

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned officer of the Board of Directors of Harris County Municipal Utility District No. 367, hereby certify as follows:

1. The Board of Directors of Harris County Municipal Utility District No. 367 convened in regular session on the 9th day of April, 2014, outside the boundaries of the District, and the roll was called of the members of the Board:

Kevin Redmond	President
Christopher Jacob	Vice President
Lena Lahasky	Secretary
Eric Neason	Assistant Secretary
Daryl Austin	Assistant Vice President

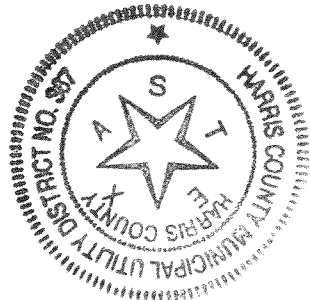
and all of said persons were present except Director(s) Kevin Redmond, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: a written

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

was 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.

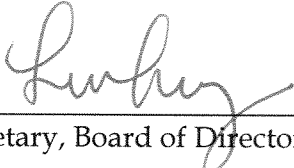
2. A true, full, and correct copy of the aforesaid order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; the action approving the order has been duly recorded in the Board's minutes of the meeting; the persons named in the above and foregoing 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 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; the meeting was open to the public as required by law; and public notice of the time, place, and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED on the 9th day of April, 2014.



(SEAL)

479597


Secretary, Board of Directors

ORDER ADOPTING AMENDED AND RESTATED 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. 367 (the "District"), has carefully considered the current water conditions in the District and area-wide and has determined that the adoption of this Amended and Restated 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 has previously adopted a Second Amended and Restated Drought And Emergency Contingency Plan dated September 11, 2013 (the "Prior Plan"), and wishes to rescind the Prior Plan; and

WHEREAS, the Board of the District wishes to evidence its approval of this Plan and to adopt this 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 Board of 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 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: The Drought Contingency Plan.

A. 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.

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 I - Voluntary Water Conservation Conditions. This condition (herein, "Voluntary Water Conservation Conditions") exists when demand on the District's water supply facilities warrants the implementation of Voluntary Water Conservation Measures, as determined by the District's Board of Directors and operator by monitoring the District's water production information, surface water delivery, and any other appropriate information or factors.

2. Stage II - Mild Conditions. This condition (herein, "Mild Conditions") exists when demand on the District's water supply facilities reaches or exceeds seventy-five percent (75%) of the total production capacity of such facilities (groundwater and surface water) for three (3) consecutive days, as determined by the District's operator by monitoring the District's water production information, surface water delivery, and any other appropriate information or factors.

3. Stage III - Moderate Conditions. This condition (herein, "Moderate Conditions") exists when demand on the District's water supply facilities reaches or exceeds eighty-five percent (85%) of the total production capacity of such facilities (groundwater and surface water) for three (3) consecutive days, as determined by the District's operator by monitoring the District's water production information, surface water delivery, and any other appropriate information or factors.

4. Stage IV - Severe Conditions. This condition (herein, "Severe Conditions") exists when demand on the District's water supply facilities reaches or exceeds ninety percent (90%) of the total production capacity of such facilities (groundwater and surface water) for three (3) consecutive days, as determined by the District's operator by monitoring the District's water production information, surface water delivery, and any other appropriate information or factors.

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

1. Posting notice as soon as possible prior to the commencement of the required Response Measures on the Gleannloch Farms Community Association webpage and/or Gleannloch Farms Facebook page;
2. Posting of signs in the District;
3. Posting of notices at public places in the District;
4. Use of an email and telephone notification system; and
5. Dissemination of press releases to the local news media.

6. For wholesale water customers, if any, the District operator shall contact wholesale water customers by written notice, and/or by other means, prior to commencement of the required Response Measure.

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

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

1. Voluntary Water Conservation Conditions (Stage I). In the event of Voluntary Water Conservation Conditions, water users will be asked to voluntarily reduce water usage and will be informed of specific steps that can be taken to reduce water use ("Voluntary Water Conservation Measures"), including but not limited to the following:

- a. outdoor watering by sprinklers only between the hours of 8:00 p.m. and 3:00 a.m.;
- b. limit non-essential water uses;
- c. check for leaks; and
- d. make sprinkler adjustments as needed to avoid watering sidewalks, driveways, and roadways.

2. Mild Conditions (Stage II). 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 Condition, and the following Response Measures shall be taken:

- a. Users will be asked to reduce water use and will be informed of specific steps that can be taken to reduce water use, including the Voluntary Water Conservation Measures listed above.

