

No. 09-20-00180-CV

In the Court of Appeals
for the Ninth District of Texas
Beaumont, Texas

San Jacinto River Authority

Appellant

V.

City of Conroe, Texas, and City of Magnolia, Texas

Appellees

On Appeal from the 284th District Court, Montgomery County, Texas
Cause No. 19-09-12611, Hon. John Delaney, Judge Presiding

**BRIEF OF AMICI CURIAE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY,
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY,
CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY, AND
NORTH FORT BEND WATER AUTHORITY**

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AUTHORITY, CENTRAL HARRIS COUNTY REGIONAL WATER
AUTHORITY, AND NORTH FORT BEND WATER AUTHORITY**

TO THE HONORABLE JUSTICES OF THE NINTH COURT OF APPEALS:

North Harris County Regional Water Authority, West Harris County Regional Water Authority, Central Harris County Regional Water Authority, and North Fort Bend Water Authority (collectively, the “Water Authorities”) respectfully submit this amici curiae brief in support of Appellant San Jacinto River Authority (“SJRA”) in this appeal.

**STATEMENT OF INTEREST OF AMICI CURIAE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY, WEST
HARRIS COUNTY REGIONAL WATER AUTHORITY, CENTRAL
HARRIS COUNTY REGIONAL WATER AUTHORITY AND NORTH
FORT BEND WATER AUTHORITY**

The North Harris County Regional Water Authority (“NHCRWA”) is a regional water authority created by the Texas Legislature in 1999 under the Article XVI, Section 16 of the Texas Constitution (the “Conservation Amendment”). *See* TEX. SPEC. DIST. LOCAL LAWS CODE §§ 8888.001-.256. NHCRWA’s express statutory powers include the acquiring and developing of water supplies and the selling and delivering of water to persons inside and outside NHCRWA’s boundaries for the purposes of reducing groundwater withdrawals and subsidence. *See id.* § 8888.152.

The West Harris County Regional Water Authority (“WHCRWA”) is a regional water authority created by the Texas Legislature in 2001 under the Conservation Amendment. *See* Act of May 15, 2001, 77th Leg., R.S., ch. 414, 2001

Tex. Gen. Laws 759, as amended (“WHCRWA Act”). WHCRWA’s express statutory powers include providing for the reduction of groundwater withdrawals to facilitate compliance with the requirements of the Harris-Galveston Subsidence District, acquiring and developing water supplies, and selling and delivering water to persons and entities inside and outside WHCRWA’s jurisdictional boundaries. *See* WHCRWA Act § 4.01, 2001 Tex. Gen. Laws at 787.

The Central Harris County Regional Water Authority (“CHCRWA”) is a regional water authority created by the Texas Legislature in 2005 under the Conservation Amendment. *See* TEX. SPEC. DIST. LOCAL LAWS CODE §§ 8815-001-.151. CHCRWA’s express statutory powers include providing for the reduction of groundwater withdrawals to facilitate compliance with Harris-Galveston Subsidence District rules, acquiring and developing water supplies, and selling and delivering water to persons and entities inside and outside of CHCRWA’s jurisdictional boundaries. *See id.* § 8815.101.

The North Fort Bend Water Authority (“NFBWA”) is a regional water authority created by the Texas Legislature in 2005 under the Conservation Amendment. *See* TEX. SPEC. DIST. LOCAL LAWS CODE §§ 8813.001-.151. NFBWA’s express statutory powers include providing for the reduction of groundwater withdrawals to facilitate compliance with the requirements of the Fort Bend and Harris-Galveston Subsidence Districts, acquiring and developing water supplies,

and selling and delivering water to persons and entities inside and outside of NFBWA's jurisdictional boundaries. *See id.* § 8813.101.

The Water Authorities are individual political subdivisions serving similar functions but in different geographical areas. The Water Authorities are concerned that a ruling adverse to SJRA in this appeal could have far-reaching negative impacts, including calling into question the enforceability of water supply contracts under which the Water Authorities supply water to local governmental entities, as well as the enforceability of other wholesale water supply contracts around the State. Because this appeal has the potential to affect the Water Authorities, they are interested in the outcome of this case.

This brief has been prepared at the expense of the Water Authorities.

BACKGROUND

Appellant SJRA builds large-scale water projects that serve public and private entities.¹ Appellees Cities of Conroe and Magnolia (the “Cities”) are located in Montgomery County. As Montgomery County's population grew, concerns increased about the area's reliance on groundwater drawn from the Gulf Coast Aquifer. *See City of Conroe v. San Jacinto River Auth.*, 602 S.W.3d 444, 448 (Tex. 2020). The Legislature created the Lone Star Groundwater Conservation District

¹ Appellant's Brief at 21.

(“LSGCD”) to address these concerns. In 2008, LSGCD adopted rules that required large-volume groundwater users within its jurisdiction including the Cities to develop and implement plans to reduce their groundwater usage. Mandatory groundwater-usage cutbacks took effect in January 2016. *See id.*

Anticipating LSGCD’s mandatory groundwater-usage cutbacks, SJRA developed plans to draw surface water from Lake Conroe, treat the water, and sell it to large-volume users. *See id.* SJRA entered into long-term Groundwater Reduction Plan (“GRP”) contracts with approximately 80 water-system operators in 2010 (including the Cities), agreeing to provide them with surface water in exchange for monthly payments. *See id.*

The GRP contracts do not include fixed price terms and do not specify a volume of water that the Cities are obligated to purchase each year. Instead, the GRP Contracts use a formula for setting the unit price for water that references a separate SJRA “rate order” which, as the GRP contracts state, shall be “amended from time to time” by SJRA.² With respect to volume, the GRP contracts give purchasers the flexibility to take as much water as they want within a range set by the GRP Administrator.³

² *Id.* at 27.

³ *Id.* at 51. The GRP contracts define the term “GRP Administrator” as “the General Manager of [SJRA], or his or her designee” CR 464.

In 2016, the Cities each adopted resolutions refusing to pay a rate increase that had been adopted earlier that year by SJRA. *City of Conroe*, 602 S.W.3d at 449. In response, SJRA filed an Expedited Declaratory Judgment Act (“EDJA”) lawsuit in Travis County District Court seeking declarations regarding the GRP contracts, and whether the City of Conroe was in breach. The Cities filed pleas to the jurisdiction arguing that those claims may not be heard in an EDJA lawsuit in Travis County. Ultimately, the Texas Supreme Court held that SJRA’s request for a declaration regarding compliance with the GRP contracts was not covered by the EDJA and could not be heard in Travis County. *See City of Conroe*, 602 S.W.3d 454.

Thereafter, SJRA filed claims against the Cities in district court in Montgomery County for breach of the Cities’ respective GRP contracts. The Cities responded by filing pleas to the jurisdiction asserting immunity to suit on the grounds that those GRP contracts *lack essential terms* (specifically, a fixed price and a specific volume of water that must be purchased) and therefore do not meet the definition of “contract subject to this subchapter” in § 271.151, Local Government Code. The Cities argue, therefore, that those contracts are not covered by the associated waiver of immunity set forth in § 271.152, Local Government Code. CR 300. The trial court granted the Cities’ pleas to the jurisdiction, dismissing

SJRA's claims against the Cities. CR 1144. SJRA perfected this accelerated appeal of the trial court's order granting the Cities' pleas to the jurisdiction.

ISSUES IN THIS APPEAL

In this appeal, SJRA argues, among other things, that even if Texas Courts have jurisdiction to determine whether the GRP contracts fall outside of Tex. Local Gov't Code § 271.152's waiver of immunity, the Cities' arguments that the GRP contracts fail to state "essential terms" (and therefore are not covered by that waiver of immunity) are without merit.⁴

More specifically, in response to the Cities' assertion that the GRP contracts lack essential terms because they do not specify a fixed price (and that referencing a separate rate order does not count), SJRA argues, based on controlling Texas Supreme Court precedent, that the GRP contracts state their essential terms and therefore satisfy the requirements set forth in § 271.151, Local Government Code.⁵ SJRA further argues and explains why it would be ludicrous and unreasonable to expect the long-term GRP contracts to include a fixed and unchanging price.⁶ SJRA also argues that the GRP contracts do not fail to state an essential term because they

⁴ Appellant's Brief at 40-57; Appellant's Reply Brief at 10-26.

⁵ Appellant's Brief at 46-52; Appellant's Reply Brief at 18-20.

⁶ Appellant's Brief at 44-45.

give a purchaser freedom to purchase as much water as it wants within a range set by SJRA.⁷

SJRA further argues that if the Court of Appeals was to adopt the Cities’ “essential terms” argument, the consequences would be catastrophic, endangering SJRA’s municipal water contracts, and making it impossible for parties to many other water supply contracts around the state which involve local governmental entities (such as cities and Municipal Utility Districts (“MUDs”)) to enforce those contracts.⁸

The Water Authorities agree with and support these legal arguments of SJRA.

THE WATER AUTHORITIES’ WATER SUPPLY CONTRACTS

A central purpose of the Water Authorities is to acquire and develop water supplies and to sell and deliver that water to persons and entities both within and outside of their respective jurisdictional boundaries.⁹

The Water Authorities’ enabling acts authorize each of them to enter into contracts, including with local governmental entities. *See* TEX. SPEC. DIST. LOCAL LAWS §§ 8813.113(a)(3), 8888.161(a); WHCRWA Act § 4.01(b)(3). The Water Authorities also each have statutory authority to establish fees, rates, and charges as

⁷ *Id.* at 50-52; Appellant’s Reply Brief at 23-26.

⁸ Appellant’s Brief at 53-57; Appellant’s Reply Brief at 21-23.

⁹ *See supra* at 2-4.

necessary to enable them to fulfil their purposes and regulatory obligations. *See* TEX. SPEC. DIST. LOCAL LAWS §§ 8813.103(a), 8888.154; WHCRWA Act § 4.03(a). Such fees, rate and charges must be sufficient to, among other things, enable the Water Authorities to meet operation and maintenance expenses, and pay the principal of, and any interest on, debt issued in connection with the exercise of their powers and duties. *See* TEX. SPEC. DIST. LOCAL LAWS §§ 8813.103(f), 8888.155; WHCRWA Act § 4.02(e).

Pursuant to their statutory authorities, the Water Authorities enter into water supply contracts with local governmental entities (mostly MUDs) and deliver and sell water to those entities under those agreements. Attached to this brief (at Tabs A through D) are examples of water supply contracts entered into by the Water Authorities and local governmental entities. These water supply contracts are uniformly long-term agreements, with minimum terms ranging from 10 to 50 years.¹⁰

These water supply contracts do not include fixed price terms; rather, they establish a unit cost for water that depends on prices set by the Water Authorities in

¹⁰ *See, e.g.*, Tab A (Water Supply Agreement Between NHCRWA and Harris County Municipal Utility Districts (“MUDs”) Nos. 367 & 383) (30 years); Tab B (Water Supply Letter Agreement Between WHCRWA and Harris County MUD No. 162) (50 years); Tab C (Water Supply Letter Agreement Between NFBWA and Fort Bend County MUD No. 190) (20 years); Tab D (Water Supply Commitment Letter Agreement Between CHCRWA and Harris County MUD No. 150 (10 years with automatic 5 year renewals)).

separate *rate orders* issued and amended from time to time by each of the respective Water Authorities. More specifically, NHCRWA’s water supply contracts incorporate by reference NHCRWA’s “Rate Order, as it may be amended from time to time.”¹¹ WHCRWA’s water supply contracts state that “payment for water service . . . shall be governed by the terms . . . of [WHCRWA’s] orders . . . which may be amended from time to time by [WHCRWA].”¹² NFBWA’s water supply contracts state that “payment for water service . . . shall be governed by the terms . . . of [NFBWA]’s orders . . . which may be amended from time to time by [NFBWA].”¹³ CHCRWA’s water supply contracts state that “payment for water service from [CHCRWA] shall be governed by the terms . . . of [CHCRWA]’s orders . . . which may be amended from time to time by [CHCRWA].”¹⁴ The Water Authorities’ rate orders (or in the case of NHCRWA – its pricing policies associated with its rate order) – which are amended or reissued mostly on an annual basis, set forth a unit price for water.¹⁵

¹¹ Water Supply Agreement Between NHCRWA and Harris County MUDs Nos. 367 & 383 (Tab A) at 1.

¹² Water Supply Letter Agreement Between WHCRWA and Harris County MUD No. 162 (Tab B) at 3-4.

¹³ Water Supply Letter Agreement Between NFBWA and Fort Bend County Municipal Utility District No. 190 (Tab C) at 4.

¹⁴ Water Supply Commitment Letter Agreement Between CHCRWA and Harris County MUD No. 150 (Tab D) at 4.

¹⁵ NHCRWA Rate Order (adopted Oct. 5, 2009) including Updated Pricing Policy (effective Apr. 1, 2020) (Tab E) at 5 & Exhibit A; WHCRWA Amended Rate Order (adopted Nov. 13, 2019)

Moreover, the Water Authorities' water supply contracts are not for fixed volumes of water. Although the water supply contracts of both WHCRWA and NFBWA establish a Daily Commitment Amount (stated in gallons per day), those contracts expressly allow those water authorities to unilaterally increase the volume of water that a MUD is required to take (and pay for).¹⁶ The water supply contracts of NHCRWA provide a range of volumes that the local governmental entity may purchase.¹⁷

The Cities' "essential terms" argument, if accepted by the Court, would produce harsh and unintended results, calling into question the enforceability of the Water Authorities' water supply contracts and many other wholesale water supply contracts between water providers and local governmental entities around the State

Like the GRP contracts at issue in this appeal, the Water Authorities' water supply contracts, as detailed above, do not set a fixed price for water and do not

(Tab F) at 7; NFBWA Amended Rate Order (adopted Dec. 19, 2019) (Tab G) at 6; Central Harris County Regional Water Authority Rate Order (effective Mar. 1, 2018) (Tab H) at 6.

¹⁶ See, e.g., Water Supply Letter Agreement Between WHCRWA and Harris County MUD No. 70 (Tab E) at 1 (establishing a Daily Commitment Amount and stating that "[t]his Agreement shall in no way limit [WHCRWA]'s rights. . . to require the [MUD] to take water from [WHCRA] in amounts that are greater than the amount set forth in this Agreement"); Water Supply Letter Agreement Between NFBWA and Fort Bend County MUD No. 190 (Tab H) at 1-2 (same). WHCRWA and NFBWA have statutory authority to specify the amount of surface water that local governmental entities within their respective jurisdictional boundaries must take from them. See Act of June 17, 2005, 2005, 79th Leg., R.S., ch. 524, § 7, 2005 Tex. Gen. Laws 1426; TEX. SPEC. DIST. LOCAL LAWS CODE § 8813.111(a)(4).

¹⁷ See, e.g., Tab A (Water Supply Agreement Between NHCRWA and Harris County MUDs Nos. 367 & 383) (stating that the MUDs "shall buy and receive from [NHCRWA], and [NHCRWA] shall sell and deliver . . . a volume of [NHCRWA] Water between 0.75 [MGD] and 2.0 MGD").

require customers to take and/or pay for a fixed volume of water. Instead, those contracts establish a unit price for water only by reference to a separate document issued by the respective water authority and amended or reissued by that entity, generally speaking, on an annual basis.¹⁸ Regarding volume, the water supply contracts of WHCRA and NFBWA establish a Daily Commitment Amount but expressly allow the water authorities to unilaterally increase the volume of water that a local governmental entity is required to take (and pay for).¹⁹ The water supply contracts of NHCRWA provide a range of volumes that the local governmental entity may purchase.²⁰

If the Cities succeed in their “essential terms” argument, the enforceability of the Water Authorities’ water supply contracts would be called into question. Local governmental entities that are parties to such water supply contracts could breach those agreements, including by refusing to pay a duly adopted rate increase. If the water authority were to respond by seeking to enforce its contract in court, it could face a strong argument from its customer that the water supply contract at issue may not be enforced because it is not covered by Tex. Local Gov’t Code § 271.152’s waiver of immunity (because it lacks “essential terms”).

¹⁸ *See supra* at 9-10.

¹⁹ *See supra* at 10-11.

²⁰ *See supra* at 11.

SJRA has presented several examples of water supply contracts from around the state that likewise could be called into question and rendered unenforceable if the Court were to adopt the Cities’ “essential terms” argument.²¹ The examples provided by SJRA are only a small sampling of water supply contracts entered into throughout Texas between water suppliers and local governmental entities.

Local governmental entities that function as retail water utilities (such as MUDs) and which need to purchase water, require long-term commitments in order to secure a stable and reliable supply. The costs incurred by wholesale water suppliers (such as SJRA and the Water Authorities) of constructing, operating and maintaining the facilities used to divert, store, treat, and convey wholesale water, the costs to finance such facilities, and the cost of the water itself, vary over time.²² The volume of water needed by a local governmental entity/retail water utility frequently varies over time, often increasing as economies expand and populations grow, and sometimes decreasing, for example, as alternative water sources are developed or as conservation strategies are implemented. Flexibility is important.

²¹ Brief of Appellants at 55-57.

²² There are external, statutory and regulatory controls on wholesale water rates set forth in water supply contracts. The Public Utility Commission of Texas (“PUC”) has appellate jurisdiction over wholesale water rates (as set forth in contracts and otherwise) under Chapter 13, Texas Water Code. *See* TEX. WATER CODE § 13.043(f); 16 TEX. ADMIN. CODE §§ 24.301-.321. If the PUC finds that a wholesale water rate adversely affects the public interest, it may set that rate aside and establish new rates. TEX. WATER CODE § 24.313.

When interpreting a statute, Texas Courts consider the “consequences that would follow” from each party’s proposed construction. *Atascosa County v. Atascosa County Appraisal Dist.*, 990 S.W.2d 255, 258 (Tex. 1999); *see also In re Hecht*, 213 S.W.3d 547, 564-65 (Tex. 2006); *City of Marshall v. City of Uncertain*, 206 S.W.3d 97, 105 (Tex. 2006); TEX. GOV’T CODE § 311.023 (“[i]n construing a statute . . . a court may consider . . . the . . . consequences of a particular construction”). To adopt the statutory construction urged by the Cities as a critical part of their “essential terms” argument would have the result of calling into question the enforceability of the Water Authorities’ water supply contracts and many other water supply contracts currently in effect around the State of Texas.

Courts also interpret statutes so as to avoid “absurd results.” *Union Carbide Corp. v. Synatzske*, 438 S.W.3d 39, 52 (Tex. 2014). The Water Authorities agree with SJRA that it would be an absurd and unintended result if a decision of this Court based on an interpretation of § 271.152, Local Government Code, were to cause water supply contracts between wholesale providers (like SJRA and the Water Authorities) and local governmental entities across the state to be rendered unenforceable.²³

²³ See Appellant’s Brief at 55-57.

When construing a statute, courts are to give it the effect that the Legislature intended. *Bioderm Skin Care, LLC v. Sok*, 426 S.W.3d 753 (Tex. 2014). Moreover, in determining legislative intent, courts may consider factors such as the circumstances under which the statute was enacted and the statute’s legislative history. *First Cash, Ltd. v. JQ-Parkdale, LLC*, 538 S.W.3d 189, 195 (Tex. App. Corpus Christi-Edinburg 2018, no pet.); *see also* TEX. GOV’T CODE § 311.023.

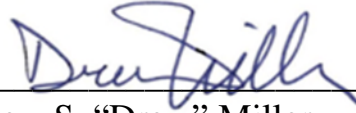
The legislative history of § 271.152, Local Government Code, shows that this provision was adopted by the Texas Legislature in 2005 to correct a shift in the law that had resulted from several decisions of the courts of appeal which – in the minds of many – had incorrectly, and contrary to legislative intent, limited the ability of parties to sue political subdivisions for breach of contract. The bill adding Subchapter I to Chapter 271, Local Government Code (which includes §§ 271.151 and .152) was intended to clarify and re-express “the legislature’s intent that all local governmental entities that are given the statutory authority to enter into contracts shall not be immune from suits arising from those contracts, subject to the limitations set forth in [the bill].” Texas Bill Analysis, 2005 Regular Session, H.B. 2039 (May 17, 2005). The intent of § 271.152, Local Government Code, was thus to clarify and express a broad waiver of immunity for breach of contract claims against local governmental entities, and not establish new hurdles to prevent parties from accessing the courthouse where such entities are in breach of their contracts.

CONCLUSION

For the above-stated reasons, the Water Authorities urge the Court to reject the Cities' "essential terms" argument.

Respectfully submitted,

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**ATTORNEYS FOR AMICUS CURIAE
NORTH HARRIS COUNTY
REGIONAL WATER AUTHORITY**

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been sent via first class mail and/or electronic filing system on this 16th day of November, 2020, to the following:

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Andrew S. Miller

TAB A

WATER SUPPLY AGREEMENT

WHEREAS, Harris County Municipal Utility District No. 367 and Harris County Municipal Utility District No. 383, conservation and reclamation districts (the "Buyers") have requested this Water Supply Agreement (the "Agreement") from the North Harris County Regional Water Authority (the "Authority") so Buyers may maintain compliance with the Texas Commission on Environmental Quality's requirements related to Buyers's minimum water supply capacity;

WHEREAS, Buyers desires to purchase and the Authority desires to sell the volume of water specified below in the manner and on the terms herein specified;

NOW, THEREFORE, for and in consideration of the mutual promises and consideration hereinafter described, the Authority and Buyers hereby agree as follows:

1. **Purchase and Sale of Water.** Buyers shall buy and receive from the Authority, and the Authority shall sell and deliver to the Buyers, at the Delivery Point, a volume of Authority Water between 0.75 million gallons per day ("MGD") and 2.0 MGD.

2. **Flow Rate, Pressure and Disinfection Method.** The Authority shall deliver Authority Water at a rate not to exceed 83,340 gallons per hour and at pressure adequate to discharge Authority Water into Buyers's ground storage tank. To facilitate the operation of both the Authority System and Buyers's water production and distribution system, Buyers shall accept at the Delivery Point 1.2 MGD average daily flow and 2.0 MGD during peak day flow. Both the Authority and Buyers shall disinfect Authority Water using chloramines.

3. **Contact Information.** The contact information for Buyers for all correspondence related to this Agreement shall be:

Buyers:

Harris County Municipal Utility District No. 367
c/o Allen Boone Humphries Robinson LLP
Attention: Lynne Humphries
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: 713-860-6406
Facsimile: 713-860-6606
Email: lhumphries@abhr.com

Harris County Municipal Utility District No. 383
c/o Allen Boone Humphries Robinson LLP
Attention: Adisa M. Abudu-Davis
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Telephone: 713-860-6494
Facsimile: 713-860-6694
Email: aabududavis@abhr.com

4. **Term.** This Agreement shall be effective on the date on which this Agreement is signed by both parties hereto and shall end on January 1, 2040.

5. **Other Terms Incorporated by Reference.** The Authority's Standard Terms of Water Supply Agreement (the "Standard Terms") and Rate Order, as it may be amended from time to time, are incorporated by reference and made apart of this Agreement as though fully set forth herein. A copy of the Standard Terms is attached hereto as **Appendix "1"**. Unless otherwise defined, capitalized terms in this Agreement and the Standard Terms shall have the meaning assigned in the Rate Order.

The parties hereto have caused this Agreement to be duly executed effective as of the date of the latest signature hereon.

Buyers:

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 367

Kevin Chesser
Name: Kevin Chesser
Title: President

Lena Lahasky
Attest: Lena Lahasky
Name: Lena Lahasky
Title: Secretary

Date: 3/9/10

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 383

John Poreca
Name: John Poreca
Title: President

Ron Benton
Attest: Ron Benton
Name: Ron Benton
Title: Secretary

Date: March 3, 2010

Authority: Jimmie Schindewolf
Jimmie Schindewolf
General Manager

Date: March 15, 2010

APPENDIX "1"

Standard Terms of Water Supply Agreement

Notices. All notices, consents, or other communications required hereunder shall be in writing and shall be sufficiently given (i) if addressed and mailed by first-class, certified or registered mail, postage prepaid, or (ii) upon receipt of notice given by facsimile, overnight courier or personal delivery, in either case as follows:

If to the Buyers: to the address and/or fax number listed in Paragraph 3 of the Water Supply Agreement.

If to the Authority:
Jimmie Schindewolf, General Manager
North Harris County Regional Water Authority
3648 FM 1960 West, Suite 110
Houston, Texas 77068
(Fax) 281-440-4104

With a copy to:
Robin S. Bobbitt
Johnson Radcliffe Petrov & Bobbitt PLLC
1001 McKinney, Suite 1000
Houston, Texas 77002
(Fax) 713-237-1313

Binding Effect; Assignment. The Agreement shall inure to the benefit of, and shall be binding upon, the Authority, Buyers and their respective successors and assigns authorized by the terms of the Agreement. Neither party may assign the Agreement or its rights and responsibilities thereunder to a third party without the prior written consent of the other party to the Agreement.

Severability. In the event any provision of the Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of such Agreement and the Agreement shall be read as though the invalidated or unenforceable provision were not present.

Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, including, but not limited to, the rules and regulations of the Commission. Venue shall be in Harris County, Texas.

Third-Party Benefit. Nothing in the Agreement, express or implied, is intended or shall be construed to confer upon or give to any person, other than the Authority and the Buyers involved, any right, remedy or claim under or by reason of the Agreement; and the covenants and agreements contained therein are and shall be for the sole and exclusive benefit of the parties thereto or their successors and assigns.

Integration. The Water Supply

Agreement, these Standard Terms and the Rate Order constitute the entire agreement between the Authority and Buyers and shall completely and fully supersede all prior undertakings or agreements, whether oral or written, relating to the subject matter hereof.

Headings. Section and subsection headings in the Agreement are included for convenience of reference only and will not constitute a part of the Agreement for any purpose.

Updates to Authority Rules. The sale of Authority Water under the Agreement shall be subject to all of the provisions of the rules, rates and regulations established and amended from time to time by the Authority's Board of Directors or its General Manager concerning rate review and adjustment, generally-applicable temporary interruptions of service, cut-off, lien for charges, and all other generally-applicable matters now or hereafter prescribed by resolution of the Authority or delegated to the Authority's General Manager, including rules required by or promulgated under the Authority's Rate Order or GRP; provided that no amendment to or waiver of any provision of the Agreement, nor consent thereto, will be effective unless the same is in writing executed by both the Authority and the Buyers. Such amendment, waiver or consent will be effective only in the specific instance and for the specific purpose for which given. Nothing in this section shall prohibit any change to these Standard Terms of Water Supply Agreement required to comply with an order or a regulation of any State or Federal agency with jurisdiction over the Authority, and any such change shall be binding on the Buyers.

Waiver. Failure of either party at any time to require performance of any provision of the Agreement shall not limit the party's right to enforce such provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Counterparts. The Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement.

Consequential Damages. In no event shall the parties or any of their affiliates, by reason of any of their respective acts or omissions relating to any of their obligations under the Agreement unless such acts or omissions are intentional, be

liable, whether in contract, tort, misrepresentation, warranty, negligence (but not gross negligence), strict liability or otherwise, for any special, indirect, incidental or consequential damages arising out of or in connection with the Agreement, or the performance or breach thereof; provided however that nothing in the foregoing statement shall be construed to be a waiver of sovereign or governmental immunity protections or defenses to which the Authority or Buyers may otherwise be entitled.

Relationship of the Parties. The Authority and a Buyers shall not be deemed in a relationship of partners or joint ventures by reason of the Agreement or the activities taken pursuant hereto. The Agreement is intended to secure and provide for the services of each party hereto as an independent contractor.

Further Assurances. In furtherance of the terms and conditions of the Agreement, each of the parties shall cooperate in good faith with each other in order to achieve the performance of their respective obligations under the Agreement.

Force Majeure. In the event either Buyers or the Authority (a "Party") is rendered unable, wholly or in part, by Force Majeure, to carry out any of its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure in writing to the other Party as soon as possible after the occurrence of the Force Majeure, the obligations of the Party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to resume performance, shall be suspended for the duration of the Force Majeure. Such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "Force Majeure," as used herein, shall include, but not be limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, acts of terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, and any other incapacities of either Party, whether similar to those enumerated or otherwise, and not within the control of the Party claiming such inability, which by the exercise of due diligence and care such Party could not have avoided.

TAB B



January 12, 2005

Harris County Municipal Utility District No. 162
c/o Fulbright & Jaworski L.L.P.

Dan Sallee,
President

Attn: Jana Cogburn
1301 McKinney, Suite 5100
Houston, Texas 77010-3095

G. L. "Skipper" Rush, Jr.,
Vice President

Stacey Lee Burnett,
Assistant Vice President

Douglas C. "Cam" Postle,
Secretary

Arthur "Art" Garden,
Assistant Secretary

Karla Cannon,
Director

Johnny Nelson,
Director

Bruce G. Parker,
Director

Larry A. Weppler, P.E.,
Director

Re: Water Supply From West Harris County Regional Water Authority
("Authority") to Harris County Municipal Utility District No. 162 (the
"District")

Dear Board of Directors:

As you know, pursuant to its Groundwater Reduction Plan and House Bill No. 1842, 77th Legislature, Regular Session (2001), as amended, the Authority will be supplying water to the District and requiring the District, in whole or in part, to reduce its use of groundwater and convert to surface water, or other alternate water, delivered by the Authority. Currently, the Authority has a contract with the City of Houston ("Houston") to purchase up to a specified amount of water from Houston on a daily basis. The District has requested this water supply commitment letter agreement (this "Agreement") from the Authority in order to set forth certain terms regarding the Authority's provision of water service to the District. For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

1. Subject to the terms and conditions of this letter agreement ("Agreement"), the Authority shall deliver and make available to the District at the Delivery Point(s), defined below, up to 500,000 gallons per day of water (the "Daily Commitment Amount"). ("Delivery Point(s)" shall mean the output flange(s) of the meter and control valve assembly(ies) (collectively, the "Control Valve Assembly") installed by the Authority to serve the District.) The Authority shall use reasonable efforts to deliver the water required by this Agreement. This Agreement shall in no way limit the Authority's rights under its GRP (defined below), including, without limitation, its right to require the District to take water from the Authority in amounts that are greater than the amount set forth in this Agreement; provided, however, the Authority will not

reduce the Daily Commitment Amount. ("GRP" means that certain groundwater reduction plan adopted by the Authority's Order Establishing Groundwater Reduction Plan and Related Rules (the "GRP Order"), and all directives, determinations and requirements issued by the Authority, or its designee, pursuant to such order, as all of same may be amended by the Authority from time to time.)

2. The District understands that in order to have an alternative water supply source in the event that the Authority's water service to the District is interrupted for any reason, the District is strongly encouraged by the Authority to at all times: (i) maintain its existing groundwater well(s) and other groundwater facilities; and (ii) maintain water line interconnect(s) with other political subdivision(s) of this State that have functioning groundwater well facilities.
3. To the extent not already done so, the District shall approve and implement a water conservation plan and measures, as required by the Texas Commission on Environmental Quality pursuant to 30 Texas Administrative Code § 288. If the District intends to resell the water received from the Authority to a wholesale customer of the District, then the District shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.
4. Notwithstanding any other provision of this Agreement or any act of the Authority, the District shall not be guaranteed any specific quantity or pressure of water whenever Houston's or the Authority's water supply is limited or when Houston's or the Authority's equipment or facilities may become inoperative due to emergencies, equipment installation, repairs, modifications, replacements, inspections, breakdown or maintenance; and the Authority is in no case to be held to any liability for failure to furnish any specific amount or pressure of water.
5. The Authority shall provide water meeting all applicable Texas and Federal regulations regarding water quality, including the Safe Drinking Water Act, as same may be amended from time to time. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, THE AUTHORITY MAKES NO WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF THE WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE DISTRICT HEREBY RELEASES

AND DISCHARGES THE AUTHORITY FROM ANY AND ALL FINES, DEMANDS, JUDGMENTS, LIABILITIES OR CLAIMS ARISING BY REASON OF OR IN CONNECTION WITH THE DELIVERY OF WATER WHICH MEETS THE REQUIREMENTS OF THIS PARAGRAPH.

6. This Agreement shall become effective upon the date that the water supply facilities (to be constructed by the District and the Authority) necessary to supply water to the District are completed and operational, which date is expected (but not guaranteed) to be no later than approximately July 1, 2005. Unless sooner terminated by written mutual agreement of the parties, this Agreement shall continue in force and effect for 50 years after the date shown on the first page hereof; provided, however, that after such 50 years this Agreement shall automatically renew for successive 5 year periods, unless either party gives the other party at least 180 days prior written notice of its intent to terminate the Agreement. After the termination of this Agreement, the Authority's provision of water to the District shall be governed by the Authority's then-applicable orders, resolutions, rules, regulations and requirements, and not by this Agreement.
7. This Agreement shall bind and benefit the Authority and the District and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining written consent of the other. ("Assignment" as used herein means assignment in law or otherwise.) This Agreement shall be for the sole and exclusive benefit of the Authority and the District and shall not be construed to confer any rights upon any third party, nor upon any customers of the District or the Authority. Nothing herein shall be construed to confer standing to sue upon any party who did not otherwise have such standing and it is expressly agreed that nothing herein shall be construed to create any duty or obligation on the part of the Authority to the customers of the District.
8. This Agreement, and the terms and conditions of water service to the District, shall be subject to all present and future laws, orders, rules and regulations of the United States of America, the State of Texas, any regulatory body having jurisdiction, and present and future orders (including, without limitation, the GRP Order and Rate Order), regulations, resolutions, rules, requirements, fees, charges, remedies and penalties of the Authority, as any of same may be amended from time to time. The District's payment for

water service from the Authority shall be governed by the terms and provisions of the Authority's orders, resolutions, rules, regulations and requirements generally applicable to similarly situated users of Authority services, all of which may be amended from time to time by the Authority. The Authority's Board of Directors shall not adopt any order, regulation, resolution, rule or requirement that reduces the Daily Commitment Amount.

9. The failure of either party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.
10. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author this Agreement.
11. The District covenants and agrees that at all times it will establish and maintain, and from time to time adjust, the rates, fees, and charges for its services to its customers, to the end that the revenues and funds received from such rates, fees, and charges and any other lawfully available funds will be sufficient at all times to pay the amounts due from the District to the Authority pursuant to this Agreement.
12. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all remedies existing at law or in equity, including specific performance and mandamus, may be availed of by any party and shall be cumulative.
13. In the event either party hereto is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the

party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or any other inability of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party when such settlement is unfavorable to it in the judgment of the party experiencing such difficulty.

14. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.

ATTEST:

Sincerely,

By: _____

Name: _____

Title: _____

(SEAL)



West Harris County Regional
Water Authority

By: _____

Name: _____

Title: _____

AGREED TO AND ACCEPTED

Harris County Municipal Utility
District No. 162

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

(SEAL)



TAB C

NORTH FORT BEND WATER AUTHORITY

Fort Bend County Municipal Utility District No. 190
c/o Allen Boone Humphries Robinson LLP
Attn: Ms. Susan Edwards
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

Re: Water Supply from North Fort Bend Water Authority ("Authority") to Fort Bend County Municipal Utility District No. 190 (the "District")

Dear Board of Directors:

As you know, pursuant to its Groundwater Reduction Plan and Chapter 8813, Texas Special District Local Laws Code, as amended, the Authority is supplying surface water to the District and requiring the District, in whole or in part, to reduce its use of groundwater and convert to surface water, or other alternate water, delivered by the Authority. Currently, the Authority has a contract with the City of Houston ("Houston") to purchase up to a specified amount of water from Houston on a daily basis. The District has requested this water supply commitment letter agreement (this "Agreement") from the Authority in order to set forth certain terms regarding the Authority's provision of water service to the District. For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

1. Subject to the terms and conditions of this Agreement, for the period commencing on December 1, 2018, and ending December 31, 2020, the Authority shall deliver and make available to the District at the Delivery Point(s), defined below, at least 378,000 gallons of water per day as based on a thirty (30) day average month (the "Daily Commitment Amount"). Notwithstanding the foregoing, the Authority shall not be obligated to deliver and make available the Daily Commitment Amount unless and until, the District has: (i) completed its purchase of emergency water supply capacity from Big Oaks Municipal Utility District ("Big Oaks") consistent with the terms of that certain First Supplement (Emergency Water Supply) to Amendment Regarding Water and Wastewater Facilities dated June 12, 2018, between the District and Big Oaks; and (ii) provided evidence of same to the Authority. Following the time period set forth in the first sentence of this Section, the Daily Commitment Amount will automatically be adjusted to 540,000 gallons of water per day as based on a thirty (30) day average month without any further action required by the Authority or the District, with such adjusted Daily Commitment Amount to remain in effect until December 31, 2021. Following the

second time period set forth in the preceding sentence, the Daily Commitment Amount will automatically be adjusted to 720,000 gallons of water per day as based on a thirty (30) day average month without any further action required by the Authority or the District, with such adjusted Daily Commitment Amount to remain in effect until such time further adjustments are made pursuant to this Agreement. "Delivery Point(s)" shall mean the output flange(s) of the meter and control valve assembly(ies) (collectively, the "Control Valve Assembly") installed by the Authority to serve the District. The Authority shall use reasonable efforts to deliver the water required by this Agreement. Both parties agree to review the Daily Commitment Amount on an annual basis, and as requested by either party, discuss and determine adjustments to the Daily Commitment Amount which are mutually agreeable to both parties. This Agreement shall in no way limit the Authority's rights under its GRP (defined below), including, without limitation, its right to require the District to take water from the Authority in the amount of the Daily Commitment Amount or in amounts that are greater than the Daily Commitment Amount; provided, however, the Authority will not reduce the Daily Commitment Amount. "GRP" means that certain groundwater reduction plan adopted by the Authority's Resolution Adopting Groundwater Reduction Plan (the "GRP Resolution"), and all directives, determinations, and requirements issued by the Authority, or its designee, pursuant to such resolution, as all of same may be amended by the Authority from time to time.

2. The District understands that in order to have an alternative water supply source in the event that the Authority's water service to the District is interrupted for any reason, the District is strongly encouraged by the Authority to at all times: (i) maintain its existing groundwater well(s) and other water supply facilities; and (ii) maintain water line interconnect(s) with other political subdivision(s) of this State that have functioning water supply well facilities. The District represents that it is currently in compliance with the Authority's Policy on Minimum Well Capacity, as adopted by the Authority on September 24, 2014, and will continue to remain in compliance therewith.
3. To the extent not already done so, the District shall (i) approve and implement a water conservation plan and measures, meeting or exceeding the minimum State of Texas requirements for retail water providers with 3,300 or more connections, and (ii) submit Annual Reports documenting the implementation of the water conservation plan to the Authority by May 1st of each year on the Annual Report form promulgated by the Texas Water Development Board. If the District intends to resell the water received from the Authority to a wholesale customer of the District, then the District shall obtain written permission from the Authority prior to doing so and contractually require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

4. Notwithstanding any other provision of this Agreement or any act of the Authority, the District shall not be guaranteed any specific quantity or pressure of water whenever Houston's or the Authority's water supply is limited or when Houston's or the Authority's equipment or facilities may become inoperative due to emergencies, equipment installation, repairs, modifications, replacements, inspections, breakdown, or maintenance; and the Authority is in no case to be held liable for failure to furnish any specific amount or pressure of water. In case of a shortage of water resulting from drought, the water to be distributed by the Authority among those entities that are contractually entitled to receive water from the Authority, including the District, shall be divided in accordance with Texas Water Code, Section 11.039.
5. The Authority shall provide water meeting all applicable Texas and Federal regulations regarding water quality, including the Safe Drinking Water Act, as same may be amended from time to time. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, THE AUTHORITY MAKES NO WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF THE WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE DISTRICT HEREBY RELEASES AND DISCHARGES THE AUTHORITY FROM ANY AND ALL FINES, DEMANDS, JUDGMENTS, LIABILITIES, OR CLAIMS ARISING BY REASON OF OR IN CONNECTION WITH THE DELIVERY OF WATER WHICH MEETS THE REQUIREMENTS OF THIS PARAGRAPH.
6. Unless sooner terminated by written mutual agreement of the parties, this Agreement shall continue in force and effect for 20 years after the date it is executed by the Authority; provided, however, that after such 20 years this Agreement shall automatically renew for successive 1 year periods, unless either party gives the other party at least 180 days prior written notice of its intent to terminate the Agreement. After the termination of this Agreement, the Authority's provision of water to the District shall be governed by the Authority's then-applicable orders, resolutions, rules, regulations, and requirements, and not by this Agreement. Notwithstanding the foregoing, should the Fort Bend Subsidence District (the "FBSD") adopt any new rules and/or regulations that make it impracticable for the Authority to deliver the Daily Commitment Amount to the District, the Authority reserves the right to renegotiate the terms of this Agreement, including but not limited to, the Daily Commitment Amount. Should the Authority choose to do so, the Authority shall notify the District in writing within 90 days of the implementation of the applicable FBSD rule and/or regulation. If necessary due to the implementation of the applicable FBSD rule and/or regulation, the parties agree to renegotiate the terms of this Agreement in good faith. If the District and the Authority are unable to reach a new agreement within 90 days from the date the District receives the notice of the Authority's

intention to renegotiate, then this Agreement shall terminate. Notwithstanding the foregoing, should the Agreement terminate pursuant to the provisions of this Section, the Authority shall work in good faith to continue to supply the Daily Commitment Amount to the District for a reasonable period of time, not to exceed eighteen months, in order to allow the District to acquire an alternate water supply.

7. This Agreement shall bind and benefit the Authority and the District and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining written consent of the other. "Assignment" as used herein means assignment in law or otherwise. This Agreement shall be for the sole and exclusive benefit of the Authority and the District and shall not be construed to confer any rights upon any third party, nor upon any customers of the District or the Authority. Nothing herein shall be construed to confer standing to sue upon any party who did not otherwise have such standing, and it is expressly agreed that nothing herein shall be construed to create any duty or obligation on the part of the Authority to the customers of the District.
8. This Agreement, and the terms and conditions of water service to the District, shall be subject to all present and future laws, orders, rules, and regulations of the United States of America, the State of Texas, any regulatory body having jurisdiction, and present and future orders (including, without limitation, the GRP Resolution and Amended Rate Order), regulations, resolutions, rules, requirements, fees, charges, remedies, and penalties of the Authority, as any of same may be amended from time to time. The District's payment for water service from the Authority and for pumpage from its groundwater well(s) shall be governed by the terms and provisions of the Authority's orders, resolutions, rules, regulations, and requirements generally applicable to similarly situated users of Authority services, all of which may be amended from time to time by the Authority. Notwithstanding the foregoing, the District shall be obligated to pay for the total Daily Commitment Amount, regardless of whether the District takes delivery of the Daily Commitment Amount in full or in part. All payments made pursuant to the terms of this Agreement shall be made without set-off, counterclaim, abatement, suspension, or diminution. The District shall not be entitled to the abatement of any payment made pursuant to the terms of this Agreement or any reduction thereof, unless the Authority experiences a water supply interruption that causes the Authority to be unable to deliver the Daily Commitment Amount in full, as such amount is averaged based on the Authority's delivery capability for one calendar month. Should the Authority only be able to deliver a portion of the Daily Commitment Amount as set forth above, the District will only be obligated to pay for the full amount which the Authority was capable of delivering, as opposed to the full Daily Commitment Amount, regardless of whether the District takes delivery of such amount in full or in part. If the District

disputes the amount to be paid to the Authority, the District shall nonetheless promptly make payments as billed by (or otherwise due to) the Authority, and if it is subsequently determined by agreement or court decision that such disputed payment should have been less, the Authority will make proper adjustments so that the District will receive credit for its overpayment(s).

9. The failure of either party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.
10. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and venue shall be in a court of competent jurisdiction in Fort Bend County, Texas.
11. The District covenants and agrees that at all times it will establish and maintain, and from time to time adjust, the rates, fees, and charges for its services to its customers, to the end that the revenues and funds received from such rates, fees, and charges and any other lawfully available funds will be sufficient at all times to pay the amounts due from the District to the Authority pursuant to this Agreement.
12. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all remedies existing at law or in equity, including specific performance and mandamus, may be availed of by any party and shall be cumulative. As of the date of this Agreement, neither Party hereto is in default pursuant to the terms set forth herein.
13. In the event either party hereto is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include without limitation of the generality thereof,

acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, partial or entire failure of water supply, or any other inabilities of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party when such settlement is unfavorable to it in the judgment of the party experiencing such difficulty.


14. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.
15. Notwithstanding any provision of this Agreement, the Authority shall not be required to supply water to the District nor have any other obligations under this Agreement unless: (i) the District meets and continues to meet all of the chloramine disinfection requirements as set forth in the Authority's Amended Rate Order; and (ii) the District continues to comply with all applicable TCEQ regulations and provisions of the Authority's Amended Rate Order and Water Conservation Plan, as amended, as well as any Authority policies, regulations, or rules currently in place or implemented in the future applicable to the District.
16. In order for the Daily Commitment Amount to be delivered to the District's water plant, certain infrastructure must be constructed to complete the connection including the installation of a 12-inch water line, a meter, and a flow control valve station, as depicted more fully on **Exhibit A** attached hereto (the "Project"). The Authority agrees to reimburse the District for the construction costs associated with the Project, subject to the following:
 - a. The Authority's engineer confirms that only reimbursable items are included in the bid package or the District is only requesting payment for reimbursable items (the Authority will not advance funds for non-reimbursable items);

- b. The District shall donate or cause to be donated all easements necessary to complete the Project on an easement form acceptable to the Authority;
- c. The District agrees to submit (i) all Pay Estimates and Change Orders approved by the District's engineer and the District's Board of Directors, or its designee, and (ii) proof of payment of such Pay Estimates and Change Orders to the Authority for approval and reimbursement to the District;
- d. The Authority agrees to reimburse all Pay Estimates and Change Orders approved by the Authority's Board of Directors directly to the District within sixty (60) days of receipt; and
- e. The District agrees that, subject to the Authority reimbursing the District for all Pay Estimates and Change Orders, the District is not eligible for any further reimbursement from the Authority for construction costs.

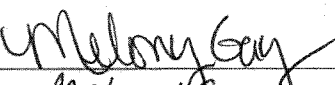
[EXECUTION PAGES FOLLOW]

Executed and Agreed to on July 25, 2018.

NORTH FORT BEND WATER AUTHORITY

By: 
Name: Peter Houghton
Title: President, Board of Directors

ATTEST:

By: 
Name: Melony Gay
Title: Secretary, Board of Directors

(SEAL)



Executed and Agreed to by Fort Bend County Municipal Utility District No. 190 on August 14, 2018.

FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 190

By: _____

Name: _____

Title: _____

Randy Young
President

ATTEST:

By: Glen Vinklarek
Name: Glen Vinklarek
Title: Secy

(SEAL)

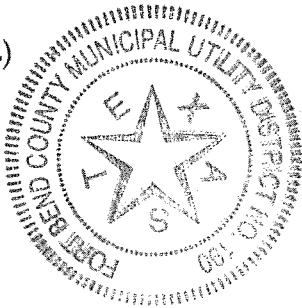
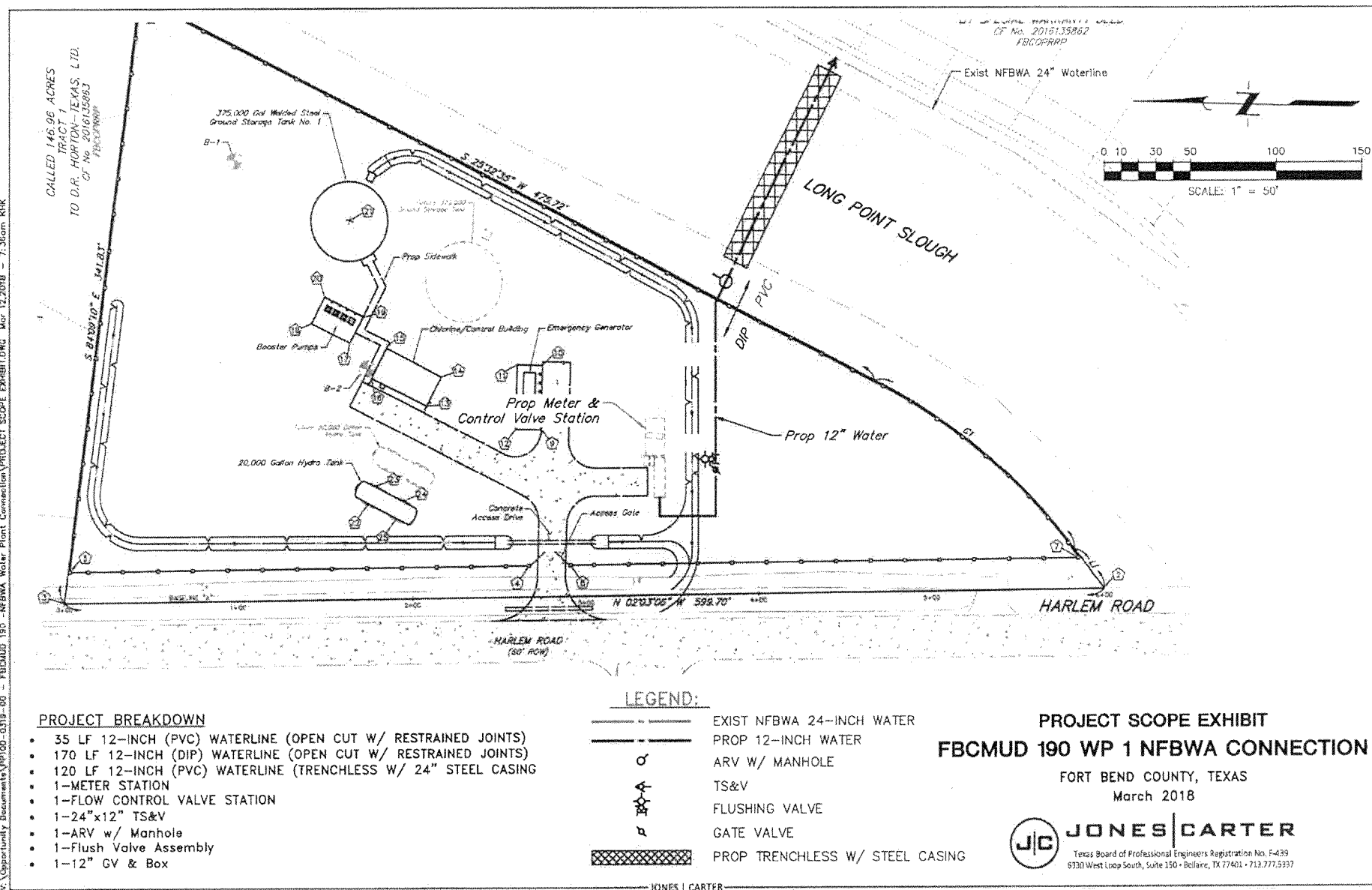


Exhibit A



TAB D

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY
1300 Post Oak Boulevard, Suite 1400
Houston, Texas 77056

October 7, 2009

Board of Directors
Harris County Municipal
Utility District No. 150
c/o Ms. Kara Richardson
David M. Marks, P.C.
3700 Buffalo Speedway, Suite 830
Houston, Texas 77098

Re: Water Supply From Central Harris County Regional Water
Authority ("Authority") to Harris County Municipal Utility
District No. 150 ("District")

Dear Board of Directors:

As you know, pursuant to its Groundwater Reduction Plan ("GRP"), Chapter 8815, Special District Local Laws Code, and applicable provisions of the Texas Water Code, as amended, the Authority will be requiring the District to reduce its use of groundwater and convert, in whole or in part, to treated surface water, or other alternative water supply sources, delivered by the Authority. Currently, the Authority has a contract with the City of Houston ("City") to purchase treated surface water from the City on a daily basis, up to a certain amount. The District has requested this water supply commitment letter agreement (this "Agreement") from the Authority in order to set forth certain terms regarding the Authority's provision of water service to the District. For and in consideration of the premises and the mutual covenants and agreements herein contained, the Authority and the District hereby mutually agree as follows:

1. Subject to the terms and conditions of this Agreement, the Authority shall deliver and make available to the District at the Delivery Points, defined below, up to 939,800 gallons per day of water (the "Daily Commitment Amount"). "Delivery Points" shall mean the output flanges of the meter and control valve assemblies (collectively, the "Control Valve Assembly") installed by the Authority to serve the District's Water Plant Nos. 1 and 2. The Authority shall use reasonable efforts to deliver the water required by this Agreement. This Agreement shall in no way limit the Authority's rights under its GRP,

- including, without limitation, its right to require the District to take water from the Authority in the amount of the Daily Commitment Amount or in amounts that are greater than the Daily Commitment Amount; provided, however, the Authority will not reduce the Daily Commitment Amount.
2. The District understands that in order to have an alternative water supply source in the event that the Authority's water service to the District is interrupted for any reason, the District is strongly encouraged by the Authority to at all times maintain: (i) its existing groundwater wells and other groundwater facilities; and (ii) water line interconnects with other political subdivisions of this State that have functioning groundwater well facilities.
 3. The District shall approve and implement a water conservation plan and measures, as required by the Texas Commission on Environmental Quality ("TCEQ") pursuant to 30 Texas Administrative Code § 288. If the District intends to resell the water received from the Authority to a wholesale customer of the District, then the District shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.
 4. Notwithstanding any other provision of this Agreement or any act of the Authority, the District shall not be guaranteed any specific quantity or pressure of water whenever the City's or the Authority's water supply is limited (pursuant to Chapter 13, Texas Water Code, as amended, or otherwise) or when the City's or the Authority's equipment or facilities may become inoperative due to emergencies, equipment installation, repairs, modifications, replacements, inspections, breakdown or maintenance; and the Authority is in no case to be held to any liability for failure to furnish any specific amount or pressure of water to the District. After delivery of water by the Authority at the Delivery Points, it shall be the sole responsibility of the District to receive, store, blend with other water supplies, treat or retreat, pressurize, and distribute such water for its purposes.
 5. The Authority shall provide water meeting all applicable Texas and Federal regulations regarding water quality, including the Safe Drinking Water Act, as same may be amended from time to time, if and as measured at the Delivery Points. **EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, THE AUTHORITY MAKES NO**

WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF THE WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE DISTRICT HEREBY RELEASES AND DISCHARGES THE AUTHORITY FROM ANY AND ALL FINES, DEMANDS, JUDGMENTS, LIABILITIES OR CLAIMS ARISING BY REASON OF OR IN CONNECTION WITH THE DELIVERY OF WATER WHICH MEETS THE REQUIREMENTS OF THIS PARAGRAPH.

6. Unless sooner terminated by written mutual agreement of the parties, this Agreement shall continue in force and effect for ten (10) years after the date it is executed by the Authority; provided, however, that after such ten (10) years, this Agreement shall automatically renew for successive five (5) year periods, unless either party gives the other party at least one hundred eighty (180) days prior written notice of its intent to terminate this Agreement. After the termination of this Agreement, the Authority's provision of water to the District, if any, shall be governed by the Authority's then-applicable orders, resolutions, rules, regulations and requirements, and not by this Agreement.
7. This Agreement shall bind and benefit the Authority and the District and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining written consent of the other. ("Assignment" as used herein means assignment in law or otherwise.) This Agreement shall be for the sole and exclusive benefit of the Authority and the District and shall not be construed to confer any rights upon any third party, nor upon any customers of the District or the Authority. Nothing herein shall be construed to confer standing to sue upon any party who did not otherwise have such standing and it is expressly agreed that nothing herein shall be construed to create any duty or obligation on the part of the Authority to the customers of the District.
8. This Agreement, and the terms and conditions of water service to the District, shall be subject to all present and future laws, orders, rules and regulations of the United States of America, the State of Texas, any regulatory body having jurisdiction, and present and future orders (including, without limitation, the Authority's GRP and the Authority's Resolution Establishing Groundwater Reduction Plan Fee and Water Importation Fee) and any other regulations, resolutions,

rules, requirements, fees, charges, remedies and penalties of the Authority, as any of same may be adopted and/or amended from time to time. The District's payment for water service from the Authority shall be governed by the terms and provisions of the Authority's orders, resolutions, rules, regulations and requirements generally applicable to similarly situated users of Authority services, all of which may be amended from time to time by the Authority. The Authority's Board of Directors shall not adopt any order, resolution, rule, regulation or requirement that intentionally reduces the Daily Commitment Amount, without first obtaining the written consent of the District.

9. The failure of either party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.
10. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and venue shall be in a court of competent jurisdiction in Harris County, Texas.
11. The District covenants and agrees that at all times it will establish and maintain, and from time to time adjust, the rates, fees, and charges for its services to its customers, to the end that the revenues and funds received from such rates, fees, and charges and any other lawfully available funds will be sufficient at all times to pay the amounts due from the District to the Authority pursuant to this Agreement.
12. It is not hereby intended to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all remedies existing at law or in equity, including specific performance and mandamus, may be availed of by any party and shall be cumulative.
13. In the event either party hereto is rendered unable, wholly or in part, by force majeure to carry out any of its obligations

Board of Directors
Harris County Municipal
Utility District No. 150
October 7, 2009

under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure," as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States of America or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or any other incapacities of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party when such settlement is unfavorable to it in the judgment of the party experiencing such difficulty.

14. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.

Board of Directors
Harris County Municipal
Utility District No. 150
October 7, 2009

15. Notwithstanding any provision of this Agreement, the Authority shall not be required to supply water to the District nor have any other obligations under this Agreement unless and until:
(i) the Authority water lines to be constructed by the Authority to provide services to the District are complete and operational; (ii) any and all facilities, including, without limitation, chloramine disinfection facilities, to be constructed by the District to be able to receive water from the Authority are completed and operational; (iii) the District has complied with all TCEQ regulations and requirements of the Authority necessary for the District to be able to receive water from the Authority; and (iv) the TCEQ has approved the Authority's delivery of water to the District. After the Authority determines that the conditions of the preceding sentence have been satisfied, the Authority shall provide water to the District pursuant to this Agreement and the terms of its Groundwater Reduction Plan.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

Board of Directors
Harris County Municipal
Utility District No. 150
October 7, 2009

Agreed to and executed by the Board of Directors of Harris
County Municipal Utility District No. 150 on December 9,
2009.

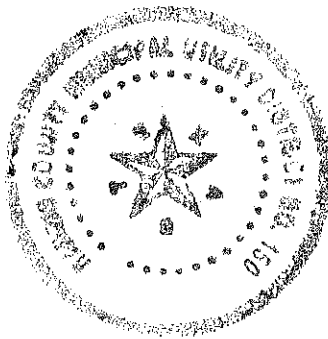
HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 150

By: Cordia Jackson
Name: CORDIA JACKSON
Title: CORDIA JACKSON
Secretary

ATTEST:

By: Darryl L. Elliott Sr.
Name: Darryl L. Elliott Sr.
Title: President

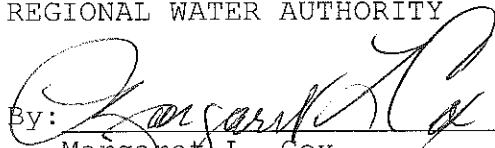
(SEAL)



Board of Directors
Harris County Municipal
Utility District No. 150
October 7, 2009

Agreed to and executed by the Board of Directors of Central
Harris County Regional Water Authority on October 7, 2009.

CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY

By: 
Margaret L. Cox
President, Board of Directors

ATTEST:

By: 
Judge Caston
Secretary, Board of Directors



TAB E

**NORTH HARRIS COUNTY
REGIONAL WATER AUTHORITY**

RATE ORDER

Date Adopted: October 5, 2009

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**NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
RATE ORDER**

STATE OF TEXAS	§
	§
COUNTY OF HARRIS	§

RECITALS

WHEREAS, the North Harris County Regional Water Authority (the "Authority") is a regional water authority created pursuant to House Bill 2695 of the 76th Legislature, as amended (the "Act"), and Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, the Authority was created, among other purposes, to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution, including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions; and

WHEREAS, the Act provides that the Authority may: (1) provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater in a manner consistent with the purposes of Section 59, Article XVI, Texas Constitution; (2) acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority and may conserve, store, transport, treat, purify, distribute, sell, and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the Authority for the purposes of reducing groundwater withdrawals and subsidence; and (3) provide for the reduction of groundwater withdrawals by the development, implementation, or enforcement of a groundwater reduction plan, which shall be binding on persons, districts, entities and wells within the Authority's boundaries; and

WHEREAS, the Act provides that the Authority may establish fees, rates and charges and classifications of fee and rate payers, as necessary to enable the Authority to fulfill the Authority's purposes and regulatory obligations and such fee, rates and charges must be sufficient to achieve water conservation, prevent waste of water, serve as a disincentive to pumping ground water, and accomplish the purposes of the Act, including making available alternative water supplies and to enable the Authority to meet operation and maintenance expenses and pay the principal of and interest on debt issued in connection with the exercise of the Authority's general powers and duties; and

WHEREAS, the Act authorizes the Authority to specify the rates, terms and conditions under which sources of water other than groundwater will be provided by the Authority, which may be changed from time to time as deemed necessary by the Authority, and to enter into contracts with persons, including political subdivisions of the state, on terms and conditions the board considers desirable, fair and advantageous for the performance of its rights, power, and authority under the Act and requires the Authority to adopt and enforce rules reasonably required to implement the Act; and

WHEREAS, the Board has determined that the fees, rates, charges, and classifications of fee and ratepayers, as well as the terms and conditions under which Authority Water will be provided, established in this Rate Order are necessary to accomplish the purposes and requirements set forth in the Act.

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF DIRECTORS OF THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

ARTICLE I DEFINITIONS

Section 1.01 Definitions.

As used herein, the following terms shall have the respective meanings set forth or referred to below:

"Act" means House Bill 2965 of the 76th Texas Legislature, as amended.

"Authority" means the North Harris County Regional Water Authority or its representatives or consultants.

"Authority Engineer" means the Authority's Program Manager (currently AECOM USA Group, Inc.), which may be changed from time to time by the Authority.

"Authority Operator" means the operating company performing operations for the Authority (currently Severn Trent Environmental Services, Inc.), which may be changed from time to time by the Authority.

"Authority System" means the Authority's facilities, pipelines, storage tanks, conduits, pumping stations, treatment plants, meters, valves, and any other facility, device, or related appurtenance or connection used in the treatment, transportation, storage or otherwise related to the Authority's provision of Authority Water, including all easements, rights-of-way and sites owned or utilized by the Authority.

"Authority Water" means water (whether surface, ground, or a blend of both) that is delivered through or by the Authority System other than pursuant to a Groundwater Transfer Agreement – Buyer.

"Board" means the Board of Directors of the Authority.

"Chloramine System" means a chlorine and ammonia automatic proportional feed disinfection system, which is required to be installed by each Converted Entity prior to receiving Authority Water from the Authority, as further described in Section 5.05 hereof.

"Commission" means the Texas Commission on Environmental Quality, and any predecessor or successor agency.

"Converted Entity" means a Person who is designated by the Authority to receive or is actually receiving Authority Water other than through a Groundwater Transfer Agreement – Buyer or a temporary or emergency water interconnect with a Converted Entity.

"Cost of Water" means the Fee charged to a Payor based on the amount of (i) Water pumped from a Non-Exempt Well; (ii) Imported Water transported into the Authority; and/or (iii) Authority Water received, and shall be expressed as an amount of dollars for each 1,000 gallons of Water pumped, imported and/or received from the Authority, as applicable.

"Delivery Point" means the location at which the Authority's System connects to the water system of a Converted Entity through which Authority Water is supplied by the Authority to the Converted Entity.

"District" means any district created pursuant to Article III, Section 52(b)(1), (2) or Article XVI, Section 59, Texas Constitution, regardless of the manner of creation, other than a navigation district or a district governed by Chapter 36 of the Texas Water Code.

"Exempt Well" means a Well within the Authority's boundaries that (i) is not subject to groundwater reduction requirements imposed by the HGSD, as such requirements may be amended from time to time; (ii) is owned by a municipality not providing service to customers within the boundaries of the Authority; (iii) has a casing diameter of less than five (5) inches that solely serves a single family dwelling; (iv) is regulated under Chapter 27 of the Texas Water Code (injection wells); (v) is used for irrigation of agricultural crops; (vi) singularly or when aggregated with other Wells produces less than five (5) million gallons annually; or (vii) is used solely for electric generation.

"Fee" shall mean, collectively or individually, any fee, rate or charge imposed by the Authority under the provisions of this Rate Order.

"General Manager" means the General Manager of the Authority or his/her designee(s), or any other person who may hereafter exercise the functions of the said General Manager.

"GRP" means that certain groundwater reduction plan, dated May 2003, as amended, and all directives, determinations and requirements issued by the Authority (or the Authority Engineer or Authority Operator) pursuant to such plan, as all of same may be amended from time to time.

"HGSD" means the Harris–Galveston Subsidence District.

"Houston" means the City of Houston, Texas.

"Imported Water" means water, whether groundwater or surface water, that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority, by a Person other than the Authority, for subsequent distribution to an end user within the boundaries of the Authority.

"Importing Water" means the act of transporting water produced outside the Authority's boundaries across the Authority's boundaries for subsequent distribution to an end user within the Authority's boundaries.

"Meter" means any meter required to be installed by Section 4.01(a) hereof.

"Non-Exempt Well" means any Well within the Authority other than an Exempt Well.

"Non-Exempt Well Owner" means any Person owning a Non-Exempt Well.

"OPRS" means the Online Pumpage Reporting System maintained by the Authority to track the volume of Water received and from which each Payor will generate and print monthly bills for Fees owed by each Payor.

"Payor" means a Person required to pay a Fee under this Rate Order.

"Person" means any individual, corporation, organization, government or governmental subdivision or agency, District, municipality, county, political subdivision, business trust, trust, estate, partnership, association, or any other legal entity.

"Pricing Policy" means the policy adopted by the Board pursuant to which the Cost of Water is determined and implemented. The Cost of Water shall be stated within the body of or as an exhibit or attachment to the Pricing Policy. The Authority's current Pricing Policy is attached hereto as **Exhibit "A"**.

"Rate Order" means this North Harris County Regional Water Authority Rate Order, as may be amended by the Authority from time to time.

"Water" means, collectively, groundwater pumped by a Non-Exempt Well, Imported Water and Authority Water.

"Water Importation Site" means each connection, other than a connection through which the Authority receives water, whether permanent or temporary, at which water originating from outside the boundaries of the Authority enters the boundaries of the Authority.

"Water Supply Agreement" means a written agreement in a form substantially similar to that attached hereto as **Exhibit "C"** wherein the Authority covenants to supply and sell, and a buyer covenants to receive and purchase, a stated volume of Authority Water.

"Well" means a facility, device, or method used to withdraw groundwater.

Section 1.02 Interpretations.

The article and section headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa.

Section 1.03 References.

Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

Section 1.04 Effective Date.

This Rate Order shall become effective immediately upon adoption. However, the provisions of Article III below, including without limitation the Pricing Policy and the Cost of Water stated therein, shall become effective on January 1, 2010.

**ARTICLE II
FINDINGS**

Section 2.01 Findings.

Each of the recitals stated in this Rate Order are hereby adopted as a finding of the Board. All statutory requirements and conditions have been met for the establishment of those fees, rates, charges and classifications of fee and rate payers set forth in this Rate Order.

**ARTICLE III
PRICING POLICY, COST OF WATER AND FEE COLLECTION**

Section 3.01 Pricing Policy; Cost of Water.

The Authority shall, by order or resolution of the Board adopted in compliance with all applicable laws, implement a Pricing Policy and set the Cost of Water. The Board may periodically adopt an updated Pricing Policy and/or Cost of Water without the necessity of amending this Rate Order. A copy of the current Pricing Policy, which contains the Cost of Water, is attached hereto as **Exhibit "A"**.

Section 3.02 Date Payments Due.

A Payor must pay the full Fee owed on a monthly basis, and such Fees for Water received each month shall be due by the 18th day of the second (2nd) month following month during which the Payor incurred the Fee. For example, Fees for Water received during the month of January must be paid by the 18th of March. All payments must be received at the office of the Authority, if mailed, or in the Authority's account, if wired, on or before the due date.

Section 3.03 Meter Reading; Reporting.

(a) *Authority.* The Authority will not send invoices or bills to any Payor. However, the Authority shall deliver to each Payor a notice, including a copy, of any orders or resolutions changing the Pricing Policy or Cost of Water and will read each Meter measuring Authority Water on the last regular business day of each month and enter such readings into the OPRS.

(b) *Payor.* Payors must read Meters not measuring Authority Water on a daily basis and enter such readings into the OPRS a minimum of two (2) non-consecutive days each week. However, Payors whose water distribution systems serve fewer than 250 connections and use only groundwater or purchase treated Water shall read Meters not measuring Authority Water and enter such readings into the OPRS a minimum of one (1) time each week.

Section 3.04 Collection of Fees.

(a) *Fee Statements.* Once all Meter readings have been entered pursuant to Section 3.03 hereof, the Payor shall print its Fee statement from the OPRS and deliver the Fee statement to the Authority with full payment, within the timeframe required by Section 3.02 hereof.

(b) *Late Fees.* Payments for Fees not received by the Authority by the date required in Section 3.02 hereof shall accrue interest at a rate equal to the sum of one percent (1%) and the prime rate published in the Wall Street Journal on the first (1st) day of preceding July that does not fall on a Saturday or Sunday.

(c) *Collection Costs.* In a formal administrative or judicial action to collect Fees or interest due under this Rate Order, the opposing party, which may be the Authority or the Payor, shall pay the reasonable attorney fees of the prevailing party.

Section 3.05 Form of Payment.

All Fees payable to the Authority shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "North Harris County Regional Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. Written wire instructions are available upon request.

**ARTICLE IV
MEASUREMENT OF WATER USAGE**

Section 4.01 Meters.

(a) *Locations.* Each Non-Exempt Well, Delivery Point and Water Importation Site shall be equipped with a Meter to measure the volume of (i) water pumped from each Non-Exempt Well, (ii) Authority Water supplied by the Authority to a Converted Entity; or (iii) Imported Water transported into the Authority, respectively; provided however, that any Water Importation Site which is solely for emergency use and is utilized for less than 30 days in any 365-day period shall be exempt from the requirement to be equipped with a Meter. The Authority may, in its sole discretion and on a case-by-case basis, exempt a Water Importation Site installed solely for emergency purposes in the event it must be used for more than 30 days in any 365-day period.

(b) *Accuracy Standards; Testing and Recalibration.* All Meters must be calibrated at least once every two (2) years. Any Meter measuring Authority Water must be between 97% and 103% accurate. Any Meter measuring other types of Water must be between 95% and 105% accurate. If the Authority at any time believes a Meter measuring Water, other than Authority Water, fails to meet the aforementioned accuracy standards, it may cause such Meter to be independently tested and the results thereof be reported to the Authority. If the Payor refuses to test a Meter measuring Water other than Authority Water after the Authority so requests, the Authority may have the Meter independently tested and recalibrated, including, if necessary, removing the Meter for testing and replacing it with a temporary Meter. Likewise,

should a Payor believe a Meter measuring Authority Water fails to meet the aforementioned accuracy standards, it may notify the Authority and request that such Meter be independently tested and the results thereof be reported to the Payor. If the testing reveals that the Meter fails to meet these accuracy standards, the total quantity of Water received by the Payor will be deemed to be the average daily consumption as measured by the Meter when in working order, and the Meter shall be corrected, repaired, or replaced with an accurate Meter. In such event, the Payor's payments of Fees to the Authority shall be adjusted (increased or decreased) for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment, the date of a material change in average daily use or 120 days, whichever is shorter. Any such adjustments shall be reflected on the Payor's first payment following the adjustment. The party that owns and is responsible for operation and maintenance of the Meter, pursuant to Section 5.03 of this Rate Order, shall pay the cost for any testing, recalibrating, removing or replacing a Meter or installing a temporary Meter, as applicable, unless the testing reveals that the Meter complies with the aforementioned accuracy standards, in which case the party requesting the testing shall pay such costs.

Section 4.02 Audits.

The Authority shall have the right to audit the Water measurements or calculations submitted by the Payor by reading any of the Payor's Meter(s) and reviewing the Payor's records. Upon written request, a Payor shall provide to the Authority, without charge, a copy of any agreement related to a Water Importation Site or Imported Water and all data and reports used to calculate the volume of Imported Water or Non-Exempt Well pumpage. Any such audit shall be conducted in accordance with audit procedures adopted and implemented by the Authority.

Section 4.03 Failure to Read Meter or Report Water Received.

In the event a Payor fails to read a Meter and enter such readings, as required by Section 3.03(b) hereof, after giving notice of such failure the Authority shall have the right to read the Meter. If the Authority reads a Meter under such conditions, the Payor will be billed at the Authority's cost for this service. The Payor's Fee may be based on the Authority's reading, regardless of when the Authority reads the meter, at the Authority's sole discretion. In addition, the Authority may impose a penalty of \$100 for any month in which such Water was received but not reported, or the amount of such Water reported was more than 10% below the actual amount of such Water received, as determined by the Authority.

Section 4.04 Annual Water Reports.

Prior to January 31st of each year, each Well owner shall submit to the Authority an Annual Groundwater Pumpage Report for the immediately preceding calendar year, in the same format as that required by the HGSD. In addition, each Well owner whose Well permit has been aggregated by the HGSD under the Authority shall, by April 1 of each year, report to the Authority the estimated amount of Water it will use during the next permit year.

ARTICLE V AUTHORITY WATER USE AND CONVERSION

Section 5.01 Use of Authority Water by Converted Entities.

Except as otherwise provided by this Section 5.01, all Converted Entities must use only Authority Water. In the event the Authority is unable to supply a Converted Entity with an adequate quantity of Authority Water to allow the Converted Entity to meet its demand, the Converted Entity may operate its Well(s) for the minimum duration necessary to meet its demand. However, a Converted Entity required to use its Well(s) to meet demand shall coordinate with the Authority and operate its water production and distribution system to maximize Authority Water consumption. In addition, a Converted Entity may exercise its Well(s) as necessary to maintain its/their proper operability; provided that the Converted Entity provides prior written notice of such necessity to the Authority Engineer detailing the duration and frequency of exercise the Well requires. Notwithstanding the foregoing, nothing in this Rate Order shall be interpreted as prohibiting a Converted Entity from taking steps necessary to respond to a life-safety emergency or to mitigate the impact thereof. The Authority will use its best efforts to provide reasonable assistance to Converted Entities in responding to a life-safety emergency as rapidly as practicable. As used this Section 5.01, a "life-safety emergency" shall include an explosion, fire or other event requiring unusual quantities of Water; sabotage, infection or contamination of Water; loss of pressure; disinfection failure; or another condition involving or relating to Water that could cause public illness, injury or loss of life.

Section 5.02 Delivery Point; Title to Authority Water.

The Delivery Point for Authority Water supplied by the Authority to a Converted Entity shall be one (1) foot downstream of the pressure/flow control station and/or Meter installed by the Authority to serve such Converted Entity, whichever is furthest downstream, as further illustrated on Exhibit "B" attached hereto. Title to Authority Water delivered hereunder shall pass from the Authority to the Converted Entity at the Delivery Point. As such, the Authority shall be deemed to be in exclusive control and possession of Authority Water until the same shall have been delivered to the Delivery Point and the Converted Entity shall be deemed to be in exclusive control and possession of Authority Water after receipt of same at the Delivery Point. In addition, the risk of loss for Water delivered hereunder shall be and remain with the party having exclusive control and possession of the Water as provided herein.

Section 5.03 Delivery Facilities.

Each Converted Entity shall be responsible for conveying Authority Water from the Delivery Point to and into the Converted Entity's water system. The Authority, and not the Converted Entity, shall own, operate and maintain all of the equipment installed by the Authority upstream of the Delivery Point; the Converted Entity shall maintain all facilities, tanks, buildings, materials, wells, lines downstream and any other similar or related equipment or facilities related to the receipt and distribution of Authority Water, specifically including the Converted Entity's existing water production and distribution system. The Payor shall be responsible for operation and maintenance of all Meters and related appurtenances used to measure Water that is not Authority Water.

Section 5.04 Connection to Authority System.

No Person shall connect to the Authority System unless and until the Authority consents in writing to such connection. If the Authority, at its option, so consents, the connection shall be made in strict conformity with the terms and conditions of such Authority consent. The Authority shall furnish, install and operate, at its own expense, the necessary equipment and devices of standard type for measuring the quantity of Authority Water delivered by the Authority. Unless otherwise agreed to in writing by the Authority, the Converted Entity shall at all times, at its own expense, maintain an air gap, in accordance with a location and specifications approved by the Authority, downstream of the Delivery Point before Authority Water enters the Converted Entity's ground storage tank. Nothing in this Section 5.04 shall: (i) require a Converted Entity to obtain any additional consent from the Authority related to connections to the Authority System existing on the date this Rate Order is adopted by the Authority; or (ii) apply to a connection constructed by the Authority.

Section 5.05 Chloramine System.

(a) *Installation.* Each Converted Entity is required to: (i) receive permission from the Commission to use chloramine disinfection; (ii) receive approval from the Commission to construct its Chloramine System; (iii) install and begin use of its Chloramine System; and (iv) maintain use of its Chloramine System thereafter for so long as it is connected to the Authority's System. Failure to have a Chloramine System installed and operational by the date on which the Authority is prepared to provide Authority Water to the Converted Entity shall constitute a violation of this Rate Order subject to the penalties outlined in Sections 6.01-.03 hereof.

(b) *Notice.* Prior to first (1st) using a Chloramine System, each Converted Entity (and each Person that receives water from a Converted Entity, for example and without limitation, via a water interconnect), and not the Authority, shall be responsible for: (i) notifying such Converted Entity's Water users about its conversion to and use of chloramine disinfection in compliance with the form and timeframe prescribed by the Commission; and (ii) complying with any applicable United States Environmental Protection Agency and Commission regulations and requirements, and any other applicable laws.

(c) *Certification.* Prior to first (1st) receiving Authority Water, each Converted Entity shall provide evidence to the Authority, in a form acceptable to the Authority, demonstrating that it has complied with the requirements of this Section 5.05.

Section 5.06 Quantity or Pressure of Water; Water Supply Agreements.

(a) Except as provided in this Section 5.06 and notwithstanding any other provision of this Rate Order or act of the Authority, the Authority does not and will not guarantee to any Person a specific quantity or pressure of Authority Water for any purpose whatsoever. In no case shall the Authority be liable for the failure or refusal to furnish Authority Water or any particular amount or pressure of water. In addition, under current Commission rules, Authority Water is not considered a source of water for purposes of complying with Commission rules absent an executed water supply agreement. The Authority will consider entering such agreements in a form substantially similar to that attached hereto as **Exhibit "C"**.

(b) The terms of this Rate Order shall be incorporated by reference into each Water Supply Agreement as if fully set forth therein. The General Manager shall negotiate each Water Supply Agreement on the terms specified on the form of such agreement attached hereto, or on such other terms as the General Manager determines necessary or convenient after consultation with the Authority Engineer and general counsel to the Authority. The General Manager shall have authority to execute each Water Supply Agreement and fully bind the Authority thereto.

Section 5.07 Interruptions in Service.

Notwithstanding any provision of this Rate Order or any applicable agreement entered into by the Authority, the Authority may interrupt, reduce or cease deliveries of Authority Water if such interruption or reduction is necessary: (i) due to limitations in the Authority System or Houston's water system; (ii) in case of emergencies or breakdowns in the Authority System or Houston's water system; or (iii) for equipment installation, repairs, modifications, replacements, inspections, or maintenance on the Authority System or Houston's water system. When practicable, the Authority shall provide notice in advance of such interruptions, reductions or cessation. However, the Authority may interrupt, reduce or cease deliveries of Authority Water without notice if such interruption or reduction is necessary because of any emergency condition involving public health, safety or welfare or for purposes of the GRP. The Authority shall have no liability to any Person for any damages caused by any interruption in service or any failure (partial or total) to deliver Authority Water.

Section 5.08 Maintenance of Groundwater Wells and Interconnects.

Subject to the limitations provided in Section 5.01, Converted Entities: (i) to the extent reasonable, shall maintain their existing groundwater well(s) and other groundwater facilities; and (ii) are encouraged to maintain water line interconnect(s) with other political subdivision(s). If a Converted Entity determines that its groundwater well cannot reasonably be maintained, such Converted Entity shall immediately notify the Authority of such determination.

Section 5.09 Early Conversion; Inadequate Groundwater Facilities.

To the extent that a Person desires to purchase Authority Water on a wholesale basis for any reason in advance of the date that the Authority intends to provide Authority Water, such Person may submit a written request for Authority Water to the Authority, which request will be evaluated by the Authority, in its sole discretion, on economic feasibility, GRP cost, and other factors; and the Authority will determine, in its sole discretion, if such request can be satisfied, in what amount, and according to what time frame and terms.

Section 5.10 Implementation of GRP.

Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage and participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority shall manage the GRP, including, without limitation, coordinating with the HGSD and implementing the GRP's goals. In order to implement the GRP, the Authority may from time to time issue groundwater reduction requirements to Persons in order to: (a) comply with or exceed

HGSD groundwater reduction requirements; (b) allocate Authority Water among Persons, including requiring Persons to take Authority Water in amounts determined by the Authority, but that shall not exceed the Person's total demand; and/or (c) comply with the aggregated groundwater permit from the HGSD. All Persons shall comply with such orders and requirements of the Authority.

Section 5.11 Early-Conversion/Over-Conversion Credits.

The Authority shall receive and be entitled to any early-conversion or over-conversion credits issued by the HGSD related to Authority Water (or any Water other than groundwater) consumed or utilized by any Person within the GRP. No Person within the GRP shall obtain (or attempt to obtain) for such Person's own benefit or the benefit of anyone other than the Authority or sell (or attempt to sell), any such early-conversion or over-conversion credits. If requested by the Authority, Persons within the GRP shall cooperate with the Authority in order to enable the Authority to receive such early-conversion or over-conversion credits. Nothing in this Section 5.11 shall mean that the Authority will receive or be entitled to any credits resulting from any Person's participation in HGSD's WaterWise program.

Section 5.12 Drought Contingency and Water Conservation Plans.

(a) *Drought Contingency Plans.* Prior to first receiving Authority Water, each Converted Entity shall certify to the Authority that it has adopted and implemented the drought contingency plan already required by 30 Texas Administrative Code ("TAC") Chapter 288. If a Converted Entity intends to resell Authority Water to a wholesale customer, the Converted Entity shall require its wholesale customer to also implement a drought contingency plan meeting the requirements of 30 TAC Chapter 288.

(b) *Water Conservation Plans.* By April 1, 2010 or prior to first receiving Authority Water, whichever occurs latest, each Converted Entity shall (i) implement a water conservation plan that complies with 30 TAC § 288.2(a), **whether or not the Person is otherwise currently required to implement such a plan**; and (ii) certify such fact to the Authority. If a Converted Entity intends to resell Authority Water to a wholesale customer, the Converted Entity shall require its wholesale customer to also implement a water conservation plan meeting the requirements of this Section 5.12(b).

(c) *Certifications.* The certifications required in Sections 5.12(a)-(b) stating that the drought contingency plan and/or water conservation plan, as applicable, has been adopted and implemented shall be signed by the Converted Entity's highest ranking officer. In addition, each Converted Entity certifying it has complied with Section 5.12(b) hereof shall enclose therewith a copy of the non-promotional rate structure (i.e. a rate structure that charges a higher rate as Water consumption increases) adopted under its water conservation plan.

Section 5.13 Compliance of Converted Entities' Water Systems.

In order to protect the Authority System, each Converted Entity's water system, shall be constructed and operated to comply with the rules promulgated by the Commission, or any successor agency. Should a condition in violation of these requirements be discovered, such Converted Entity shall promptly cure same. The Authority may conduct inspections from time to

time to determine that no conditions exist in such Converted Entity's water system and in connections to the Converted Entity's customers' premises which would or might adversely affect the Authority System.

Section 5.14 Termination and Reconnection of Service.

The Authority may take steps necessary to prevent a Converted Entity from continuing to receive Authority Water as a result of violating the terms of this Rate Order or other Authority rules. If a Converted Entity's ability to receive Authority Water is terminated by the Authority for any legally authorized cause, all charges then due and a reconnection fee shall be paid prior to service being restored. In the event the Authority deems it necessary to remove a Converted Entity's Meter to enforce such termination, a reinstallation fee shall be paid prior to service being restored, which fee is in addition to any other fees imposed (including, without limitation, the reconnection fee). The amount of the reconnection and reinstallation fees described above shall equal the actual cost incurred by the Authority to reconnect service and/or remove and reinstall the Converted Entity's Meter, respectively.

**ARTICLE VI
AUTHORITY RULES AND PENALTIES**

Section 6.01 Rate Order Constitutes Authority Rule.

All of the terms, conditions and duties imposed upon any Person under this Rate Order shall constitute rules of the Authority. As such, failure by any Person to comply with this Rate Order shall be a violation of the Authority's rules. Such violations shall include, but are not limited to any Person's failure to:

- (a) read any Meter(s) not measuring Authority Water and accurately report such readings to the Authority;
- (b) allow the Authority to audit quantities of Well Pumpage or Imported Water, read any Meter(s), or test and recalibrate, if necessary, any Meter(s);
- (c) maintain any Meter(s) not measuring Authority Water at the applicable accuracy standard;
- (d) pay all Fees when due; and
- (e) comply with the GRP and all directives and requirements issued by the Authority related to the GRP, including all requirements related to the amounts of Authority Water a Converted Entity must take from the Authority.

Section 6.02 Civil Penalty.

A Person is subject to a civil penalty of up to \$10,000 for each violation or each day of a continuing violation if the Person: (i) violates any provision of this Rate Order, the GRP or, any rules contained in either of same; (ii) makes unauthorized use of Authority services or facilities, or (iii) causes damage to Authority facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed. The Authority shall set the

amount of the penalty based on (a) the severity of the offense; (b) whether such violation was willful, knowing, reckless or inadvertent; (c) the history of offenses by such Person; and (d) the damages sustained by the Authority. The Authority may bring an action to recover the penalty in a district court in the county where the violation occurred. Any such penalties shall be paid to the Authority.

Section 6.03 Termination for Rate Order or GRP Violations.

Any Person who violates any provision of this Rate Order or the GRP shall be subject to being removed from the GRP or having service terminated; provided, however, that prior to such removal or termination for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority's system or adversely affect the GRP, the Authority shall give written notice to such Person of the pending removal or disconnection, and such notice shall contain a timeframe during which the Person may contest, explain or correct the violation. In the event a Person's violations create a hazard to health or safety or endanger the integrity of the Authority's system or adversely affect the GRP, the Authority may terminate service to such Person without prior notice; provided that the Authority gives notice to such Person within 24 hours after service has been terminated. Removal from the GRP or termination of service shall be in addition to any other penalties that may be imposed by the Authority under this Rate Order and remedies that may otherwise be available to the Authority.

Section 6.04 Injunction.

The Authority may bring an action for injunctive relief in a district court in the county where a violation of an Authority rule or order occurs or is threatened to occur. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding.

Section 6.05 Penalties Passed through to Violator.

In the event the Authority is penalized for any reason and the cause for such penalty can be attributed to the action or inaction of any Person, to the maximum extent possible such penalty shall be passed through to such Person.

ARTICLE VII MISCELLANEOUS

Section 7.01 Right to Enter Land.

In addition to any other rights that the Authority may have (by easement or otherwise), the Authority and its representatives shall have the authority to enter upon any Payor's property or any property where a Payor's Meter is located at any reasonable time in order to: (1) inspect, repair, install, test, maintain or operate any Authority facilities located on a District's water plant site(s) or to test or monitor the Authority Water delivered; (2) audit the Water measurements submitted to the Authority; (3) measure Water in the event a Payor has failed to do so; (4) inspect and investigate conditions relating to the quality of Water or compliance with any Authority rule, regulation, permit or order. If requested by the Authority, Authority Engineer or Authority Operator, a Payor shall immediately cooperate with the Authority, Authority Engineer or Authority Operator to allow the Authority, Authority Engineer or Authority Operator to enter such

site(s) for any of such purposes. Unless the Authority has reason to believe that a Payor has not submitted correct Water data or an emergency condition involving the public health, safety or welfare exists, the Authority will provide the Payor a minimum of one (1) business day's notice of its intent to enter upon the Payor's land or any property where a Payor's Meter is located. Authority representatives entering private property pursuant to this Section shall observe the establishment's rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

Section 7.02 Amendments to Rate Order and GRP.

As determined necessary by the Authority, the Authority reserves the right to modify from time to time the GRP and the rates, charges, fees or any other terms of this Rate Order.

Section 7.03 Authority Designee.

The Authority hereby designates its General Manager, the Board President and Vice President, the Authority Engineer, the Authority's Financial Assistant and the Authority Operator as its designees with authority to exercise the Authority's powers under its GRP and this Rate Order. In addition, the General Manager may take any action on behalf of the Authority necessary and convenient to accomplish the purposes of this Rate Order and the GRP.

Section 7.04 Refusal to Add Persons to GRP.

The Authority, at its sole discretion, may refuse to add Persons (and their wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP who at any time had been removed from the GRP.

Section 7.05 Compliance with Other Rules.

Except as specifically provided in this Rate Order, nothing herein shall affect any Person's duty to ensure it complies with all applicable rules, regulations, ordinances or laws governing such Person, specifically including without limitation those rules, regulations, ordinances or laws promulgated by the State of Texas, the Commission, the Texas Water Development Board, Harris County, HGSD and Houston.

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EXHIBIT "A"
Pricing Policy



**UPDATED PRICING POLICY
OF THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Effective April 1, 2020)**

This Updated Pricing Policy of the North Harris County Regional Water Authority (this "Updated Pricing Policy") is intended to define the Cost of Water paid to the Authority for Water used within the Authority and is an integral part of the Authority's Rate Order (the "Rate Order"), adopted on October 5, 2009. Unless specifically defined otherwise, capitalized terms in this Updated Pricing Policy shall have the meanings defined in the Rate Order.

Effective April 1, 2020, the following Cost of Water will apply to and be due by users of Water within the Authority:

Authority Water	\$4.70 per 1,000 gallons
Water pumped from a Non-Exempt Well	\$4.25 per 1,000 gallons
Imported Water	\$4.25 per 1,000 gallons

In addition to the above Fees, the Authority shall continue to provide a credit to each Converted Entity that constructed a Chloramine System prior to December 1, 2015 in accordance with the Authority's prior policy and procedures. Such credits shall be calculated as outlined below. Furthermore, any credits for capital contributions paid to the Authority by a Payor shall continue as provided in the applicable written agreement executed between the Payor and the Authority.

The Authority may revise the above Fees and modify, delete or add any credit(s), subject to the provisions of any applicable written agreements, if and when necessary. Payors will be notified of any such changes.

Chloramination Credits

The annual Chloramination Credit shall be calculated by amortizing the cost of the Chloramine System at 6% interest over a 30-year period, which shall begin the year the facilities are placed in service. The annual Chloramination Credit amount will be divided by 12 and the resultant amount will be credited monthly toward the fees payable to the Authority for the Water used by the Converted Entity.

New/Replacement Facilities

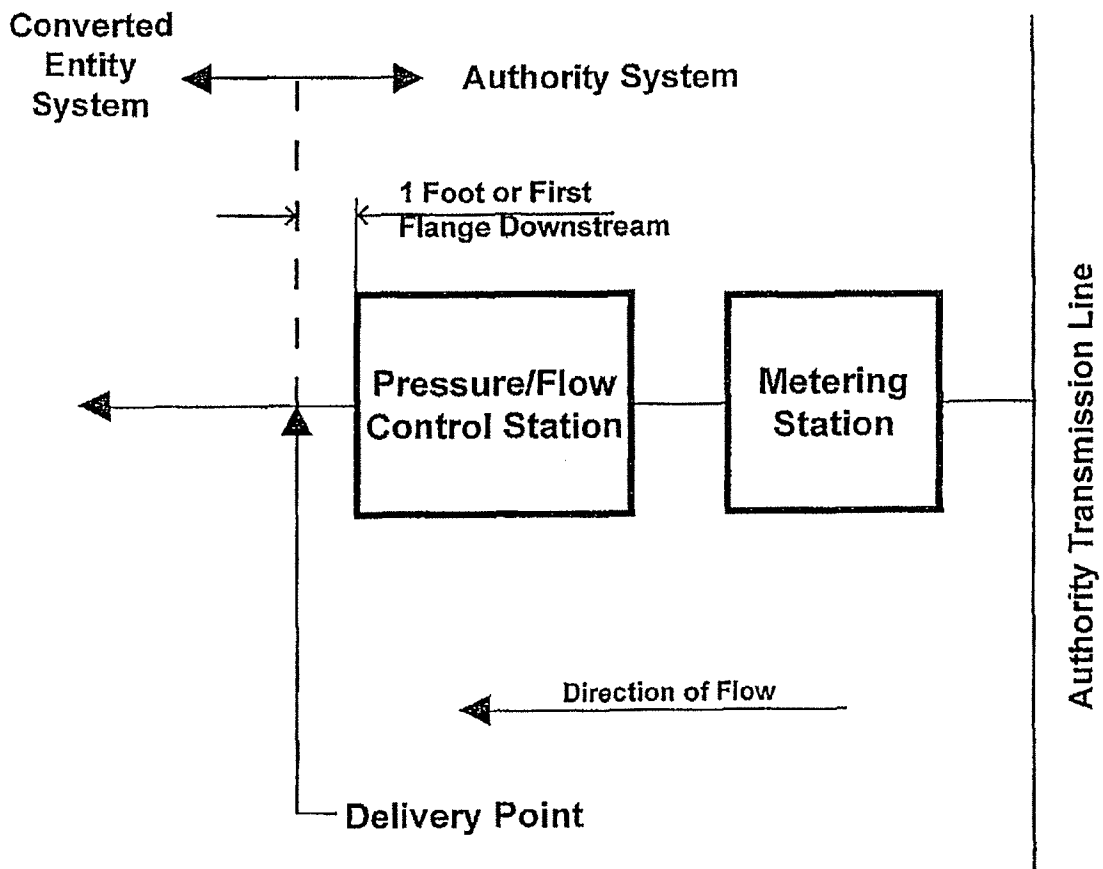
In order to help facilitate the effective implementation of the GRP, any Payor who anticipates the construction of new or replacement Water production, storage and/or treatment facilities and/or related appurtenances shall advise the Authority of those plans as early in the process as possible. The Authority will review such proposed improvements for conformity with the goals of the GRP and the possibility of the Authority being able to address those needs (i.e., by providing water in lieu of the Payor having to construct or replace facilities). Within the limits of its jurisdiction, the Authority will regulate construction of such facilities to accomplish the goals of the GRP.

Policy Implementation

The General Manager is authorized to take any actions on behalf of the Authority necessary and convenient to accomplish the purposes of this Updated Pricing Policy. The General Manager is also authorized to take actions necessary to comply with any special credit provisions provided under any agreements that may exist between a Payor and the Authority.

EXHIBIT "B"
Delivery Point

EXHIBIT B
SCHEMATIC LAYOUT OF LOCATION
OF DELIVERY POINT



NOT TO SCALE

EXHIBIT "C"
Form of Water Supply Agreement

WATER SUPPLY AGREEMENT

WHEREAS, [buyer name], a [entity type] (the "Buyer") has requested this Water Supply Agreement (the "Agreement") from the North Harris County Regional Water Authority (the "Authority") so Buyer may maintain compliance with the Texas Commission on Environmental Quality's requirements related to Buyer's minimum water supply capacity;

WHEREAS, Buyer desires to purchase and the Authority desires to sell the volume of water specified below in the manner and on the terms herein specified;

NOW, THEREFORE, for and in consideration of the mutual promises and consideration hereinafter described, the Authority and Buyer hereby agree as follows:

1. **Purchase and Sale of Water.** Buyer shall buy and receive from the Authority, and the Authority shall sell and deliver to the Buyer, at the Delivery Point, a volume of Authority Water between ___ million gallons per day ("MGD") and ___ MGD.

2. **Flow Rate, Pressure and Disinfection Method.** The Authority shall deliver Authority Water at a rate not to exceed ___ gallons per hour and at pressure adequate to discharge Authority Water into Buyer's ground storage tank. To facilitate the operation of both the Authority System and Buyer's water production and distribution system, Buyer shall accept at the Delivery Point ___ MGD average daily flow and ___ MGD during peak day flow. Both the Authority and Buyer shall disinfect Authority Water using chloramines.

3. **Contact Information.** The contact information for Buyer for all correspondence related to this Agreement shall be:

Buyer

[Name]

[Street]

[City, State Zip]

[Phone #]

[Fax #] Fax

With a copy to:

[Name]

[Street]

[City, State Zip]

[Phone #]

[Fax #] Fax

4. **Term.** This Agreement shall be effective on the date on which this Agreement is signed by both parties hereto and shall end on January 1, 2040.

5. **Other Terms Incorporated by Reference.** The Authority's Standard Terms of Water Supply Agreement (the "Standard Terms") and Rate Order, as it may be amended from time to time, are incorporated by reference and made apart of this Agreement as though fully set forth herein. A copy of the Standard Terms is attached hereto as **Appendix "I"**. Unless otherwise defined, capitalized terms in this Agreement and the Standard Terms shall have the meaning assigned in the Rate Order.

The parties hereto have caused this Agreement to be duly executed effective as of the date of the latest signature hereon.

Buyer: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

Date: _____

Authority: _____

Jimmie Schindewolf

General Manager

Date: _____

APPENDIX "I"

Standard Terms of Water Supply Agreement

Notices. All notices, consents, or other communications required hereunder shall be in writing and shall be sufficiently given (i) if addressed and mailed by first-class, certified or registered mail, postage prepaid, or (ii) upon receipt of notice given by facsimile, overnight courier or personal delivery, in either case as follows:

If to the Buyer: to the address and/or fax number listed in Paragraph 3 of the Water Supply Agreement.

If to the Authority:

Jimmie Schindewolf, General Manager
North Harris County Regional Water Authority
3648 FM 1960 West, Suite 110
Houston, Texas 77068
(Fax) 281-440-4104

With a copy to:

Robin S. Bobbitt
Johnson Radcliffe Petrov & Bobbitt PLLC
1001 McKinney, Suite 1000
Houston, Texas 77002
(Fax) 713-237-1313

Binding Effect; Assignment. The Agreement shall inure to the benefit of, and shall be binding upon, the Authority, Buyer and their respective successors and assigns authorized by the terms of the Agreement. Neither party may assign the Agreement or its rights and responsibilities thereunder to a third party without the prior written consent of the other party to the Agreement.

Severability. In the event any provision of the Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of such Agreement and the Agreement shall be read as though the invalidated or unenforceable provision were not present.

Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, including, but not limited to, the rules and regulations of the Commission. Venue shall be in Harris County, Texas.

Third-Party Benefit. Nothing in the Agreement, express or implied, is intended or shall be construed to confer upon or give to any person, other than the Authority and the Buyer involved, any right, remedy or claim under or by reason of the Agreement; and the covenants and agreements contained therein are and shall be for the sole and exclusive benefit of the parties thereto or their successors and assigns.

Integration. The Water Supply

Agreement, these Standard Terms and the Rate Order constitute the entire agreement between the Authority and Buyer and shall completely and fully supersede all prior undertakings or agreements, whether oral or written, relating to the subject matter hereof.

Headings. Section and subsection headings in the Agreement are included for convenience of reference only and will not constitute a part of the Agreement for any purpose.

Updates to Authority Rules. The sale of Authority Water under the Agreement shall be subject to all of the provisions of the rules, rates and regulations established and amended from time to time by the Authority's Board of Directors or its General Manager concerning rate review and adjustment, generally-applicable temporary interruptions of service, cut-off, lien for charges, and all other generally-applicable matters now or hereafter prescribed by resolution of the Authority or delegated to the Authority's General Manager, including rules required by or promulgated under the Authority's Rate Order or GRP; provided that no amendment to or waiver of any provision of the Agreement, nor consent thereto, will be effective unless the same is in writing executed by both the Authority and the Buyer. Such amendment, waiver or consent will be effective only in the specific instance and for the specific purpose for which given. Nothing in this section shall prohibit any change to these Standard Terms of Water Supply Agreement required to comply with an order or a regulation of any State or Federal agency with jurisdiction over the Authority, and any such change shall be binding on the Buyer.

Waiver. Failure of either party at any time to require performance of any provision of the Agreement shall not limit the party's right to enforce such provision, nor shall any waiver of any breach of any provision constitute a waiver of any succeeding breach of that provision or a waiver of that provision itself.

Counterparts. The Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement.

Consequential Damages. In no event shall the parties or any of their affiliates, by reason of any of their respective acts or omissions relating to any of their obligations under the Agreement unless such acts or omissions are intentional, be

liable, whether in contract, tort, misrepresentation, warranty, negligence (but not gross negligence), strict liability or otherwise, for any special, indirect, incidental or consequential damages arising out of or in connection with the Agreement, or the performance or breach thereof; provided however that nothing in the foregoing statement shall be construed to be a waiver of sovereign or governmental immunity protections or defenses to which the Authority or Buyer may otherwise be entitled.

Relationship of the Parties. The Authority and a Buyer shall not be deemed in a relationship of partners or joint ventures by reason of the Agreement or the activities taken pursuant hereto. The Agreement is intended to secure and provide for the services of each party hereto as an independent contractor.

Further Assurances. In furtherance of the terms and conditions of the Agreement, each of the parties shall cooperate in good faith with each other in order to achieve the performance of their respective obligations under the Agreement.

Force Majeure. In the event either Buyer or the Authority (a "Party") is rendered unable, wholly or in part, by Force Majeure, to carry out any of its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure in writing to the other Party as soon as possible after the occurrence of the Force Majeure, the obligations of the Party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to resume performance, shall be suspended for the duration of the Force Majeure. Such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "Force Majeure," as used herein, shall include, but not be limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, acts of terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, droughts, tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, and any other incapacities of either Party, whether similar to those enumerated or otherwise, and not within the control of the Party claiming such inability, which by the exercise of due diligence and care such Party could not have avoided.

TAB F

[illegible]

WHEREAS, the Authority was created, among other purposes, to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution, including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions; and

WHEREAS, the Act provides that the Authority may: (1) provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan, in a manner consistent with the purposes of Article XVI, Section 59 of the Texas Constitution; and (2) acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority and may conserve, store, transport, treat, purify, distribute, sell, and deliver water to or among persons, corporations, municipalities, municipal corporations, political subdivisions of the state, and others, inside and outside the boundaries of the Authority, and allocate water among persons participating in the Authority's groundwater reduction plan whether they are located inside or outside the Authority's boundaries; and

WHEREAS, the Act authorizes the Authority to establish fees, user fees, rates and charges and classifications of fee and ratepayers, as necessary to enable the Authority to fulfill its purposes and regulatory functions provided in the Act; and

WHEREAS, Section 4.03(e) of the Act provides that the Authority may establish fees, user fees, rates and charges that are sufficient to: (1) achieve water conservation; (2) prevent waste of water; (3) serve as a disincentive to pumping groundwater; (4) develop, implement, or enforce a groundwater reduction plan; (5) accomplish the purposes of the Act, including making available alternative water supplies; (6) enable the Authority to meet operation and maintenance expenses; (7) pay the principal of and interest on notes, bonds, and other obligations issued in connection with the exercise of the Authority's

general powers and duties; and (8) satisfy all rate covenants relating to the issuance of notes, bonds, and other obligations; and

WHEREAS, prior to the Board's adoption of the GRP Fee, Surface Water Fee, and Imported Water Fee hereinafter set forth in this Amended Rate Order, the Board provided municipalities and districts within the Authority written notice of the date, time and location of the meeting at which the Board would adopt the GRP Fee, Surface Water Fee, and Imported Water Fee and the amount of said fees; and

WHEREAS, the Board has determined that the fees, user fees, rates and charges established in this Amended Rate Order are necessary to accomplish those purposes set forth in Section 4.03 (e) of the Act; and

WHEREAS, it is necessary that the Authority establish fees, user fees, rates, charges, and conditions and terms of service from the Authority System, the Authority's GRP and any other services provided by the Authority, and rules related thereto; and

WHEREAS, the Board has determined that the rules adopted by the Authority in this Amended Rate Order are necessary to implement the Act and to implement and enforce the Authority's GRP and its delivery of Surface Water.

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF DIRECTORS OF THE WEST HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. As used herein, the following terms shall have the respective meanings set forth or referred to below:

"Act" means House Bill 1842 of the 77th Texas Legislature, as amended.

"Authority" means the West Harris County Regional Water Authority.

"Authority Engineer" means the Authority's general operating engineer (currently Dannenbaum Engineering Corporation), which may be changed from time to time by the Authority.

"Authority Operator" means the operating company performing operations for the Authority (currently Inframark Water & Infrastructure Services), which may be changed from time to time by the Authority.

"Authority System" means the Authority's facilities, pipelines, storage tanks, conduits, canals, pumping stations, treatment plants, meters, remote meter reading devices, valves, and any other construction, device, or related appurtenance or

connection used to treat, transport or store Surface Water, including all easements, rights-of-way and sites owned or utilized by the Authority, together with all Authority rights related thereto.

“Baseline” means 5335.70, which was the Construction Index for January 2010.

“Board” means the Board of Directors of the Authority.

“Chloramine System” is defined hereinafter.

“Commission” means the Texas Commission on Environmental Quality, and any successor agency.

“Construction Index” means the Engineering News Record Construction Cost Index (Dallas), as issued by the Engineering News Record, or such other index as may be selected by the Authority from time to time.

“Construction Index Adjustment” is defined hereinafter.

“Control Valve Assembly” is defined hereinafter.

“Converted Customer” means a District (or other Authority customer) whose water supply facilities have been actually and directly connected to the Authority’s System and who is actually receiving Surface Water directly from the Authority’s System. A District that merely has a water interconnect with (or receives water through a water interconnect from) a Converted Customer is not considered a Converted Customer, unless said District’s own water supply facilities have been actually and directly connected to the Authority’s System and said District is itself actually receiving Surface Water directly from the Authority’s System.

“Current Calendar Year” is defined hereinafter.

“Day” means calendar day.

“District” means any district created pursuant to Article III, Section 52(b)(1), (2) or Article XVI, Section 59 of the Texas Constitution, regardless of the manner of creation other than a navigation district or a district governed by Chapter 36 of the Texas Water Code.

“Delivery Point” is defined hereinafter.

“Exempt Well” means: (i) a Well with a casing diameter of less than five inches that solely serves a single family dwelling, (ii) a Well that is regulated under Chapter 27 of the Texas Water Code, or (iii) a Well that is not subject to any groundwater reduction requirement imposed by the HGSD or FBSD (as applicable).

“FBSD” means the Fort Bend Subsidence District.

“GRP” means that certain groundwater reduction plan adopted by the Authority’s Order Establishing Groundwater Reduction Plan and Related Rules, dated May 14, 2003, as amended; and all directives, determinations and requirements issued by the Authority (or the Authority Engineer or Authority Operator) pursuant to such order, as all of same may be amended from time to time.

“GRP Fee” means the groundwater reduction plan fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(b)) of the Act and set forth hereinafter.

“Houston” means the City of Houston, Texas.

“HGSD” means the Harris Galveston Subsidence District.

“Imported Water” means water (whether surface water or groundwater) that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority for distribution to an end user within the boundaries of the Authority. The term “Imported Water” does not include Surface Water delivered through or by the Authority System.

“Imported Water Fee” means the imported water fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(g)) of the Act and set forth hereinafter.

“Interest Rate” is defined hereinafter.

“Maximum Chloramine Construction Reimbursement” (i) means \$190,000 if the Winning Bid Date for the Chloramine System construction project is (or was) prior to or during the year 2010; and (ii) means the revised figure established pursuant to the Construction Index Adjustment set forth in Section 5.19 of this Rate Order if the Winning Bid Date for the Chloramine System construction project is after the year 2010.

“Maximum Daily Amount” is defined hereinafter.

“Minimum Daily Amount” is defined hereinafter.

“Non-Exempt Well” means: (i) any Well within the Authority other than an Exempt Well, (ii) any Well located in the Authority or participating in its GRP by written contract that was subject, on or before February 1, 2013, to a groundwater reduction requirement imposed by the HGSD or FBSD (as applicable), or the regulatory provisions, permitting requirements, or jurisdiction of the HGSD or FBSD (as applicable), and (iii) any Well located in the Authority or participating in its GRP by written contract that belongs to a class of Wells that was subject, on or before February 1, 2013, to a groundwater reduction requirement imposed by the HGSD or FBSD (as applicable), or

the regulatory provisions, permitting requirements, or jurisdiction of the HGSD or FBSD (as applicable).

“Non-Exempt Well Owner” means any Person that owns a Non-Exempt Well.

“Person” means any individual, corporation, organization, government or governmental subdivision or agency, District, municipality, county, political subdivision, business trust, trust, estate, partnership, association, or any other legal entity.

“Rate Order” means this Amended Rate Order, as amended.

“Realty Interest Document” means a written document (in a form acceptable to the Authority) that grants the following rights to the Authority across, along, under, over and upon any property (whether or not a water plant site) owned by a Person, or in which a Person has any interest: (i) water line and/or water meter easement(s), (ii) consent to conveyance of Authority easement(s), (iii) subordination of a Person’s realty interests to the Authority’s rights under Authority easement(s), or (iv) any other property interest necessary or convenient for the Authority to provide and/or meter Surface Water delivered by the Authority to any Authority customers.

“Shut-off Valve(s)” means the shutoff valve(s) installed by the Authority or the Person in the Surface Water line(s) on a Person’s water plant site(s).

“Surface Water” means water (whether surface water, groundwater, or a blend of both) that is delivered through or by the Authority System.

“Surface Water Availability Date” means the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority

“Surface Water Fee” means the surface water fee/rate adopted by the Board pursuant to Section 4.03 (including Section 4.03(f)) of the Act and set forth hereinafter.

“Surface Water User” means any Person that receives Surface Water.

“Three Year Time-Period” means the three year time-period preceding the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority.

“User” means any Non-Exempt Well Owner, Surface Water User, or Water Importer.

“Water Importer” means a Person located, in whole or in part, within the Authority’s boundaries that: (i) uses or distributes Imported Water; and (ii) uses or distributes more than 10,000,000 gallons of water in a calendar year. The term “Water Importer” does not include an owner of an Exempt Well if, and only if, such owner does

not own any Non-Exempt Wells.

"Water Line Segment" is defined hereinafter.

"Water Usage Reports" is defined hereinafter.

"Well" means a facility, device, or method used to withdraw groundwater: (i) from a groundwater source that is located within the boundaries of the Authority; or (ii) from a groundwater source that is located outside the boundaries of the Authority, but is part of the GRP pursuant to a written contract with the Authority.

"Well Owner" means any Person that owns a Well.

"Winning Bid Date" means the date that the District receives the winning bid for construction of the Chloramine System. In the event of a dispute or uncertainty regarding the date of the Winning Bid Date, the Authority Board shall determine the date based on data provided by the Authority Engineer.

Section 1.02. Interpretations. The article and section headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa.

Section 1.03. References, Etc. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE II FINDINGS

Section 2.01. Findings. Each of the recitals stated in this Rate Order are hereby adopted as a finding of the Board. All statutory requirements and conditions (including those of Section 4.03 of the Act) have been met for the establishment of those fees, user fees, rates and charges set forth in this Rate Order.

ARTICLE III RATES AND CHARGES

Section 3.01. GRP Fee.

(a) The Board hereby adopts a GRP Fee pursuant to Section 4.03 (including Section 4.03(b)) of the Act. Each Non-Exempt Well Owner shall pay the Authority the GRP Fee for monthly pumpage, as provided in this Section. Effective as of January 1, 2020, the

GRP Fee shall be equal to \$3.20 for each 1,000 gallons of water pumped from each Non-Exempt Well.

(b) For groundwater pumpage during the period before but not including January 1, 2020, the provisions of this subsection shall apply. Payment of the GRP Fee is due by the 15th of the second month following the month for which pumpage is required to be calculated. (For example, payment for January pumpage is due by March 15th; payment for February pumpage is due by April 15th; etc.) The Authority will not send invoices or billings to Non-Exempt Well Owners for the amount of GRP Fees that are due. Each Non-Exempt Well Owner shall be responsible for remitting to the Authority the GRP Fee on or before the due date. The GRP Fee shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Non-Exempt Well Owner to the Authority with such owner's monthly GRP Fee payment. Each Non-Exempt Well Owner shall complete such form and provide it to the Authority monthly, even if the Non-Exempt Well Owner's pumpage was zero. If a User had both Well pumpage and Surface Water usage during a month, then such User shall report the amount of each on the form promulgated by the Authority.

(c) For groundwater pumpage on and after January 1, 2020, the provisions of this subsection shall apply. Each month, the Authority shall, via meter reading, determine the amount of groundwater pumped by Non-Exempt Well Owners. The Authority will invoice Non-Exempt Well Owners on a monthly basis for the amount of GRP Fees due for the period.

Section 3.02. Surface Water Fee.

(a) The Board hereby adopts a Surface Water Fee pursuant to Section 4.03 (including Section 4.03(f)) of the Act. Each Surface Water User shall pay the Authority the Surface Water Fee for Surface Water received monthly, as provided in this Section. Effective as of January 1, 2020, the Surface Water Fee shall be equal to \$3.60 for each 1,000 gallons of Surface Water received.

(b) For Surface Water received during the period before but not including January 1, 2020, the provisions of this subsection shall apply. Payment of the Surface Water Fee is due by the 15th of the second month following the month for which Surface Water usage is required to be calculated. (For example, payment for January Surface Water usage is due by March 15th; payment for February Surface Water usage is due by April 15th; etc.) The Authority will not send invoices or billings to Surface Water Users for the amount of Surface Water Fees that are due. Each Surface Water User shall be responsible for remitting to the Authority the Surface Water Fee on or before the due date. The Surface Water Fee shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Surface Water User to the Authority with such User's monthly Surface Water Fee payment. Each Surface Water User shall complete such form and provide it to the Authority monthly, even if

such User's Surface Water use was zero. If a User had both Well pumpage and Surface Water usage during a month, then such User shall report the amount of each on the form promulgated by the Authority.

(c) For Surface Water received, on and after January 1, 2020, the provisions of this subsection shall apply. Each month, the Authority shall, via meter reading, determine the amount of Surface Water received by Surface Water Users. The Authority will invoice Surface Water Users on a monthly basis for the amount of Surface Water Fees due for the period.

Section 3.03. Imported Water Fee. The Board hereby adopts an Imported Water Fee pursuant to Section 4.03 (including Section 4.03(g)) of the Act. If a Water Importer obtains Imported Water to serve all or any portion of the property it serves, then such Water Importer must immediately notify the Authority in writing and must pay to the Authority monthly the following Imported Water Fee: (i) a fee equal to the then-current GRP Fee applied on all Imported Water, if the Authority's System has not been directly connected to the Water Importer's water supply facilities; or (ii) a fee equal to the then-current Surface Water Fee applied on all Imported Water, if the Authority's System has been directly connected to the Water Importer's water supply facilities. The Imported Water Fee is due and payable to the Authority monthly even if the Water Importer also pays another entity for the Imported Water and even if the Authority is not then providing Surface Water to the Water Importer. The fees due pursuant to this section shall be calculated by the Authority based on the information provided by the Water Importer in the form promulgated by the Authority and attached hereto as Exhibit "B", which form shall be provided by the Water Importer to the Authority monthly. Upon the Authority's receipt of such form, the Authority will invoice the Water Importer for the Imported Water Fee due for the period. Notwithstanding any provision of this Section, a Water Importer shall not be required to pay the Imported Water Fee: (i) on Imported Water if the Authority has agreed in writing that no Imported Water Fee applies to the particular Imported Water; (ii) on Imported Water that the Water Importer receives during a period not to exceed 60 consecutive or inconsecutive days during any calendar year if, and only if, the Water Importer receives the Imported Water due to emergency conditions; or (iii) as provided in Section 4.03(g) of the Act, on water imported from a source located in Waller County that serves a municipality within the Authority.

Section 3.04. Manual Meter Reading Fee. On and after January 1, 2020, the Authority shall charge any User \$150.00 per month for each meter the Authority Operator must read manually if: (i) such User has failed to provide a written right of entry agreement in a form acceptable to the Authority for the installation of the Authority's remote meter reading device on a Non-Exempt Well meter (provided, however, for new Non-Exempt Wells, such \$150.00 charge shall not apply during the 3-month period after the Non-Exempt Well becomes operational); (ii) such User has prevented the Authority from installing, maintaining, modifying, repairing, operating, and/or replacing the

Authority's remote meter reading device on a Non-Exempt Well meter or a Surface Water meter; or (iii) such User has prevented the Authority Operator from obtaining information from the Authority's remote meter reading device on a Non-Exempt Well meter or a Surface Water meter.

Section 3.05. Special Assessments. Section 4.05 of the Act allows the Board to impose special assessments. To date, the Board has not imposed such special assessments. The Board reserves the right to impose such special assessments at any time by adopting a resolution, rule, requirement, or order (or amendment to this Rate Order) that expressly provides for the imposition of such special assessments.

Section 3.06. Payment of Amounts Due to the Authority.

(a) All fees, rates, charges, or other amounts payable to the Authority shall be paid in money which is legal tender in the United States of America.

(b) For the period before but not including January 1, 2020, the provisions of this subsection shall apply. Payments will be accepted only by check or money order made payable to the "West Harris County Regional Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. All payments must be received by the bookkeeper of the Authority (currently, Myrtle Cruz, Inc., at 3401 Louisiana Street, Suite 400, Houston, TX 77002-9552) by the due date. Written wire instructions are available upon request.

(c) On and after January 1, 2020, the provisions of this subsection shall apply. The Authority will invoice a User for all fees, rates, charges, or other amounts due to the Authority pursuant to this Rate Order on a monthly basis and as otherwise needed. All invoices shall be payable on the 45th day after the date of the invoice for said amount. Payments shall be made by check made payable to "West Harris County Regional Water Authority." No cash or other forms of payment will be accepted. All payments must be received by the due date at the payment address provided on the invoice. Payments received after the due date shall be considered delinquent and are subject to penalties and interest in accordance with this Rate Order.

ARTICLE IV WELL PUMPAGE AND OWNERSHIP

Section 4.01. Self-Reporting.

(a) If requested by the Authority, a Non-Exempt Well Owner shall be responsible for (i) reading the meter which measures the amount of groundwater pumped from each Non-Exempt Well owned by such owner, and (ii) reporting such measurement to the Authority (even if it shows zero pumpage for the month) on the reporting form promulgated by the Authority. All Persons shall provide requested reporting forms to

the Authority electronically via the Authority's designated website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide the requested reporting forms to the Authority via hard-copy.

(b) For groundwater pumpage during the period before but not including January 1, 2020, the provisions of this subsection shall apply. Each Non-Exempt Well Owner shall be responsible for reading the meter which measures the amount of water pumped from each Non-Exempt Well owned by such owner at the end of each month. Such measurement (even if it shows zero pumpage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority and attached hereto as Exhibit "A". Along with such owner's monthly GRP Fee payment, such owner shall provide the reporting form to the Authority no later than the 15th of the second month following the month for which pumpage is required to be calculated. (For example, the reporting form for January pumpage is due by March 15th; the reporting form for February pumpage is due by April 15th; etc.). All Persons shall provide their monthly reporting forms to the Authority electronically via the Authority's designated website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide its monthly reporting forms to the Authority via hard-copy.

Section 4.02. Audits. The Authority shall have the right to audit any Well pumpage measurements submitted by the Well Owner by reading the meter at such Well. In addition, the Authority, at its discretion, may read the meter for any other reason. If a Well Owner reports an amount of pumpage to the Authority that differs from the amount of pumpage that the Authority determines occurred based on the Authority's reading of the meter, or if a Well Owner reports an amount of pumpage to the HGSD or FBSD, as applicable, that differs from the amount of pumpage that the Well Owner reports to the Authority, the Authority may utilize any of said amounts to determine the total GRP Fees due the Authority. If such Authority determination shows that the Well Owner underpaid the Authority, then, in addition to all other remedies available to the Authority, the Authority may invoice the Well Owner for the shortfall. (Any such invoice will be due to the Authority no later than the date provided in the invoice.) If such Authority determination shows that the Well Owner overpaid the Authority, then the Authority may pay the Well Owner the amount of the overage. Notwithstanding the previous two sentences, the Board may refrain from sending invoices for shortfalls and/or payments for overages that are below any threshold amount that is from time to time determined by the Board.

Section 4.03. Failure to Read Meter. In the event a Non-Exempt Well Owner fails when required by this Rate Order to timely or properly read the meter which measures the amount of water pumped from its Well, the Authority may read the meter. The

Authority may establish the Non-Exempt Well Owner's GRP Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 4.04. Accuracy of Meters. (a) Each Non-Exempt Well Owner, at its expense, shall be responsible to install and maintain a Well meter on each Non-Exempt Well that has an accuracy within the range of 97% to 103% of the actual flow. Such owner shall test the accuracy of each water meter as installed in place and submit a certificate (on the form available from the HGSD) of the test results to the Authority according to the following schedule: (i) every 3 years for meters less than 6 inches in size, and (ii) every year for meters 6 inches and larger in size. Only equipment capable of accuracy results of plus or minus one percent of actual flow with repeatable accuracy of ½ of 1 percent may be used to calibrate or test meters. If the test results indicate meter accuracy outside the range of 97% to 103% of the actual flow: (i) the Non-Exempt Well Owner shall take appropriate steps to remedy the inaccuracy range within 90 days from the date of the test to recalibrate the meter to 100% of actual flow, or to repair or replace the water meter, (ii) the Authority may, in its sole discretion, if the testing reveals that the accuracy was below 97%, require the owner to pay the Authority the GRP Fees for under-reported gallons, all as determined by the Authority, and (iii) the Authority may, in its sole discretion, if the testing reveals that the accuracy was above 103%, refund the owner the GRP Fees for over-reported gallons, all as determined by the Authority.

(b) If the Authority at any time believes that the meter accuracy is outside the range of 97% to 103% of the actual flow, it may notify the Non-Exempt Well Owner and require that such meter be independently tested and the results reported to the Authority. If the testing reveals that the meter accuracy is within the range of 97% to 103% of the actual flow, the Authority shall pay the cost of such testing and the cost of any necessary temporary meter used. If the testing reveals that the meter accuracy is outside the range of 97% to 103% of the actual flow: (i) the Non-Exempt Well Owner shall take appropriate steps to remedy the inaccuracy range within 90 days from the date of the test to recalibrate the meter to 100% of actual flow, or to repair or replace the water meter, (ii) the Non-Exempt Well Owner shall pay the cost of such testing and the cost of any necessary temporary meter used, (iii) the Authority may, in its sole discretion, if the testing reveals that the accuracy was below 97%, require such owner to pay the Authority the GRP Fees for under-reported gallons, all as determined by the Authority, and (iv) the Authority may, in its sole discretion, if the testing reveals that the accuracy was above 103%, refund such owner the GRP Fees for over-reported gallons, all as determined by the Authority. If such owner refuses to test the meter after the Authority requires it to do so, the Authority may remove the Well meter for independent testing and recalibration, and replace it with a temporary meter. The Authority shall pay for the cost of such testing and temporary meter, unless the results show that the meter was outside the range of 97% to 103% of the actual flow, in which case the Non-Exempt Well Owner shall be responsible for the cost of testing and recalibration of the meter, the cost of the temporary meter, and

payment to the Authority of the GRP Fees for unread gallons, as determined by the Authority.

(c) Notwithstanding Sections 4.04(a) and (b) above, if a water meter or related piping or equipment is tampered with or damaged so that the measurement accuracy of the meter is impaired, the Authority may require the Non-Exempt Well Owner, at the Non-Exempt Well Owner's expense, to take appropriate steps to remedy the inaccuracy range, and to retest the water meter within 30 days from the date the problem is discovered.

(d) The Authority may install, maintain, modify, repair, operate, and/or replace remote meter reading devices on any Non-Exempt Well meter. In the event the Authority installs or replaces such devices, the Authority shall own, maintain, and operate same. The Authority's installation or replacement of a remote meter reading device on any Non-Exempt Well does not modify or remove the Non-Exempt Well Owner's duty to self-report water pumpage in accordance with this Rate Order.

(e) Each Non-Exempt Well Owner, and not the Authority, shall own, maintain, and operate the Well meter, regardless of whether the Well meter was installed by the Authority or the Non-Exempt Well Owner. Prior to installing a new or replacement meter on a Non-Exempt Well, the Non-Exempt Well Owner shall obtain from the Authority Engineer written approval of the type, make, and model of the meter to be installed. Should a Non-Exempt Well Owner fail to obtain such written approval of the Authority Engineer and install a meter that is incompatible with the remote meter reading devices installed by the Authority, such Non-Exempt Well Owner shall be responsible for all costs (including the Authority's costs if the Authority performs the work) to replace such meter with a meter that has been approved in writing by the Authority Engineer and is compatible with the remote meter reading devices installed by the Authority.

Section 4.05. Subsidence District Water Well Permitting. The HGSD has to date issued an aggregate water well permit to the Authority comprising all of the permitted groundwater production for the Authority's GRP. Each Non-Exempt Well Owner shall provide the Authority data and information required by the Authority for the Authority to prepare and file documents with the HGSD or FBSD related to well permitting. Each Non-Exempt Well Owner shall maintain: (i) ownership of its Well(s) and operational responsibility therefor, and (ii) subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the HGSD or FBSD, the right to pump from such Well(s) the amount of groundwater reasonably determined by such owner to be needed by such owner, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including, without limitation, during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as such owner is not committing waste or being wasteful. For purposes of this provision "waste" and

“wasteful” shall have the most restrictive meaning ascribed to such terms in the following: (i) the Special District Local Laws Code Chapter 8801 with respect to Non-Exempt Wells in the HGSD or Chapter 8834 with respect to Non-Exempt Wells in the FBSD, (ii) rules or requirements of the HGSD with respect to Non-Exempt Wells in the HGSD or rules or requirements of the FBSD with respect to Non-Exempt Wells in the FBSD, or (iii) the terms of the aggregate water well permit issued to the Authority.

Section 4.06. Change of Well Ownership. Any Person who becomes the owner of a Non-Exempt Well must notify the Authority in writing of the name and contact information for the new owner within 90 days after the date of the change in ownership.

Section 4.07. Water Usage Reports. Before January 31st of each year, each Non-Exempt Well Owner shall submit to the Authority a report, on a form available from the Authority, stating the following: (1) name of the owner of the Non-Exempt Well(s); (2) the Well number(s) of such Well(s); (3) the total amount of groundwater produced by such Well(s) during the immediately preceding calendar year; (4) the total amount of groundwater produced by such Well(s) during each separate month of the immediately preceding calendar year; (5) the purpose for which the groundwater was used; (6) the amount and source of water (except for groundwater) used by such owner; and (7) any other information requested by the Authority, HGSD, or FBSD. In addition, each Non-Exempt Well Owner shall (1) read the water meter for such Well between December 15th and January 15th of each year, and (2) report the reading in writing to the Authority by January 15th of each year. The reports required by the preceding two sentences are referred to herein as the “Water Usage Reports.”

ARTICLE V SURFACE WATER USE AND CONVERSION

Section 5.01. Self-Reporting.

(a) If requested by the Authority, each Surface Water User shall be responsible for (i) reading the meter which measures the amount of Surface Water delivered by the Authority to such user, and (ii) reporting such measurement to the Authority (even if it shows zero Surface Water usage for the month) on the reporting form promulgated by the Authority. All Persons shall provide requested reporting forms to the Authority electronically via the Authority’s designated website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide the requested reporting forms to the Authority via hard-copy.

(b) For Surface Water received during the period before but not including January 1, 2020, the provisions of this subsection shall apply. Each Surface Water User shall be responsible for reading the meter which measures the amount of Surface Water delivered

by the Authority to such user at the end of each month. Such measurement (even if it shows zero Surface Water usage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority and attached hereto as Exhibit "A." Along with such user's monthly Surface Water Fee payment, such user shall provide the reporting form to the Authority no later than the 15th of the second month following the month for which Surface Water usage is required to be calculated. (For example, the reporting form for January Surface Water usage is due by March 15th; the reporting form for February Surface Water usage is due by April 15th; etc.) All Persons shall provide their monthly reporting forms to the Authority electronically via the Authority's designated website and, if requested by the Authority, also by hard-copy. If the Authority determines in writing that internet access is not reasonably available to a Person, then the Authority may allow such Person to provide its monthly reporting forms to the Authority via hard-copy.

Section 5.02. Audits. The Authority shall have the right to audit any Surface Water usage measurements submitted by the Surface Water User by reading the Surface Water meter. In addition, the Authority, at its discretion, may read the meter for any other reason.

Section 5.03. Failure to Read Meter. In the event a Surface Water User fails when required by this Rate Order to timely or properly read the meter which measures the amount of Surface Water delivered, the Authority may read the meter. The Authority may establish the Surface Water User's Surface Water Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 5.04. Delivery Point and Measuring and Control Equipment. The delivery point of water (the "Delivery Point") by the Authority to a Person receiving Surface Water shall be the output flange of the meter and control valve assembly (collectively, the "Control Valve Assembly") installed by the Authority to serve such Person. No Person shall connect to the Authority System, unless and until the Authority consents in writing to such connection. If the Authority, at its option, so consents, the connection shall be made in strict conformity with the terms and conditions of such Authority consent. The Authority shall furnish, install and operate, at its own expense, at the Delivery Point equipment and devices for measuring the quantity of Surface Water delivered by the Authority. Such Control Valve Assembly and other equipment installed by the Authority shall remain the property of the Authority.

Section 5.05. Testing of Measuring Equipment. The Authority will from time to time test the measuring equipment that measures the amount of Surface Water delivered by the Authority. Should the test of the measuring equipment show that the equipment has an accuracy outside the range of 97% to 103% of the water delivered, the Authority may deem that the total quantity of water delivered to the Person is the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be corrected, repaired, or replaced by the Authority with accurate measuring

equipment. In such event, the Authority may adjust (increase or decrease) the Person's payments for Surface Water to the Authority for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter.

Section 5.06. Delivery, Facilities and Title to Water. Each Person receiving Surface Water from the Authority shall be responsible to deliver water from the Delivery Point to and into the Person's water system. The Authority, and not the Person receiving Surface Water from the Authority, shall own, operate and maintain: (i) any sensor equipment installed by the Authority on the Person's ground storage tank facilities or other water plant facilities and related electrical and control connections by conduit pipe, or other means, connecting such sensor equipment to the Authority's facilities (the "Sensor Line and Equipment"); and (ii) the Control Valve Assembly installed by the Authority. The Person receiving Surface Water from the Authority, and not the Authority, shall own, operate and maintain all equipment, facilities, tanks, buildings, materials, Wells, and lines downstream of the Control Valve Assembly, except for the Sensor Line and Equipment. Unless otherwise agreed to in writing by the Authority, the Person receiving Surface Water from the Authority shall at all times, at the Person's expense, maintain an air gap, in accordance with a location and specifications approved by the Authority, downstream of the Delivery Point before the water delivered by the Authority enters the Person's ground storage tank(s); provided, however, the Authority, at its option, may provide an alternative backflow prevention procedure or mechanism. Title to, possession, and control of Surface Water shall remain with the Authority until it passes through the Control Valve Assembly, where title to, possession, and control of the Surface Water shall pass from the Authority to the Person receiving same.

Section 5.07. Chloramine Disinfection. Usually, Surface Water delivered by the Authority will be disinfected with chloramines. Each Converted Customer is required to: (i) convert its water treatment system to a chloramine disinfection system, or install a chloramine disinfection system, prior to becoming a Converted Customer and no later than the date required by the Authority; and (ii) maintain use of such chloramine disinfection system thereafter for so long as such Converted Customer is connected to the Authority's System and for so long as the Surface Water delivered by the Authority is disinfected with chloramines. It shall be the responsibility of each Converted Customer (and each Person that receives water from a Converted Customer, for example and without limitation, via a water interconnect), and not the Authority, to: (i) notify such Converted Customer's (or such Person's) water customers and water users about its conversion to and use of chloramine disinfection; and (ii) comply with any applicable United States Environmental Protection Agency and Commission (and other applicable agency) regulations and requirements, and applicable laws. Prior to completion of design (and commencement of construction) of the chloramine disinfection system required by this Section, the Person to be converted to Surface Water shall submit plans and

specifications to the Authority Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

Section 5.08. Daily Amount. The Authority, the Authority Engineer, or the Authority Operator may from time to time designate a maximum daily amount of Surface Water (the "Maximum Daily Amount") to be taken by a Person and/or a minimum daily amount of Surface Water ("Minimum Daily Amount") to be taken by a Person. In such event, during any one day, no Person shall take from the Authority more than the Maximum Daily Amount nor less than the Minimum Daily Amount. The Authority may from time to time increase or decrease a Person's Maximum Daily Amount and/or Minimum Daily Amount, as determined necessary by the Authority, the Authority Engineer or the Authority Operator. If in violation of this Rate Order, and in addition to all other remedies available to the Authority (including, without limitation, those set forth in this Rate Order), a Person takes more than its Maximum Daily Amount or less than its Minimum Daily Amount in any one day, the Person shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto (including, without limitation, any charges or fees charged to the Authority by Houston or the HGSD).

Section 5.09. Quantity or Pressure of Water. Notwithstanding any provision of this Rate Order or act of the Authority, the Authority does not and will not guarantee to any Person a specific quantity or pressure of water for any purpose whatsoever. In no case shall the Authority be liable for the failure or refusal to furnish water or any particular amount or pressure of water.

Section 5.10. Interruptions in Service. The Authority shall use reasonable efforts to deliver to any Person with whom the Authority has entered into a written water supply commitment agreement a constant and uninterrupted supply of Surface Water in the amount provided in such agreement. Notwithstanding any provision of this Rate Order or any applicable agreement entered into by the Authority, the Authority may interrupt, reduce or cease deliveries of Surface Water to any Person if such interruption or reduction is necessary: (i) due to limitations in the Authority System or Houston's water system; (ii) in case of emergencies or breakdowns in the Authority System or Houston's water system; or (iii) for equipment installation, repairs, modifications, replacements, inspections, or maintenance on the Authority System or Houston's water system. In addition, the Authority may interrupt, reduce or cease deliveries of Surface Water if such interruption or reduction is necessary for purposes of the Authority's GRP. The

Authority shall have no liability to any Person for any damages caused by any interruption in service or any failure (partial or total) to deliver Surface Water.

Section 5.11. Maintenance of Groundwater Wells. In order to have an alternative water supply source in the event that the Authority's water service is interrupted or ceases for any reason, Persons that receive Surface Water are strongly encouraged by the Authority to at all times: (i) maintain their groundwater Well(s) and other groundwater facilities; and (ii) maintain water line interconnect(s) with other political subdivision(s) of this State that have functioning groundwater Well facilities.

Section 5.12. Early Conversion. To the extent that a Person desires to purchase Surface Water for any reason in advance of the date that the Authority intends to provide Surface Water to such Person, such Person may submit a written request for Surface Water to the Authority, which request will be evaluated by the Authority, in its sole discretion, on economic feasibility, GRP cost, and other factors; and the Authority will determine, in its sole discretion, if such request can be satisfied, in what amount, and according to what time frame and terms.

Section 5.13. Compliance with GRP. Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage or participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority, the Authority Engineer and/or the Authority Operator shall manage and enforce the GRP, including without limitation coordination with the HGSD and FBSD, monitoring compliance with the GRP, and enforcing the terms of the GRP. All Persons shall comply with the terms of the GRP and all other Authority orders and requirements (including, without limitation, those from the Authority Engineer or the Authority Operator) for the reduction of groundwater usage and the use or non-use of Surface Water. The Authority, the Authority Engineer and/or the Authority Operator may from time to time issue groundwater reduction requirements or Surface Water usage or non-usage requirements to Persons in order to: (a) comply with or exceed HGSD or FBSD groundwater reduction requirements; (b) satisfy the terms of the GRP; and/or (c) allocate Surface Water among Persons, including requiring Persons from time to time to take more or less Surface Water from the Authority in amounts determined by the Authority. The Authority and/or the Authority Engineer may from time to time add or remove Persons (and their Wells) from the GRP.

Section 5.14 Early-Conversion/Over-Conversion Credits. The Authority, and not the Person within the Authority's GRP, shall receive and be entitled to any early-conversion or over-conversion credits issued by the HGSD related to Surface Water or any water other than groundwater (including untreated surface water, rain or stormwater, or effluent reuse) consumed or utilized by any Person within the Authority's GRP. No Person within the Authority's GRP shall obtain (or attempt to obtain) for such

Person's own benefit or the benefit of anyone other than the Authority or sell (or attempt to sell), any such early-conversion or over-conversion credits. If requested by the Authority, Persons within the Authority's GRP shall cooperate with the Authority (including, without limitation, by amending their HGSD or FBSD well permits) in order to enable the Authority to receive such early-conversion or over-conversion credits.

Section 5.15. Inadequate Groundwater Facilities. Districts or users that need or desire Surface Water because they do not have adequate groundwater facilities (or for any other reason) may request a water supply commitment agreement from the Authority. At the Authority's discretion, the Authority may, according to terms and conditions acceptable to the Authority, enter into such an agreement.

Section 5.16. Water Conservation Program. All Persons receiving Surface Water from the Authority shall, prior to receiving Surface Water from the Authority, approve and implement a water conservation plan and measures, as required by the Commission pursuant to 30 Texas Administrative Code § 288. If such Person intends to resell the Surface Water to a wholesale customer of such Person, then the Person shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

Section 5.17. Compliance of Person's Water System. In order to protect the Authority's water system, each Person's water system that is receiving Surface Water from the Authority shall be constructed and operated to comply with the rules promulgated by the Commission and the policy requirements of the City of Houston regarding backflow prevention and cross connections. Should a condition in violation of these requirements be discovered, such Person shall promptly cure same. If determined necessary by the Authority or if the Person fails to promptly cure same, the Authority, in addition to all other remedies available to it (including, without limitation, those provided in this Rate Order), may cure same, at the cost and expense of the Person, which the Authority shall charge such cost and expense to such Person. The Authority may conduct inspections from time to time to determine that no conditions exist in such Person's water system and in connections to the Person's customers' premises which would or might adversely affect the Authority System.

Section 5.18. Termination for Failure to Pay and Reconnection of Service. The Authority may, in its discretion, disconnect service to a Person for failure to pay all amounts due to the Authority, including without limitation penalties and interest, by the 50th day after the due date; provided, however, that prior to disconnecting services, the Authority shall send written notice by United States first class mail to the Person at the appropriate address and provide the Person with an opportunity to contest, explain or correct the charges, services, or disconnection, at a meeting of the Board of Directors of the Authority. The written notice shall inform the Person of the amount of the delinquent payment, the date service will be disconnected or additional service withheld if payment is not made, the date, time and place of the next scheduled meeting of the Board of

Directors, and of the opportunity to contest, explain or correct the charges, services, or disconnection, by presenting in person or in writing such matter to the Board of Directors at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board of Directors as shown in the notice and the date for withholding additional service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board of Directors. A written statement by the Authority Operator that the notice was so mailed shall be prima facie evidence of delivery of same. If the Person appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the Person of the Board's determination by sending written notice by United States first class mail to the Person at the appropriate address. If service to a Person is disconnected for nonpayment of a delinquent bill or for any cause legally authorized, a reconnection fee of \$500 shall be paid to the Authority prior to service being restored. Reductions in the delivery of Surface Water that the Authority implements in connection with its allocation of water pursuant to its GRP are not considered a termination to a Person for failure to pay under this Section and, accordingly, the provisions of this Section shall not apply to such reductions.

Section 5.19. Authority Reimbursement to a Converted Customer. In lieu of the Authority designing or installing the Water Line Segment or the Chloramine System (both defined below), the Authority has determined to require Persons that will become Converted Customers to design and install the Water Line Segment and the Chloramine System and to allow certain of the related costs incurred by Converted Customers to be eligible for potential reimbursement from the Authority, as provided in this Section. Nothing in this Section shall be construed as limiting the Authority's right to require a Person, at the Person's sole cost, to: (i) convert to Surface Water, or (ii) install the Water Line Segment or the Chloramine System. Unless agreed to otherwise in writing by the Board, the Converted Customer, and not the Authority, shall own, maintain, operate, and repair (and be responsible to obtain any appropriate insurance for) the Water Line Segment and Chloramine System and also the Converted Customer's water plant buildings, tanks, and water Wells.

(a) If a written request for reimbursement is made by a Converted Customer to the Authority as set forth in this Section, then such Converted Customer may be eligible for Authority reimbursement of construction and engineering costs for the Water Line Segment and the Chloramine System as follows:

- (i) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to construct a segment of water line ("Water Line Segment") from the Authority's water meter/vault facilities to

such Customer's ground storage tank facilities (or other water plant facilities). A Converted Customer shall not be eligible for this reimbursement if the Converted Customer fails to execute a Realty Interest Document in favor of the Authority in a form and at the time required by the Authority, and at no expense to the Authority. The Authority may require that such Realty Interest Document, among other things, allow the Authority the right to: (i) install, own, operate and maintain water line and/or meter facilities and related appurtenances, and (ii) install, own, operate and maintain sensor equipment on such Customer's ground storage tank facilities (or other water plant facilities) and electrical and control connections by conduit pipe (or other means) connecting such sensor equipment to the Authority's System. No costs for repair, maintenance, operation, upgrade or replacement of the Water Line Segment shall be eligible for reimbursement from the Authority.

- (ii) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to convert its water treatment system from a chlorine disinfection system to a chloramine disinfection system ("Chloramine System"). No costs for repair, maintenance, operation, upgrade, or replacement of a Chloramine System shall be eligible for reimbursement from the Authority. Notwithstanding any provision of this Rate Order, unless approved in writing by the Authority Engineer and the Board, the Authority shall not reimburse more than the Maximum Chloramine Construction Reimbursement for Chloramine System construction costs for each water plant of the Converted Customer.

Each year starting in 2011, the Authority (or Authority Engineer) will determine the amount that the Construction Index has increased or decreased during the prior calendar year and will adjust the Maximum Chloramine Construction Reimbursement accordingly for that calendar year. The adjusted figure shall apply to all Chloramine System construction projects that have a Winning Bid Date during that calendar year. (For example, if for January 2011, the Construction Index is 5,442.41, which would reflect a 2% increase in the Baseline, then the Maximum Chloramine Construction Reimbursement will be adjusted to \$193,800 on projects that have a Winning Bid during 2011; and if thereafter for January 2012, the Construction Index is 5,389.06, which would reflect a 1% increase in the Baseline, then the Maximum Chloramine Construction Reimbursement will be adjusted to \$191,900 on projects that have a Winning Bid Date during 2012.) In no event will

the adjustment to the Maximum Chloramine Construction Reimbursement provided for in this paragraph cause the Maximum Chloramine Construction Reimbursement to be less than \$190,000. (The adjustment to the Maximum Chloramine Construction Reimbursement provided for in this paragraph is defined herein as the "Construction Index Adjustment.")

- (iii) The purpose of the reimbursement provided for in this Section is intended to reimburse for certain costs associated with modifying a pre-existing water plant. Accordingly, unless approved in writing by the Authority, no Person will be eligible for reimbursement of a Chloramine System or Water Line Segment on any new water plants constructed within the Three Year Time-Period or constructed after the Surface Water Availability Date.

(b) Actual and reasonable engineering costs will be eligible for reimbursement in an amount not to exceed 25% of the actual and reasonable construction costs that are eligible and approved by the Authority for reimbursement under this Section; provided, however, such engineering costs shall not exceed \$120,000 for each water plant of the Converted Customer unless the Board, in its discretion, approves an amount greater than \$120,000.

(c) Any reimbursement pursuant to this Section shall be subject to approval by the Authority Engineer; and any such reimbursement shall be made in accordance with standards approved by the Authority Engineer and the Board, which standards may change from time to time. Prior to completion of design (and commencement of construction) of the Water Line Segment and Chloramine System, the Person to be converted to Surface Water shall submit plans and specifications to the Authority Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

(d) Construction of the Water Line Segment and the Chloramine System shall be done pursuant to the competitive bidding requirements of Chapter 49, Texas Water Code, or, if applicable, the Commission emergency approval of negotiated contracts under Section 49.274, Texas Water Code. In the event the Water Line Segment and Chloramine System are constructed pursuant to a contract negotiated under said Section 49.274 (instead of a contract that was competitively bid pursuant to said Chapter 49), the Board may disapprove any amount of reimbursement sought by the Converted Customer if the

Board determines that the reimbursement exceeds the costs that would have been incurred had the contract been competitively bid.

