

CERTIFICATE FOR ORDER

THE STATE OF TEXAS

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COUNTY OF HARRIS

I, the undersigned officer of the Board of Directors (the "Board") of Northwest Harris County Municipal Utility District No. 16 (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on June 20, 2005, at the regular meeting place, outside the boundaries of the District, and the roll was called of the members of the Board, to-wit:

Robert L. Carlile, Jr.	President
Randy M. Ellis	Vice-President
David C. McCoy	Secretary
Scott Christian	Assistant Secretary
Steve Strange	Assistant Secretary

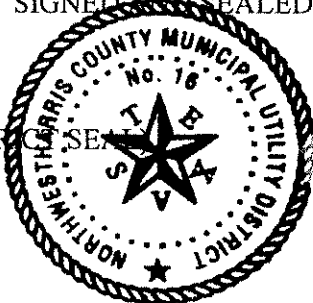
All of the members of the Board were present, except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting: A written

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

was duly introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted; and after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried unanimously.

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; that the Order has been duly recorded in the Board's minutes of the meeting; that 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; that 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 the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and by Section 49.063, Texas Water Code.

SIGNED AND SEALED this 20th day of June, 2005.




Secretary, Board of Directors

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

WHEREAS, the Board of Directors (the "Board") of Northwest Harris County Municipal Utility District No. 16 (the "District") has carefully considered the current water conditions in the District and area-wide and has determined that the adoption of an Amended Water Conservation and Drought Contingency Plan (the "Plan") by the District is necessary to ensure that an adequate supply of water is maintained; and

WHEREAS, the Board also desires to provide in the Plan for the possibility of a natural disaster or equipment failure; and

WHEREAS, the Board has previously adopted an Amended Water Conservation and Drought Contingency Plan (the "Prior Plan"), and wishes to rescind the Prior Plan; and

WHEREAS, the Board wishes to evidence its approval of the Plan and to adopt the Plan as the official policy of the District; NOW THEREFORE,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE DISTRICT THAT:

Section 1: Approval of the Plan. The Board hereby approves and adopts the Plan as set forth in Exhibit "A" attached hereto and incorporated herein for all purposes, and the provisions of the Plan shall be implemented as of May 1, 2005 and enforced as a rule of the District.

Section 2: Education and Information. The District hereby institutes an educational program, to be implemented immediately, to promote the Plan by the general public which may include any of the following:

- A. Publications of articles in a newspaper or newsletter of general circulation in the District's service area, providing information regarding the Plan; and
- B. Direct distributions to all District residents and other users of water within the District, and all wholesale water customers of the District, if any, ("Users") explaining the Plan; and
- C. Direct distributions to Users of educational and informational material regarding the Plan; and
- D. Additional educational activities consisting of (i) publishing an article or articles in a local newspaper or newsletter of general circulation in the District'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 the District's service area, or (iii) conducting an educational program for Users at a public place within

or accessible to residents of the District, or (iv) conducting or engaging in such other informational or educational activity designed to further the Plan as, in the discretion of the Board of Directors, may be consistent with the purposes and policies of this Plan, or (v) any combination of the foregoing.

Section 3: Coordination with Regional Water Planning Groups. The water service area of the District is located within the Region H Regional Water Planning Group and the District has provided a copy of the Plan to the Region H Regional Water Planning Group.

Section 4: Public Involvement. The District has informed the public and wholesale water customers, if any, and affirmatively provided opportunity for input from the public and from wholesale water customers, if any, regarding the Plan. Such provision included notifying the public and wholesale water customers, if any, of the District's public meeting regarding the proposed Plan, notice of which was given pursuant to the Open Meetings Act.

Section 5: Implementation. Without limitation to specific actions stated in the Plan to be taken by the District's operator, the District's operator will administer and enforce the Plan, and will oversee and be responsible for the execution and implementation of all elements of the Plan (or, if the District employs its own peace officers pursuant to Texas Water Code, Section 49.216, such peace officers will be responsible for enforcement of the Plan). The operator shall keep adequate records for Plan verification. The District's operator shall report to the Board of the District, at meetings of the Board, regarding actions taken and which need to be taken under the Plan. Without limiting the foregoing, the District's operator shall advise the President of the Board (or if the President is unavailable to receive notification, another member of the Board) as soon as reasonably practicable when a particular Trigger Condition (as defined in the Plan) has been reached under the Plan and when a particular drought condition no longer exists.

