

RESOLUTION ADOPTING A REVISED DROUGHT CONTINGENCY PLAN

WHEREAS, the Board of Directors of Harris County Municipal Utility District No. 132 (the "District") recognizes that the amount of water available to the District and its water utility customers is limited and subject to depletion during periods of extended drought;

WHEREAS, Section 11.1272 of the Texas Water Code and applicable rules of the Texas Commission On Environmental Quality require all public water supply systems in Texas to prepare a drought contingency plan; and

WHEREAS, as authorized under law, and in the best interests of the customers of the District, the Board deems it expedient and necessary to establish certain rules and policies for the orderly and efficient management of limited water supplies during drought and other water supply emergencies;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF Harris County Municipal Utility District No. 132:

SECTION 1. That the Drought Contingency Plan attached hereto as Exhibit "A" and made part hereof for all purposes be, and the same is hereby, adopted as the official policy of the District.

SECTION 2. That the Operator for the District is hereby directed to implement, administer, and enforce the Drought Contingency Plan.

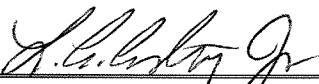
SECTION 3. That this resolution shall take effect immediately upon its passage.

DULY PASSED BY THE BOARD OF DIRECTORS OF Harris County Municipal Utility District No. 132, on this 21st day of April, 2005.



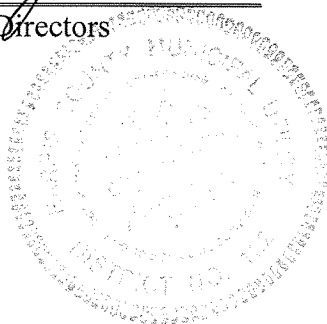
President, Board of Directors

ATTESTED TO:



Secretary, Board of Directors

(DISTRICT SEAL)



ORDER ADOPTING 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 Harris County Municipal Utility District No. 132, (the "District"), has carefully considered the current water conditions in the District and area-wide and has determined that the adoption of this Drought Contingency Plan (the "Plan") by the District is necessary to ensure that an adequate supply of water is maintained; and

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

WHEREAS, the Board of the District desires to evidence its approval of this plan and to adopt such Plan as the official policy of the District, NOW, THEREFORE,

BE IT ORDERED BY THE BOARD OF THE DISTRICT THAT;

Section 1. Approval of the Plan. The District hereby approves and adopts this Plan as set forth in this Order, and the provisions of such Plan shall be implemented immediately 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 information 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. Retrofit Educational Program. The District may make information regarding the Plan available to Users to use when purchasing and installing various plumbing fixtures, lawn watering equipment, and other water-using appliances.

Section 4. Coordination with Regional Water Planning Groups. The water service area of the District is located within the San Jacinto River Authority and the District has provided a copy of the Plan to the San Jacinto River Authority.

Section 5. The Drought Contingency Plan.

A. Public Involvement. The District shall actively inform the public and wholesale water customers, if any, and affirmatively provide opportunity for input from the public and from wholesale water customers, if any, regarding the Plan. Such provision includes, but is not limited to, notifying the public and wholesale customers if any, 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. The Trigger Conditions are for the purpose of responding to, but are 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 or wells).

1. Mild Drought. This condition (herein, "Mild Drought Conditions") exists when total daily demand on the District's water supply facilities causes the well to run eighteen (18) hours or more per day for three consecutive days, as determined by the District's operator.

2. Moderate Drought. This condition (herein, "Moderate Drought Conditions") exists when total daily demand on the District's water supply facilities causes the well to run twenty (20) hours or more per day for three consecutive days, as determined by the District's operator.

3. Severe Drought. This condition (herein, "Severe Drought Conditions") exists when total daily demand on the District's water supply facilities causes the well to run twenty-two (22) hours or more per day for three consecutive days, as determined by the District's operator.

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, at least 48 hours prior to the commencement 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; and
4. Dissemination of press releases to the local news media.
5. For wholesale water customers, if any, the District operator shall contact wholesale customers by written notice, and/or by other means prior to commencement of the required Drought Response Measure.

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. Emergency 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. Mild Drought. In the event of Mild Drought Conditions, the District shall target a voluntary seventeen percent (17%) reduction in total water use and a reduced well run time of fourteen (14) hours per day or less, 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. All outdoor water usage, including, but not limited to, lawn and garden watering, car washing and window washing, shall be limited as follows:

(1) Only District residents and other users of water within the District with even-numbered addresses may use water outdoors on even-numbered days and only District residents and other users of water within the District with odd-numbered addresses may use water outdoors on odd-numbered days.

(2) Outdoor water use shall be prohibited between the hours of 6:00 a.m. and 10:00 a.m. and between the hours of 6:00 p.m. and 9:00 p.m.

2. Moderate Drought. In the event of Moderate Drought Conditions, the District shall target a voluntary twenty-five percent (25%) reduction in total water use and a reduced well run time of fourteen (14) hours per day or less, and the following Drought Response Measures shall be taken:

a. The Drought Response Measures established for Mild Drought Conditions shall continue to be implemented, but shall be mandatory and subject to fine.

b. All outdoor water use, including, but not limited to, lawn and garden watering, car washing, and window washing, must be conducted with a hand-held hose and manual on-off nozzle.

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

- (1) Street washing;
- (2) Fire hydrant flushing; and
- (3) Filling of swimming pools.

d. The District's operator will initiate weekly contact with wholesale water customers, if any, to discuss water supply and/or demand conditions and the possibility of pro rata curtailment of water supplies if drought conditions worsen.

3. Severe Drought. In the event of Severe Drought Conditions, the District shall target a voluntary thirty-three percent (33%) reduction in total water use and a reduced well run time of fourteen (14) hours per day or less, and following Drought Response Measures shall be taken:

a. The Drought Response Measures established for Mild Drought Conditions and Moderate Drought Conditions shall continue to be implemented, but shall be mandatory and subject to fine.

b. All outdoor use of water, including but not limited to, lawn and garden watering, car washing, and window washing shall be prohibited.

c. A surcharge equal to 400% of the applicable rate for all water delivered in excess of average allowed usage of 10,000 gallons per month during the declared drought period as determined by the District's operator's meter readings at the beginning and end of the drought period.

d. 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.

e. 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 on 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.).

f. The District is authorized to ration to District residents and other Users within the District on a pro rata basis, and to initiate allocation of water supplies to its wholesale water customers, if any, on a pro rata basis, in accordance with Texas Water Code, Section §11.039.

E. 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 facilitates reaches or exceeds the limits of such Trigger Condition. 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. 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.

Section 6. 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, in the event of water production or distribution system limitations, supply source contamination, system outages due to the failure or damage of major water system components (e.g., pumps), 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 Section 8 for violations of the Emergency Response Measures.

Section 7. Implementation. Without limitation to specific actions stated in this Plan to be taken by the District's operator, the District's operator will administer and enforce this Plan, and will oversee and be responsible for the execution and implementation of all elements of this Plan (or, if the District employs its own peace officers pursuant to Texas Water Code §49.216, such peace officers will be responsible for enforcement of this 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 this 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 has been reached under this Plan and when a particular drought condition no longer exists.

Section 8. Penalties. The following penalties shall apply to anyone violating the terms of this Plan or the Drought Response Measures or Emergency Response Measures adopted pursuant hereto:

