridays for all other Users; and

d. Users shall be advised that mandatory measures may be imposed if the water shortage period continues.

2. Stage 2 Water Shortage. In the event of a Stage 2 Water Shortage, the District’s targeted reduction in daily water demand shall be 10% of average total daily usage of water, and the following Drought Response Measures shall be taken:

a. The measures established for a Stage 1 Water Shortage shall continue to be implemented, except as modified below;

b. During a Stage 2 water shortage, Users will be required to repair detectible water leaks within 72 hours of discovery; and

c. Users will be required to limit outdoor irrigation to the hours between 7:00 p.m. and 5:00 a.m. as of the following day on no more than two days per week (but possibly one day per week if determined to be necessary), in conformity with the following schedule (no watering on Mondays):

(1) Sundays and Thursdays for single family residential Users with even-numbered street addresses;

(2) Saturdays and Wednesdays for single family residential Users with odd-numbered street addresses;

(3) Tuesdays and Fridays for all other Users; and

3. Stage 3 Water Shortage. In the event of a Stage 3 Water Shortage, the District's targeted reduction in daily water demand shall be 15% of average total daily usage of water, and the following Drought Response Measures shall be taken:

a. The Drought Response Measures established for Stages 1 and 2 shall continue to be implemented, except as modified below;

b. All outdoor water use, including, but not limited to, lawn and garden watering, irrigation, filling of swimming pools, ornamental, decorative or scenic uses such as fountains, reflecting pools and water gardens, car washing, and window washing, shall be prohibited; and

c. The District shall recommend that the following public water uses not essential for public health and safety be curtailed:

(1) Street washing; and

(2) Fire hydrant flushing.

4. Stage 4 Water Shortage. In the event of a Stage 4 Water Shortage, the District's targeted reduction in daily water demand shall be 20% of average total daily usage of water, and the following Drought Response Measures shall be taken:

a. The Drought Response Measures established for Stages 1, 2, and 3 shall continue to be implemented;

b. A surcharge equal to 200% of the applicable rate for all water used in excess of 10,000 gallons/month, may be imposed on all District residents and other users of water within the District;

c. The Board of the District may prohibit water use by certain industrial or commercial Users which uses are not essential to the health and safety of the community so that remaining water is available for essential health and safety related uses;

d. The Board of the District may utilize alternative water sources and/or alternative delivery mechanisms with the prior approval of the executive director of the Texas Commission of Environmental Quality as appropriate (e.g., interconnection with another water system, temporary use of a non-municipal water supply, use of reclaimed water for non-potable purposes, etc.); and

e. The District is authorized to ration water to District residents and other users of water within the District on a pro rata basis, in accordance with Texas Water Code, Section 11.039.

Section 7. Termination of Trigger Conditions Notification. When a Trigger Condition occurs, the District shall enforce the Drought Response Measures applicable to such Trigger Condition until the later of (i) the date the Trigger Condition under the Authority's Plan has terminated, and (ii) five (5) days after the last day the demand on the District's water supply facilities reaches or exceeds the limits of such Trigger Condition; however, after such five (5) day period, the Drought Response Measures prescribed may, in the discretion of the Board, be continued for an additional five (5) day period. Thereafter, assuming no other Trigger Conditions have occurred, the Drought Response Measures prescribed shall terminate and the District shall cease implementation and enforcement of such measures. The District will notify Users of the termination of the particular Drought Response Measures and may utilize the same manner of notification used to inform Users of the occurrence of the Trigger Condition and implementation of the Drought Response Measures.

Section 8. Emergency Contingency Plan. In the event of a fire, flood, hurricane, lightning strike, tornado, windstorm, or any other act of God, riot, terrorist act, or any other act of civil disobedience, or any other similar occurrence which results in the inability of the District to provide potable water to Users (or the likelihood thereof) or in the event the Authority determines an Emergency Water Shortage has occurred under the Authority Plan, the Board, in its discretion, may, without prior notice, invoke all or any of the Drought Response Measures set forth in this Plan as "Emergency Response Measures." The Board may establish any of the penalties set forth in Section 8 for violations of the Drought Response Measures.

Section 9. Implementation.