Section 6: Penalties. The following penalties shall apply to anyone violating the terms of the Plan or the Drought Response Measures or Emergency Response Measures (as defined in the Plan) adopted pursuant thereto;

A. First Violation. Any person or entity who violates the 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 the Plan; provided, however, that if such person or entity has ever previously violated the Plan, the penalties set forth in Subsection B.2 below, may, in the discretion of the Board, be imposed.

B. Subsequent Violations.

1. Disconnection for Noncompliance. If any person or entity violates any provision of the Plan more than one time (which violation shall constitute an unauthorized use of District services and/or facilities), then in addition to any other remedies, penalties, sanctions and enforcement procedures provided for herein, the District shall have the right to terminate water service to such person

or entity after notice is provided and any other applicable procedural requirements in the District's Rate Order are satisfied.

2. Monetary Penalties for Noncompliance. If any person or entity violates any provision of the Plan more than one time (which violation shall constitute an unauthorized use of District services and/or facilities), then, in addition to disconnection as provided in Subsection B.1 of this Section, the Board of the District, after providing required notice, may impose a penalty of up to \$5,000.00 for each violation of the Plan. Each day that a breach of any provision of the Plan continues shall be considered a separate violation. This penalty shall be in addition to any other legal rights and remedies of the District as may be allowed by law.

Section 7: Variances. The District may, in writing, grant a temporary variance to rationing or pro rata water allocation policies adopted pursuant to the 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:

- (a) Compliance with the Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect; or
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of the Plan shall file a petition for variance with the District within 5 days after pro rata allocation has been invoked. All petitions for variances shall be reviewed by the District and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) For District residents and other users of water within the District, 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 the Plan or rationing of water adopted by the District pursuant to the Plan.
- (c) For wholesale water customers, if any, a detailed statement with supporting data and information as to how the pro rata allocation of water under the policies and procedures established in the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with the Plan.
- (d) Description of the relief requested.
- (e) Period of time for which the variance is sought.
- (f) Alternative measures the petitioner is taking or proposes to take to meet the intent of the Plan and the compliance date.
- (g) Other pertinent information.

Variances granted by the District shall be subject to the following conditions unless waived or modified by the District or its designee:

- (a) Variances granted shall include a timetable for compliance; and
- (b) 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 the Plan occurring prior to the issuance of the variance.

Section 8: Receiving Water from Wholesale Public Water Supplier. In case the District receives water from another water supplier, then the District shall consult with that water supplier in order to respond appropriately to the water supplier's drought contingency plan for reductions in water supply. Also in such case, if the other water supplier implements drought response stages pursuant to its drought contingency plan, the District will evaluate implementing its drought response stages and evaluate the need to discourage excessive use of water in an effort to reduce the use of water.

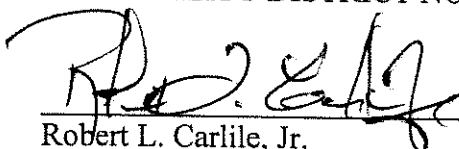
Section 9: Remedies Cumulative. All rights, remedies, sanctions, penalties and enforcement procedures provided for in this Order are cumulative. In addition, the District shall have and may exercise and enforce any and all rights and remedies provided by law or in equity.

Section 10: 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.

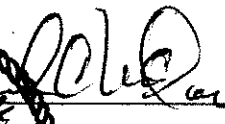
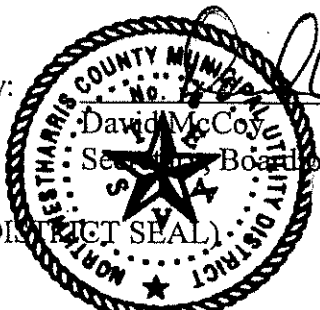
Section 11: Wholesale Customer Contracts: If the District enters into or renews any wholesale water contracts after adoption of the Plan, said contracts shall include a provision that in case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code, Section 11.039.