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 odd-numbered addresses may use water outdoors on Mondays, Wednesdays and Fridays and only District residents and other users of water within the District with even-numbered addresses may use water outdoors on Tuesdays, Thursdays and Saturdays. In the event no street address exists, only District residents and other users of water within the District living on the north and west side of a street may use water outdoors on Mondays, Wednesdays and Fridays and only District residents and other users of water within the District on the south and east side of a street may use water outdoors on Tuesdays, Thursdays and Saturdays. Those responsible for watering common areas such as esplanades and sports fields shall be limited to watering on Mondays, Thursdays and Sundays.

(2) Outdoor water use shall be permitted only during the hours of 8:00 p.m. to 3:00 a.m.

3. Moderate Conditions (Stage III). In the event of Moderate Conditions, the District's targeted reduction in daily water demand shall be 15% as of the date of the Trigger Condition, and the following Response Measures shall be taken:

a. 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 with a manual on-off nozzle and must be limited to the days and times set forth in the preceding section entitled "Mild Conditions."

b. 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.

c. 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 or emergency conditions worsen.

4. Severe Conditions (Stage IV). In the event of Severe Conditions, the District's targeted reduction in daily water demand shall be 25% as of the date of the Trigger Condition, and the following Response Measures shall be taken:

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

b. A surcharge equal to 200% of the applicable rate for all water used in excess of 10,000 gallons/month, shall be imposed on all District residents and other users of water within the District, but will not be imposed on wholesale water customers, if any.

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 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.).

e. The District is authorized to ration water to District residents and other users of water 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 three (3) 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 three (3) 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 three (3) day period, regardless of whether the targeted reduction has been achieved. After the expiration of six (6) 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 5: 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, an interruption or reduction of water supplied by the North Harris County Regional Water Authority (the "Authority"), receipt of notice from the Authority that the Authority has implemented drought response stages pursuant to its drought contingency plan, or any other 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 this Order, below, for violations of the Emergency Response Measures.

Section 6: 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 or emergency condition no longer exists.

Section 7: Penalties. The following penalties shall apply to anyone violating the terms of this Plan or the Response Measures or Emergency Response Measures adopted pursuant hereto:

- A. First Violation. Any person or entity who violates this Plan shall receive written notification of such violation by door hanger and

U.S. mail, which notice shall set forth (i) the date of the violation, (ii) the nature of the violation, (iii) the 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 Section (B) 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 this 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 this 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 (B1) of this Section, the Board of the District, after providing required notice, may impose a penalty of up to \$10,000.00 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 the District as may be allowed by law.

Section 8: Variances. 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:

- (a) 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.
- (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 this 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 this Plan or rationing of water adopted by the District pursuant to this 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 this 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 this 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.
- (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 this Plan occurring prior to the issuance of the variance.

Section 9: Coordination with North Harris County Regional Water Authority.

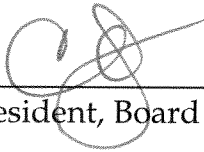
- (a) The District shall consult with the Authority in order to respond appropriately to the Authority's drought contingency plan.
- (b) Notwithstanding anything to the contrary set forth above, if the Authority (i) implements drought response stages pursuant to its drought contingency plan, and (ii) provides notice to the District in accordance with any procedures set forth in the Authority's drought contingency plan, then the District (i) will implement the stage of this Plan that contains restrictions at least as stringent as those implemented by the Authority, and (ii) may terminate such response upon receipt of notice that the Authority has terminated its drought response stages.

Section 10: 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 11: 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.

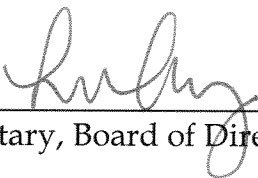
Section 12: Wholesale Customer Contracts. If the District enters into or renews any wholesale water contracts after adoption of the Plan, said contracts shall include a provision that in case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code, Section 11.039.

PASSED AND APPROVED this 9th day of April, 2014.



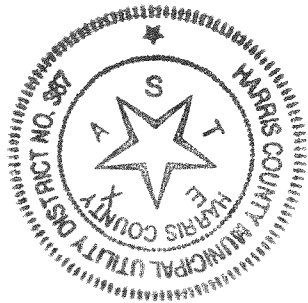
Vice President, Board of Directors

ATTEST:



Secretary, Board of Directors

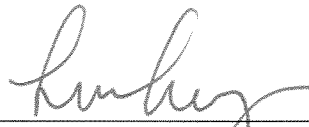
(SEAL)



CERTIFICATION

I, the undersigned officer of the Board of Directors of Harris County Municipal Utility District No. 367 do hereby certify that the foregoing is a true and correct copy of the Order Adopting Amended and Restated Drought Contingency Plan; Providing for Implementation and Enforcement Thereof; Providing Penalties for Violations; and Containing Other Provisions Related to the Subject approved by the Board of Directors of said District on April 9, 2014, and said rates and rules are currently in effect.

Witness my hand and seal of the District the 9th day of April, 2014.



Secretary, Board of Directors

(SEAL)