Without limitation to specific actions stated in the Plan to be taken by Cypress Hill Municipal Utility District No. 1's operator, Cypress Hill Municipal Utility District No. 1's operator will administer this Plan. The operator shall keep adequate records for plan

verifications. Cypress Hill Municipal Utility District No. 1's operator shall report to the Cypress Hill Municipal Utility District No. 1 Board of Directors at its meetings regarding actions taken and which need to be taken under this plan. Without limiting the foregoing, Cypress Hill Municipal Utility District No. 1's operator shall advise the President of Cypress Hill Municipal Utility District No. 1 (or if the President is unavailable to receive notification, another member of Cypress Hill Municipal Utility District No. 1) as soon as reasonable practicable when a particular Drought Condition has been reached under this Plan and when a particular drought condition no longer exists. The peace officers employed by Cypress Hill Municipal Utility District No. 1 will be responsible for enforcement of this Plan, in conjunction with the President of the Board and the Security Liaison.

Section 10. Penalties.

The following penalties shall apply to anyone violating the terms of this Plan or the Drought Response Measures of Emergency Response Measures adopted pursuant hereto:

A. First Violation. Any person or entity who violates this Plan shall receive written notification of such violation, which notice shall set forth (i) the date of the violation, (ii) the nature of the violation, (iii) the Drought Response Measures then in effect, and (iv) the penalties applicable for any further violations of this Plan; provided, however, that if such person or entity has ever previously violated this Plan, the penalties set forth in Subsection B below, may, in the discretion of Cypress Hill Municipal Utility District No. 1, be imposed.

B. Subsequent Violations.

1. Monetary Penalties for Noncompliance. If any person or entity violates any provision of this Plan more than one time (which violation shall constitute an unauthorized use of Cypress Hill Municipal Utility District No. 1 services and/or facilities), then, Cypress Hill Municipal Utility District No. 1 may impose a fine of \$200 for each violation of this Plan. Each day that a breach of any provision of this Plan continues shall be considered a separate violation. This penalty shall be in addition to any other legal rights and remedies of Cypress Hill Municipal Utility District No. 1 as may be allowed by law.

2. Disconnection for Noncompliance. If any person or entity violates any provision of this Plan more than two times (which violation shall constitute an unauthorized use of Cypress Hill Municipal Utility District No. 1 services and/or facilities), then in addition to any other remedies, penalties, sanctions and enforcement procedures provided for herein, Cypress Hill Municipal Utility District No. 1 shall have the right to terminate water service to such person or entity after notice and any other procedural requirements in Cypress Hill Municipal Utility District No. 1's rate order re satisfied.

Section 11. Variances.

A. Emergency Condition. The District may, in writing, grant a temporary variance to rationing or pro rata water allocation policies adopted pursuant to this Plan, or

a temporary variance to a provision in the Plan, if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the public health, welfare, or safety and if one or more of the following conditions are met:

1. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
2. Alternative methods can be implemented which will achieve the same level of reduction in water use.

B. Petition Requirements. Persons requesting an exemption from the provisions of this Plan shall file a petition for variance with the District within 5 days after the applicable stage of the Plan has been invoked. All petitions for variances shall be reviewed by the District and shall include the following:

1. Name and address of the petitioner(s).
2. A detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Plan or rationing of water adopted by the District pursuant to this Plan.
3. Description of the relief requested.
4. Period of time for which the variance is sought.
5. Alternative measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
6. Other pertinent information.

C. Conditions of Variance. Variances granted by the District shall be subject to the following conditions unless waived or modified by the District or its designee:

1. Variances granted shall include a timetable for compliance.
2. Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 12. Remedies Cumulative. All rights, remedies, sanctions, penalties and enforcement procedures provided for in this Order are cumulative. In addition, the District shall have and may exercise and enforce any and all rights and remedies provided by law or in equity.

Section 13. Notice to Texas Commission on Environmental Quality. The District's operator shall notify the executive director of the Texas Commission on Environmental Quality within five (5) business days of the implementation of any mandatory provisions of this Plan.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 22 day of August, 2013.

CYPRESS HILL MUNICIPAL UTILITY
DISTRICT NO. 1



President, Board of Directors