PASSED and APPROVED this 20th day of June, 2005, but effective as of May 1, 2005.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 16

By: 
Robert L. Carlile, Jr.
President, Board of Directors

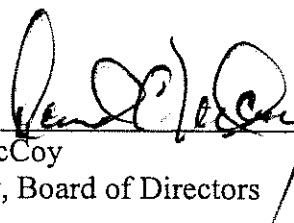
ATTEST:

By: 
David McCoy
Secretary, Board of Directors

(DISTRICT SEAL)

CERTIFICATION

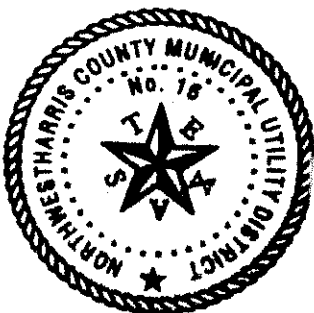
I, the undersigned Secretary of the Board of Directors of Northwest Harris County Municipal Utility District No. 16, hereby certify that the foregoing is a true and correct copy of the Order Adopting Amended Water Conservation and Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject, that was approved by the Board of Directors of said District on June 20, 2005, and said rules are currently in effect.

Witness my hand and the official seal of said District this _____ day of _____, 2005.



David McCoy
Secretary, Board of Directors

(SEAL)



NORTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 16

AMENDED
WATER CONSERVATION and DROUGHT CONTINGENCY PLAN

June 20, 2005

EXHIBIT **A**

1. WATER CONSERVATION PLAN

1.1 PURPOSE

- (1) This Plan sets forth uniform requirements, guidelines and recommendations for water conservation and drought contingency for Northwest Harris County Municipal Utility District No. 16 (the "District") and will enable the District to comply with all applicable requirements and recommendations of the Texas Commission on Environmental Quality and its successors (the "Commission").
- (2) The objectives of this plan are:
 - (a) To inform and educate the public about water conservation and drought contingency aspects and methods;
 - (b) To conserve water by informing and educating the public about new water saving performance standards for plumbing features;
 - (c) To improve water use efficiency in existing buildings by recommending guidelines;
 - (d) To adopt and implement a water rate structure for the District in order to encourage users to conserve water;
 - (e) To require Utility Personnel to inspect, repair and replace water meters throughout the District for accurate water meter reading;
 - (f) To encourage water conserving landscaping;
 - (g) To require Utility Personnel to detect water leaks in the District water pipes and find other sources of unaccountable water;
 - (h) To encourage the District and commercial and industrial establishment to recycle and reuse water in aesthetic ponds, fountains and for irrigation when possible;
 - (i) To adopt standards and trigger conditions for water levels, in the District's existing water wells for awareness of drought, and to adopt drought contingency measures; and
 - (j) To implement and enforce, when possible, all aspects of a water conservation and drought contingency plan.

1.2 GOALS

The goal of the District is to reduce water consumption by its residents and facilities by using water conserving fixtures and encouraging water conservation habits. This goal should enable the District to reduce its seasonal peaks and help the District remain within its designed capacity.

The District's per capita use over the last five years is 119 gallons per day, which is well below the State of Texas (the "State") average of 130 gallons per day. The goal of this Plan is to reduce per capita usage to an even lower figure.

The goal of this plan is to reduce per capita water usage by 10% which would result in a per capita savings of 12 gallons per day.

Water usage will be recorded daily and compiled monthly from the meter at the water plant. A record of water billings to the customers will be recorded monthly and the billed versus production will be used to determine the percent of water accountability. All of the monthly reports will be compiled on an annual basis and reviewed at this time each year.

Overall water usage will be compared using the monthly and yearly reports, taking weather conditions into consideration, to determine the results of water conservation. Due to the varying amounts of rainfall received in the Houston area, a comparison over a longer period of time, probably five (5) years, may be necessary for an accurate assessment.

1.3 DEFINITIONS

Unless the context specifically indicates otherwise, the following terms and phrases shall have the meaning hereinafter designated:

- | | | |
|-----|-------------------|---|
| (a) | District | Northwest Harris County Municipal Utility District No. 16 and any authorized person acting in its behalf. |
| (b) | Utility Personnel | Authorized employee(s) of the Operator of the District's System and District Directors or Personnel. |
| (c) | System | The District's water supply, wastewater, and water distribution facilities. |
| (d) | GPM | Gallons per minute. |
| (e) | MGD | Million gallons per day. |

2. Install a low-flow shower head which restricts the quantity of flow at 60 PSI to no more than 3.0 gallons per minute.
3. Take short showers and install a cutoff valve or turn the water off while soaping and back on again only to rinse.
4. Do not use hot water when cold will do. Water and energy can be saved by washing hands with soap and cold water; hot water should only be used when hands are especially dirty.
5. Reduce the level of the water being used in a bath tub by one or two inches if a shower is not available.
6. Turn water off when brushing teeth until it is time to rinse.
7. Do not let the water run when washing hands. Instead, hands should be wet, and water should be turned off while soaping and scrubbing and turned on again to rinse. A cutoff valve may also be installed on the faucet.
8. Shampoo hair in the shower. Shampooing in the shower takes only a little more water than is used to shampoo hair during a bath and much less than shampooing and bathing separately.
9. Hold hot water in the basin when shaving instead of letting the faucet continue to run.
10. Test toilets for leaks. To test a leak, a few drops of food coloring can be added to the water in the tank. The toilet should not be flushed. The customer can then watch and see if the coloring appears in the bowl within a few minutes. If it does not, the fixture needs adjustment or repair.
11. Use a toilet tank displacement device. A one gallon plastic milk bottle can be filled with stones or with water, recapped, and placed in the toilet tank. This will reduce the amount of water in the tank but still provide enough for flushing.
12. Install faucet aerators to reduce water consumption.
13. Never use the toilet to dispose of cleaning tissues, cigarette butts or trash. This can waste a great deal of water and also poses an unnecessary load on the sewage treatment plant.

14. Install a new low-volume flush toilet that uses 1.6 gallons or less per flush when building a new home or remodeling a bathroom.

(b) In the Kitchen:

1. Use a pan of water (or place a stopper in the sink) for rinsing pots and pans and cooking implements when washing rather than turning on the water faucet each time a rinse is needed.
2. Never run the dishwasher without a full load. In addition to saving water, expensive detergent will last longer and a significant energy savings will appear on the utility bill.
3. Use the sink disposal sparingly, and never use it for just a few scraps.
4. Keep a container of drinking water in the refrigerator. Running water from the tap until it is cool is wasteful. Better still, both water and energy can be saved by keeping cold water in a picnic jug on a kitchen counter to avoid opening the refrigerator door frequently.
5. Use a small pan of cold water when cleaning vegetables rather than letting the faucet run.
6. Use only a little water in the pot and put a lid on it for cooking most food. Not only does this method save water, but food is more nutritious since vitamins and minerals are not poured down the drain with the extra cooking water.
7. Use a pan of water for rinsing when hand washing dishes rather than a running faucet.
8. Always keep water conservation in mind, and think of other ways to save in the kitchen. Small kitchen savings from not making too much coffee or letting ice cubes melt in sink can add up in a year's time.

(c) In the Laundry:

1. Wash only a full load when using an automatic washing machine (32 to 59 gallons are required per load).
2. Use the lowest water level setting on the washing machine for small loads whenever possible.

3. Use cold water as often as possible to save energy and to conserve the hot water for uses which cold water cannot serve.

(d) For Appliances and Plumbing:

1. Check water requirement of various models and brands when considering purchasing any new appliance that uses water; some use less water than others.
2. Check all water line connections and faucets for leaks
3. Learn to replace faucet washers so that drops can be corrected promptly. It can represent a substantial amount saved in plumbing and water bills.
4. Check for water leakage between the water meter and the home. To check for water leakage, turn off all indoor and outdoor faucets. If the water meter continues to run or turn, a leak probably exists and needs to be located by a plumber.
5. Insulate all hot water pipes in the winter to avoid the delays (and wasted water) experienced while waiting for the water to "run hot".
6. Be sure that the hot water heater thermostat is not set too high. Extremely hot settings waste water and energy because the water often has to be cooled with cold water before it can be used.
7. Use a moisture meter to determine when house plants need water. (More plants die from over watering than from being on the dry side.)

(e) For Out-of-Door Use:

1. Water lawns early in the morning before 9:00 a.m. and later in the evening (not before 7:00 p.m.) during the hotter summer months. Much of the water used on the lawns can simply evaporate between the sprinkler and the grass.
2. Use a sprinkler that procedures large drops of water, rather than a fine mist, to avoid evaporation.
3. Turn soaker hoses so the holes are on the bottom to avoid evaporation.

4. Water slowly for better absorption, and never water on windy days.
5. Do not water the street or walks or driveways.
6. Condition the soil with compost before planting grass or flower beds so that water will soak in rather than run off.
7. Fertilize lawns at least twice a year for root stimulation. Grass with a good root system makes better use of less water.
8. Learn to know when grass needs watering. If it has turned a dirty grey green or if footprints remain visible, it is time to water.
9. Do not water lawns too frequently. Too much water can overload the soil so that air cannot get to the roots and can encourage plant diseases.
10. Do not over-water. Soil can absorb only so much moisture and the rest simply runs off. A timer will help, and either a kitchen timer or an alarm clock will do. An inch and one half of water applied once a week will keep most Texas grasses alive and healthy.
11. Operate automatic sprinkler systems only when the demand on the area's water supply is lower: set the system to operate between 4:00 and 6:00 a.m.
12. Do not scalp lawns when mowing during hot weather. Taller grass holds moisture better. Rather, grass should be cut fairly often so that only $\frac{1}{2}$ to $\frac{3}{4}$ inch is trimmed off. A better looking lawn will result.
13. Use a watering can or hand water with the hose in small areas of the lawn that need more frequent water (those near walks or driveways or in especially hot, sunny spots).
14. Learn what types of grass, shrubbery, and plants do best in the area and in which parts of the lawn, then plant accordingly. For example, if one has heavily shaded yard, no amount of water will make roses bloom. In especially dry sections of the State, attractive arrangements of plants that are adapted to arid or semi-arid climates should be chosen.
15. Consider decorating areas of the lawn with rocks, gravel, wood chips, or other materials now available that require no water at all.

16. Do not "sweep" walks and driveways with the hose. Use a broom, rake, leaf blower or vacuum instead.
17. Use a bucket of soapy water and use cut off nozzle on the hose for rinsing when washing the car.

1.6 RETROFIT OF EXISTING STRUCTURES

The District shall make information available through its public participation program (Section 1.5) for plumbers and customers to utilize when purchasing and installing plumbing fixtures, lawn watering equipment or water using appliances. Information regarding retrofit devices, such as low flow shower heads or toilet dams, that reduce water use by replacing or modifying existing fixtures or appliances shall be provided. The District shall also encourage the use of the following water conserving devices: toilet displacement bottles; water closet dams; dual-flush, flow restructures; reduce-flow shower heads; shower cutoff valves; faucet aerators; pipe insulators; and water hookup pressure reducing valves.

1.7 WATER METER INSPECTION, REPAIR, AND REPLACEMENT

All water users shall be metered by the District.

A regularly scheduled maintenance program of meter repair and replacement will need to be established in accordance with the following time intervals:

- (a) Production (master) meters: test twice a year.
- (b) Meters larger than one (1) inch: test once a year.
- (c) Meters one (1) inch or smaller: test every five years or when usage reaches one million gallons.

The utility meters and the customer meters shall be checked and compared periodically. In cases of discrepancy between their sums, immediate action shall be taken for detecting and stopping leaks repairing/replacing meters.

1.8 WATER RATES STRUCTURE

The District shall maintain a conservation-oriented water rate structure. This structure shall be in the form of an increasing block water rate. As water usage increases, cost to the customer increases, thereby discouraging unnecessary water usage. A copy of the District's current water rate schedule is attached as Appendix "A".

1.9 LEAK DETECTION AND REPAIR

The District shall be responsible for an annual water accounting program. Utility Personnel shall detect unaccountable water sources such as defective hydrants, abandoned services, unmetered water used for fire fighting or other municipal uses, inaccurate or leaking meters, illegal hookups, unauthorized use of fire hydrants, and leaks in mains and services. The Operator shall provide detailed data to manage and record all leaks in the distribution system. A progress report shall be prepared and waterlines with excess number of leaks shall be replaced.

1.10 RECYCLING AND REUSE

The District currently operates and maintains a collection system and a wastewater treatment system which allows for the reuse of water. The District shall evaluate the potential of recycling and reuse of processed wastewater for other uses in other District facilities.

2. DROUGHT CONTINGENCY PLAN

2.1 INTRODUCTION

Drought, or a number of other uncontrollable circumstances, can disrupt the normal availability of the District's water supplies. Even though the District may have an adequate water supply, the supply could become contaminated, or a disaster could destroy the supply. During drought periods, consumer demand is often significantly higher than normal. Some older systems, or systems serving rapidly growing areas, may not have the capacity to meet higher than average demands without systems failure or other unwanted consequences. System treatment, storage, or distribution failures can also present a city or utility with an emergency demand management situation.

It is important to distinguish drought contingency planning from water conservation planning. While water conservation involves implementing permanent water use efficiency or reuse practices, drought contingency plans last as long as an emergency exists. An effective drought contingency plan will need to include the following six elements:

1. Trigger conditions signaling the start of an emergency period;
2. Drought contingency measures;
3. Information and education;
4. Enforcement procedures;
5. Termination notification actions; and

6. Means of implementation.

2.2 TRIGGER CONDITIONS FOR DROUGHT

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).

Production amounts are based on a seven-day average daily demand.

1. Mild Conditions:
 - a. Water demand in the District is 0.400 MGD for five continuous days as determined by the District's operator by monitoring the District's water production information and any other appropriate information or factors; and
 - b. The water supply is inadequate to keep up with usage and water must be obtained from one or more of the District's reserve wells or from MUD 149, Barker-Cypress MUD or Langham Creek; or
 - c. Pumping level of water well #3 - 650 feet
2. Moderate Conditions:
 - a. Water demand in the District is 0.450 MGD for four continuous days as determined by the District's operator by monitoring the District's water production information and any other appropriate information or factors; and
 - b. The water supply is inadequate to keep up with usage and water must be obtained from one or more of the District's reserve wells or from MUD 149, Barker-Cypress MUD or Langham Creek; or
 - c. Pumping level of water #3 - 660 feet
3. Severe Conditions:
 - a. Water demand in the District is 0.500 MGD for three continuous days as determined by the District's operator by monitoring the

District's water production information and any other appropriate information or factors; and

- b. The water supply is inadequate to keep up with usage and water must be obtained from one or more of the District's reserve wells or from MUD 149, Barker-Cypress MUD or Langham Creek; or
 - c. Pumping level of water well #3 - 670 feet
4. Critical Conditions:
- a. Water demand in the District is 0.550 MGD for three continuous days as determined by the District's operator by monitoring the District's water production information and any other appropriate information or factors; and
 - b. The water supply is inadequate to keep up with usage and water must be obtained from one or more of the District's reserve wells or from MUD 149, Barker-Cypress MUD or Langham Creek; or
 - c. Pumping level of water well # 3 - 680 feet

2.3 DROUGHT CONTINGENCY MEASURES

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.

The following actions shall be taken by the District when Trigger Conditions are reached;

1. Mild Conditions: In the event of Mild Conditions, the District's targeted reduction in daily water demand shall be 10% as of the date of the Trigger Conditions and the following Drought Response Measures shall be taken:
 - a. Inform the public that a Trigger Condition has been reached, and that they should look for ways to voluntarily reduce water use. Specific steps which can be taken will be provided through the District's newsletter.
 - b. Notify major commercial water users of the situation and request voluntary water use reductions.
 - c. Publicize a voluntary lawn watering schedule (prior to 9:00 a.m. and after 7:00 p.m.)

- d. During winter months, request water users to insulate pipes rather than running water to prevent freezing.

2. Moderate Conditions: In the event of Moderate Conditions, the District's targeted reduction in daily water demand shall be 10% as of the date of the Trigger Conditions and the following Drought Response Measures shall be taken:

- a. Continue implementation of all relevant actions in preceding phase.
- b. Car washing, window washing, pavement washing should be discouraged.
- c. The following lawn watering schedule shall be implemented:

Customers with even numbered addresses may water on even numbered days of the month. Customers with odd numbers addresses may water on odd days of the month. Watering shall occur only between the hours of 6:00-9:00 a.m. and 8:00-10:00 p.m.

- d. The following public water uses, not essential for public health or safety, should be discouraged:
 - i. street watering;
 - ii. water hydrant flushing;
 - iii. filling pools; and
 - iv. athletic field watering.

3. Severe Conditions: In the event of Severe Conditions, the District's targeted reduction in daily water demand shall be 10% as of the date of the Trigger Conditions and the following Drought Response Measures shall be taken:

- a. Continue implementation of all relevant actions in preceding phases.
- b. Implement a user surcharge for excessive water use, as follows:

Up to 5,000 gallons:	No Charge
5,000 to 20,000 gallons:	200% of Normal Rate
Above 20,000 gallons:	300% of Normal Rate

- c. Only commercial businesses that utilize water in their daily operations may be waived of the preceding surcharges when, in the discretion of the Board of Directors of the District, undue financial hardships will be placed on that business if the surcharges are imposed.

4. Critical Conditions: In the event of Critical Conditions, the District's targeted reduction in daily water demand shall be 10% as of the date of the Trigger Conditions and the following Drought Response Measures shall be taken:

- a. Continue implementation of all relevant actions in preceding phases.
- b. Customer use shall be limited to 150 gallons per day per connection (including all commercial and industrial users). All water use, except that essential to health and safety, shall be restricted, as authorized by Texas Water Code, Section 11.039.

2.4 INFORMATION AND EDUCATION

The purpose and effect of this Plan will be communicated to the public through mail-outs in the water bill and posters or signs when available.

2.5 INITIATION PROCEDURES

This Plan will be initiated when conditions approach the levels set forth in Section 2.2 of this Plan.

Action to be taken in the event that trigger conditions are reached are as follows:

- a. All homeowner's associations will be notified directly as they have information distribution systems setup for their members.
- b. All Utility Personnel will be advised of this Plan and conditions in order that all Utility Personnel will be aware of the water usage during this period and their responsibility in enforcing this Plan.
- c. Prepare notices and have delivered by Utility Personnel to all customers either in person or as a door hanger.

2.6 TERMINATION OF DROUGHT PLAN OPERATIONS

In general, each Trigger Condition shall be considered as cancelable when the next milder condition has existed for three consecutive days. For example, the

Moderate Condition will be considered to be cancelable when the demand and water levels for the Mild Condition have prevailed for three consecutive days.

Termination of Trigger Conditions; Notification. When a Trigger Condition occurs, the District shall enforce the Drought Response Measures applicable to such Trigger Condition for a minimum of 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. After such five (5) day period, the Board, in its discretion, may consider whether the targeted reduction in daily water demand has been met and may determine to continue any applicable Drought Response Measures for an additional five (5) day period, regardless of whether the targeted reduction has been achieved. After the expiration of ten (10) days, and 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.

2.7 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), 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 the "Penalties" Section of the Order adopting this Plan for violations of the Emergency Response Measures.

2.8 IMPLEMENTATION AND ENFORCEMENT

The District shall have full authority and means, pursuant to the Texas Water Code, in particular Section 54.205 thereof, to implement and enforce the provisions of the Plan. Enforcement shall be provided by local police, special employees hired by the District to enforce this Plan and/or Utility Personnel. All violations of the provisions of this Plan shall be punishable by a fine not to exceed the maximum allowed by law. Each day's violation shall be and constitute a separate offense. Continued violations of these provisions may result in termination of water service for the violator.

APPENDIX "A"

STANDARD RATES. The following rates for the sale of water and collection and disposal of sewage shall be in effect within the District from this date until such time as the Board of Directors amends said rates:

A. DEFINITIONS. For purposes of this Order, the following terms shall have the meaning set out thereafter:

1. Connection - each unit designed for occupancy by a separate family, including each separate unit located within a single building, each business or commercial establishment, including separate establishments within a single building, schools, recreational facilities such as swimming pools not connected with a residence, and so forth.

2. Fire Protection Service Tap - means a connection to the District's water system for the sole purpose of providing fire protection to the user's property.

3. Fire Protection Service User - means a user of the District's water system for fire protection services only.

4. Full Service Tap - means a connection to the District's water and sewer system to serve a single family unit, commercial establishment, apartments, recreational facilities, club, multi-family dwelling units or any other building.

5. Homeowner's Association User - a non-profit association established pursuant to the restrictions and covenants covering developed sections within the District.

6. Non--Single Family Residential User – any user of the District's water and sewer system, other than a Single Family Residential User and a Homeowner's

Association User, including, but not limited to, commercial establishments, apartments, recreational facilities, clubs and multi-family dwelling units.

7. Non-Taxable User – any user of the District’s water and sewer system that is exempt from ad valorem taxation by the District under the Property Tax Code, including, but not limited to, schools and churches.

8. Operator - the person, company or corporation which is under contract with the District to operate the District's water and sewer system, collect amounts owed to the District for such services, report monthly to the District on the operations of the District’s system and perform any additional services set out in said Contract.

9. Single Family Residential User - a user of the District’s water and sewer system which consists of one residence designed for use and occupancy by a single family unit.

10. Sprinkler/Irrigation Tap – a connection to the District’s water system for the sole purpose of providing sprinkler or irrigation service to the user’s property.

11. Sprinkler/Irrigation User – a user of the District’s water system for landscaping or irrigation purposes only.

B. WATER. Water service shall be provided at the following rates per connection:

Single Family Residential and all others except as specified below	Up to 5,000 gallons	\$18.25
	5,000 to 10,000 gallons	\$1.45 per 1,000 gallons
	10,001 to 20,000 gallons	\$1.55 per 1,000 gallons
	20,001 to 30,000 gallons	\$1.65 per 1,000 gallons
	Over 30,000 gallons	\$2.65 per 1,000 gallons
Homeowner’s Association	Any amount set by the Board of Directors from time to time.	

Agricultural & Farm or Ranch	Up to 5,000 gallons	\$18.25
	5,000 to 10,000 gallons	\$1.45 per 1,000 gallons
	10,001 to 20,000 gallons	\$1.55 per 1,000 gallons
	20,001 to 30,000 gallons	\$1.65 per 1,000 gallons
	30,001 to 60,000 gallons	\$1.75 per 1,000 gallons
	Over 60,000 gallons	\$2.65 per 1,000 gallons

Sprinkler/Irrigation User	Up to 10,000 gallons	\$11.75
	10,001 to 15,000 gallons	\$1.00 per 1,000 gallons
	Over 15,001 gallons	\$1.25 per 1,000 gallons

Non-Single Family Residential User

- (1) For the first six (6) months following connection to the District's water system, each unit of a Non-Single Family Residential User (including each unit within a building or buildings occupied as a separate dwelling or business) connected to the District's system by a separate water meter shall be billed on a monthly basis according to the water used based on the following schedule:

<u>Amount of Payment</u>	<u>Water Usage</u>
\$18.25 minimum	First 5,000 gallons per month
\$1.45 per 1,000 gallons	5,001 to 10,000 gallons
\$1.55 per 1,000 gallons	10,001 to 20,000 gallons
\$1.65 per 1,000 gallons	20,001 to 30,000 gallons
\$2.65 per 1,000 gallons	Over 30,000 gallons

- (2) Beginning in the seventh month (7th) after connection to the District's system, each unit of a Non-Single Family Residential User (including each unit within a building or buildings occupied as a separate dwelling or business) connected to the District's system by a separate water meter shall be billed the greater of: (a) the metered use computed on the schedule set forth above in Section 1 (a) or (b) an amount determined for the appropriate billing period by multiplying the minimum monthly rate times the number of units specified below:

7th billing period	50% of total number of units
8th billing period	60% of total number of units
9th billing period	70% of total number of units
10th billing period	80% of total number of units
11th billing period and thereafter	90% of total number of units

- C. SEWER. Sewer service shall be provided at the following rates per connection:

TYPE OF CONNECTION	GALLONS USED	RATE
Single Family Residential	Any quantity	\$25.50

Non-Single Family Residential and all others	Up to 5,000 gallons	\$17.00
	5,001 to 10,000 gallons	\$1.75 per 1,000 gallons
	10,001 to 20,000 gallons	\$1.85 per 1,000 gallons
	20,001 to 30,000 gallons	\$1.95 per 1,000 gallons
	30,001 to 60,000 gallons	\$2.05 per 1,000 gallons
	Over 60,000 gallons	\$2.25 per 1,000 gallons

(1) Multiple residential or Non-Single Family Residential Units connected by a single meter shall be billed an amount determined for the appropriate billing period by multiplying \$17.00 times the number of units specified in the schedule set forth below:

1st billing period	50% of total residential units
2nd billing period	60% of total residential units
3rd billing period	70% of total residential units
4th billing period	80% of total residential units
5th billing period and thereafter	90% of total residential units

(2) Retail Centers. Retail centers connected by a single meter shall be billed on a monthly basis according to the following schedule:

Amount of Payment	Usage
\$17.00 minimum	First 5,000 gallons per month
\$1.75 per 1,000 gallons	5,001 to 10,000 gallons
\$1.85 per 1,000 gallons	10,001 to 20,000 gallons
\$1.95 per 1,000 gallons	20,001 to 30,000 gallons
\$2.05 per 1,000 gallons	30,001 to 60,000 gallons
\$2.25 per 1,000 gallons	Over 60,000 gallons