(e) Unless otherwise agreed to in writing by the Authority, the potential reimbursement eligibility set forth in this Section shall not be available until and after a Person becomes a Converted Customer. Accordingly, for example and without limitation, a Person that is not directly connected to the Authority's System but that receives water through a water interconnect with a Converted Customer shall not be eligible for the potential reimbursement described in this Section until and after such Person becomes a Converted Customer. In addition to and without limiting the other provisions of this Section, and in addition to any other remedies available to the Authority, some or all of the potential reimbursement eligible to a Converted Customer under this Section may be reduced or eliminated by the Board: (i) if the Converted Customer fails to install the Water Line Segment and Chloramine System and commence receiving Surface Water by the date that the Authority is able to deliver Surface Water; or (ii) if the Converted Customer fails to submit a written request for reimbursement (with adequate supporting documentation) to the Authority within 180 days after the Person becomes a Converted Customer. No interest or interest expenses shall be included in any potential reimbursement eligible under this Section.

(f) Any and all reimbursement pursuant to this Section shall be subject to Board approval, which approval may be granted or denied based on the Board's sole discretion. In addition, the Authority may deny reimbursement for facilities, work, or services that the Authority or the Authority Engineer determines to be: (i) unnecessary for a Person's receipt of Surface Water; or (ii) excessive in scope or price. The Authority may require a Person to execute a receipt and release in a form acceptable to the Authority prior to receiving any reimbursement under this Section.

Section 5.20. Claims for Lost Water. Unless otherwise agreed to in writing by the Authority, the Authority will not consider a claim from a Converted Customer for reimbursement of water that the Converted Customer alleges was lost due to the fault or negligence of the Authority or the malfunction of Authority facilities unless the Converted Customer submits such claim in writing to the Authority within 90 days after the occurrence of the event giving rise to the claim. If submitted within such 90 day period, the Authority will consider such claim and determine whether to grant or deny the claim based on factors determined appropriate by the Authority.

ARTICLE VI COLLECTION OF AMOUNTS DUE TO AUTHORITY

Section 6.01. Late Penalties and Interest. Payments of any fees, rates, charges, or other amounts due to the Authority that are received by the Authority after the due date

will be subject to a late penalty of 5% of the fees, rates, charges, or amounts due, and such 5% penalty shall be due to the Authority on the first day such fees, rates, charges, or amounts are late. An additional 5% penalty (for a total penalty of 10%) shall be imposed if the payment is more than 30 days late, and such additional 5% penalty shall be due to the Authority on the 31st day such fees, rates, charges, or amounts are late. Additionally, overdue amounts (including late penalties) shall accrue interest, from the day after the due date until the day the overdue amount is paid to the Authority, at an annual interest rate ("Interest Rate") that is calculated in accordance with the following formula. Starting with 2009 and continuing each year thereafter, effective on September 1st of each calendar year (the "Current Calendar Year"), the Interest Rate shall automatically reset to the lesser of: (1) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the Current Calendar Year that does not fall on a Saturday or Sunday; or (2) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the year preceding the Current Calendar Year that does not fall on a Saturday or Sunday. (For example, if said prime rate were 5% on July 1, 2008 and 7% on July 1, 2009, then on September 1, 2009, the Interest Rate would have been 5% plus 1%, or 6% per annum. The prime rates reflected in the previous sentence represent hypothetical rates, which may or may not be the actual prime rates as published in the Wall Street Journal.)

Section 6.02. Collection Costs. If the Authority is required to incur costs to collect an overdue account, all such costs, including court costs, reasonable attorney's fees, and expenses, shall be paid by the delinquent Person, and the Authority shall be entitled to collect such costs in any suit for collection of a delinquent account.

Section 6.03. Expulsion from GRP. The Board may exclude a Person, or any territory or Well owned or controlled by a Person, from the GRP for failure to make a complete or timely payment to the Authority of fees, user fees, rates, charges, penalties, interest or any other amounts due to the Authority.

ARTICLE VII AUTHORITY RULES

Section 7.01. Self-Reporting Violations. Each Non-Exempt Well Owner and Surface Water User shall be responsible, when required pursuant to this Rate Order, for reading the meter(s) to measure the amount of water pumped from each Non-Exempt Well and the amount of Surface Water received in the manner provided in this Rate Order and reporting such measurements (even if the measurements show zero pumpage or zero Surface Water usage) to the Authority on the form promulgated by the Authority on or before the due date. Each Non-Exempt Well Owner shall be responsible to provide the Water Usage Reports by the due date and to the appropriate party, as required by this Rate Order. Each Water Importer that obtains Imported Water to serve all or any portion of the property it serves shall be responsible to immediately notify the Authority in writing, to measure the amount of Imported Water, and to report such measurement to

the Authority on the form promulgated by the Authority. Failure to make the measurements required by this Rate Order, failure to accurately or timely report required measurements to the Authority, failure to provide the Water Usage Reports to the appropriate party by the due date, and failure to provide notice of Imported Water shall be a violation of the Authority's rules. If a Person reports higher pumpage or higher Surface Water usage to the HGSD or FBSD than the Person reported to the Authority, the Authority shall be entitled to find that such Person did not accurately report to the Authority and therefore violated the Authority's rules.

Section 7.02. Failure to Comply with Measurement Requirements. Each Non-Exempt Well Owner and Surface Water User is required to comply with the provisions of this Rate Order, including without limitation, obtaining written approval of the Authority Engineer of the type, make, and model of a Non-Exempt Well meter and allowing the Authority the right to: (1) audit and/or measure Well pumpage and Surface Water usage; (2) read the Well Owner's meter and the Surface Water meter, including without limitation by the Authority installing, repairing, maintaining, and operating remote meter reading devices on Surface Water meters and, if allowed by a written right of entry, on Non-Exempt Well meters; (3) enter the Well Owner's land to audit and/or measure Well pumpage and Surface Water usage; and (4) test and recalibrate, if necessary, the Well Owner's meter and the Surface Water meter. Failure of the Well Owner or Surface Water User to comply with such provisions, or any other provision of this Rate Order, shall be a violation of the Authority's rules.

Section 7.03. Calibration of Meters. Each Non-Exempt Well Owner is responsible for keeping its Well meter within the accuracy range of 97% to 103% of actual flow, as required by this Rate Order. It shall be a violation of the Authority's rules for any Well Owner who knows or should reasonably know that its Well meter is outside such accuracy range to fail to promptly correct such meter and to correct any reports previously made to the Authority of inaccurate data. It shall be a violation of the Authority's rules for any Person to fail to perform and/or report meter accuracy testing as required by this Rate Order. It shall be a violation of the Authority's rules for any Person to remove, modify, tamper with, or take any action which affects a water meter or a remote meter reading device on a Non-Exempt Well or a water meter or a remote meter reading device that measures the amount of Surface Water delivered by the Authority, or related piping or equipment, so that the measurement accuracy of the meter or the functionality of the remote meter reading device is impaired.

Section 7.04. Damage to Authority Property. No Person other than the Authority Operator or duly authorized representative of the Authority shall repair, alter, tamper with, remove, interfere with, make connections or additions to, or in any way take any action which affects the Authority System, any meter owned by the Authority, and any remote meter reading device owned by the Authority without the express written approval of the Authority. The Authority reserves the right to immediately, and without

notice, disconnect any Person who repairs, alters, tampers with, removes, interferes with, makes connections or additions to, or in any way takes any action which affects the Authority System, any meter owned by the Authority, and any remote meter reading device owned by the Authority or reconnects service which was terminated by the Authority. The Authority reserves the right to repair any damage to Authority property related to a Person's violation of this section, and the cost of such repair shall be due from such Person to the Authority. In addition, the Authority reserves the right to assess against any Person such penalties as are provided by law and/or this Rate Order, including the right to file any available legal and/or criminal charges against any Person. These charges and remedies are in addition to all remedies available to the Authority under law or in equity.

Section 7.05. Payment Violations. Each Person shall be responsible for paying the Authority the GRP Fees, Surface Water Fees, Imported Water Fees, and any other charges (including, without limitation, any penalties and interest) due the Authority on or before the due date. Failure to make such payment when due, regardless of whether the Authority has made demand for payment, shall be a violation of the Authority's rules.

Section 7.06. GRP. Each Person shall be responsible to promptly comply with the GRP and all directives and requirements issued by the Authority, the Authority Engineer or the Authority Operator for the purposes of or related to the GRP, including, without limitation, all requirements that the Person: (i) take (or refrain from taking) amount(s) of Surface Water from time to time required by the Authority; and (ii) install the Water Line Segment and Chloramine System by the date the Authority is able to deliver Surface Water to the Person. In addition, no Person shall utilize the Shut-off Valve(s) to control the rate of flow of Surface Water being delivered by the Authority, as such Shut-off Valves are intended only to be used in the event a waterline needs to be taken out of service. Failure to comply with the provisions of this Section shall be a violation of the Authority's rules.

Section 7.07. Daily Amount. If the Authority, Authority Engineer or Authority Operator has designated a Maximum Daily Amount or Minimum Daily Amount for a Person connected to the Authority System, then such Person shall be responsible to take no more than its Maximum Daily Amount and no less than its Minimum Daily Amount during any one day. Failure to so comply shall be a violation of the Authority's rules.

Section 7.08. Right of Entry. Each Person shall be responsible: (1) to timely comply with the Section of this Rate Order entitled "Right to Enter Land"; and (2) to not prevent or hinder the Authority's rights under the Section of this Rate Order entitled "Right to Enter Land." Failure to do so shall be a violation of the Authority's rules.

Section 7.09. Authority Rules and Orders. All requirements set forth in this Article VII are adopted as rules of the Authority. All requirements and rules set forth in any part of this Rate Order shall be considered orders of the Authority.

ARTICLE VIII CIVIL PENALTIES AND MISCELLANEOUS

Section 8.01. Civil Penalty. A Person is subject to a civil penalty of up to \$5,000 for each violation or each day of a continuing violation if the Person: (i) violates any provision of this Rate Order, the GRP, any rules contained in either of same, or any other order or rule of the Authority, (ii) makes unauthorized use of Authority services, property, or facilities, or (iii) causes damage to Authority property or facilities by using them in a manner or for a purpose contrary to the purpose for which they were designed. The Board may set the penalty based on (all as determined by the Board): (i) the severity of the offense; (ii) whether such violation was willful, knowing, reckless or inadvertent; (iii) the history of conduct by such Person; (iv) the damages sustained by the Authority; (v) the risk or damage to the GRP; and (vi) any other factors determined appropriate by the Board. The Authority may bring an action to recover the penalty in a district court in the county where the violation occurred. The penalty shall be paid to the Authority.

Section 8.02. Termination for Rate Order or GRP Violations. Any Person who violates any provision of this Rate Order or the GRP, in addition to being subject to the penalties described in this Rate Order and any other remedies available to the Authority, shall be subject to having service terminated. Provided, however, prior to disconnecting service for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority's system or adversely affect the Authority's GRP, the Authority shall give written notice by first class mail or otherwise, to such Person of the pending disconnection, and shall give such Person the opportunity to contest, explain or correct the violation at a meeting of the Board of Directors of the Authority. The provisions of the preceding sentence do not apply to reductions in delivery of Surface Water that the Authority implements in connection with its allocation of water pursuant to its GRP.

Section 8.03. Injunction. The Authority may bring an action for injunctive relief in a district court in the county where a violation of an authority rule or order occurs or is threatened to occur. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding.

Section 8.04. Right to Enter Land. In addition to any other rights that the Authority may have (by easement or otherwise), the Authority and its representatives shall have the authority to enter upon any public property (including, without limitation, property owned by a District) or private property within the Authority's boundaries or property adjacent to any property owned by the Authority (and enter upon any property owned by a District included in the Authority's GRP by contract) at any reasonable time in order to: (1) inspect, repair, install, test, maintain or operate any Authority facilities or meters on Wells; (2) test or monitor the Surface Water delivered by the Authority; (3) audit Well pumpage or Surface Water measurements submitted by a Person to the Authority; (4) measure Well pumpage or Surface Water usage, including without limitation by the Authority installing, repairing, maintaining, and operating remote meter reading devices

on Surface Water meters and, if allowed by a written right of entry, on Non-Exempt Well meters; (5) inspect and investigate conditions relating to the quality of water in the State of Texas; and/or (6) investigate compliance with any Authority rule, regulation, permit or order. If requested by the Authority or Authority Operator, a Person shall immediately cooperate with the Authority or Authority Operator to allow the Authority or Authority Operator to enter such site(s) for any of such purposes. Authority representatives entering private property pursuant to this Section shall observe the establishment's rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

Section 8.05. Groundwater Reduction Plan Participation Agreements. Any Person that is a member or participant of the Authority's GRP through a written contract with the Authority shall be subject to all of the terms, provisions, rules, requirements, and penalties of this Rate Order and all other orders, resolutions and requirements of the Authority, to the extent they are not inconsistent with the terms and provisions of such written contract.

Section 8.06. Prior Resolutions Establishing Groundwater Reduction Plan Fees and Rate Orders. The Authority retains all of its rights and remedies under all prior Authority Resolutions Establishing Groundwater Reduction Plan Fee, as amended, and all prior Authority rate orders, as amended.

Section 8.07. Amendments to Rate Order and GRP. As determined necessary by the Authority, the Authority reserves the right to modify from time to time: (1) the rates, charges and fees contained in this Rate Order; (2) any other terms and provisions of this Rate Order; and (3) its GRP.

Section 8.08. Authority Designee. The Authority hereby designates the Board President, Board Vice President, Board Assistant Vice President, the Authority Engineer and/or the Authority Operator to exercise the Authority's powers under its GRP and this Rate Order.

Section 8.09. Refusal to Add Persons to GRP. The Board, at its discretion, may refuse to add Persons (and their Wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP who was previously in the GRP.

Section 8.10. No Waiver. The failure of the Authority to insist, in any one or more instances, upon a Person's performance of any of the terms, requirements or conditions of this Rate Order shall not be construed as a waiver or relinquishment of the future performance of any such term, requirement or condition by that Person or any other Person.

Section 8.11. Lien. Pursuant to Section 4.03(i) of the Act, fees and user fees imposed by the Authority under 4.03(b) of the Act, and any related penalties, interest,

collection expenses, and reasonable attorney's fees incurred by the Authority are a first and prior lien against the Well to which the fees or user fees apply. The Authority may enforce said lien in any manner provided by the Act or other law.

[EXECUTION PAGE FOLLOWS]

ADOPTED AND EFFECTIVE THIS 13th DAY OF NOVEMBER, 2019.

WEST HARRIS COUNTY REGIONAL WATER
AUTHORITY

By: 
President, Board of Directors

ATTEST:

By: 
Secretary, Board of Directors

(SEAL)



EXHIBIT A
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
Pumpage/Surface Water and Billing Form

Name of Well Owner or Recipient of Surface Water: _____

Identify: Well #1: _____; Well #2: _____; Well #3: _____; Well #4: _____ Identify: Meter #1: _____; Meter #2: _____; Meter #3: _____; Meter #4: _____

Check the billing period for which this report is being filed

Billing Period	Rate	Due Date
<input type="checkbox"/> January 1-31, 20	\$2.95 pumpage/ \$3.35 surface	March 15, 20
<input type="checkbox"/> February 1-28/29, 20	\$2.95 pumpage/ \$3.35 surface	April 15, 20
<input type="checkbox"/> March 1-31, 20	\$2.95 pumpage/ \$3.35 surface	May 15, 20
<input type="checkbox"/> April 1-30, 20	\$2.95 pumpage/ \$3.35 surface	June 15, 20
<input type="checkbox"/> May 1-31, 20	\$2.95 pumpage/ \$3.35 surface	July 15, 20
<input type="checkbox"/> June 1-30, 20	\$2.95 pumpage/ \$3.35 surface	August 15, 20
<input type="checkbox"/> July 1-31, 20	\$2.95 pumpage/ \$3.35 surface	September 15, 20
<input type="checkbox"/> August 1-31, 20	\$2.95 pumpage/ \$3.35 surface	October 15, 20
<input type="checkbox"/> September 1-30, 20	\$2.95 pumpage/ \$3.35 surface	November 15, 20
<input type="checkbox"/> October 1-31, 20	\$2.95 pumpage/ \$3.35 surface	December 15, 20
<input type="checkbox"/> November 1-30, 20	\$2.95 pumpage/ \$3.35 surface	January 15, 20
<input type="checkbox"/> December 1-31, 20	\$2.95 pumpage/ \$3.35 surface	February 15, 20

Gallons of Water Pumped for Billing Period

	Start Meter Reading	End Meter Reading	Total
Well #1			
Well #2			
Well #3			
Well #4			
For additional wells, attach a second reporting form and put total from all wells below.			
ALL			

Gallons of Surface Water Received for Billing Period

	Start Meter Reading	End Meter Reading	Total
Meter #1			
Meter #2			
Meter #3			
Meter #4			
For additional meters, attach a second reporting form and put total from all meters below.			
ALL			

1	Enter total gallons of water pumped	
2	Divide by 1,000	
3	Total pumpage fee due (multiply line 2 x 2.95)	
4	Enter total gallons of surface water received	
5	Divide by 1,000	
6	Total surface water fee due (multiply line 5 x 3.35)	
7	LESS APPLICABLE CREDIT DUE FROM CAPITAL CONTRIBUTION OR AGREEMENT FOR ALTERNATIVE WATER SUPPLY USE	
8	Total due (add lines 3, 6 and 7)	

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: _____

By: _____

Name: _____

Title: _____

If your payment is received late, the Authority will send you an invoice for the late penalties and interest set forth in the Authority's Amended Rate Order. Make check payable to: West Harris County Regional Water Authority; c/o Mary Jarmon; Myrtle Cruz, Inc., 3401 Louisiana Street, Suite 400, Houston, Texas 77002-9552. **(Rates effective 1/1/2019)**

EXHIBIT B
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
Imported Water Billing Form

Name of Water Importer: _____

Identify: Meter #1: _____; Meter #2: _____; Meter #3: _____; Meter #4: _____

Identify: Meter #5: _____; Meter #6: _____; Meter #7: _____; Meter #8: _____

Check the billing period for which this report is being filed

<i>Billing Period</i>		<i>Due Date</i>
<input type="checkbox"/>	January 1-31, 20	March 15, 20
<input type="checkbox"/>	February 1-28/29, 20	April 15, 20
<input type="checkbox"/>	March 1-31, 20	May 15, 20
<input type="checkbox"/>	April 1-30, 20	June 15, 20
<input type="checkbox"/>	May 1-31, 20	July 15, 20
<input type="checkbox"/>	June 1-30, 20	August 15, 20
<input type="checkbox"/>	July 1-31, 20	September 15, 20
<input type="checkbox"/>	August 1-31, 20	October 15, 20
<input type="checkbox"/>	September 1-30, 20	November 15, 20
<input type="checkbox"/>	October 1-31, 20	December 15, 20
<input type="checkbox"/>	November 1-30, 20	January 15, 20
<input type="checkbox"/>	December 1-31, 20	February 15, 20

PART A: Gallons of Imported Water subject to GRP Fee for Billing Period

	Start Meter Reading	End Meter Reading	Total
Meter #1			
Meter #2			
Meter #3			
Meter #4			
For additional meters subject to GRP Fee, attach a second reporting form and put total from all meters below.			
ALL			

PART B: Gallons of Imported Water subject to Surface Water Fee for Billing Period

	Start Meter Reading	End Meter Reading	Total
Meter #5			
Meter #6			
Meter #7			
Meter #8			
For additional meters subject to Surface Water Fee, attach a second reporting form and put total from all meters below.			
ALL			

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: _____

By: _____

Name: _____

Title: _____

Please mail the completed form to: West Harris County Regional Water Authority, c/o Inframark, 2002 W. Grand Parkway North, Suite 100, Katy, Texas 77449.

TAB G

NORTH FORT BEND WATER AUTHORITY AMENDED RATE ORDER

STATE OF TEXAS §
COUNTIES OF FORT BEND AND HARRIS §

WHEREAS, the North Fort Bend Water Authority (the "Authority") is a regional water authority created pursuant to Senate Bill 1798 of the 79th Legislature, as amended (the "Act"), which amended the Special District Local Laws Code by adding Chapter 8813 ("Section 8813"), and Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, the Authority was created, among other purposes, to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution, including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge of groundwater and of groundwater reservoirs or their subdivisions, the prevention of waste of groundwater, and the control of subsidence caused by the withdrawal of water from groundwater reservoirs or their subdivisions; and

WHEREAS, the Act provides that the Authority may: (1) provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan, in a manner consistent with the purposes of Article XVI, Section 59 of the Texas Constitution; and (2) acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority and may conserve, store, transport, treat, purify, distribute, sell, and deliver water to or among persons, corporations, municipalities, municipal corporations, political subdivisions of the state, and others, inside and outside the boundaries of the Authority, and allocate water among persons participating in the Authority's groundwater reduction plan whether they are located inside or outside the Authority's boundaries; and

WHEREAS, the Act authorizes the Authority to establish fees, user fees, rates, and charges and classifications of fee and ratepayers, as necessary to enable the Authority to fulfill its purposes and regulatory functions provided in the Act; and

WHEREAS, Section 8813.008 provides that the Authority may establish fees, user fees, rates, charges, or special assessments, that are necessary to pay for the costs of accomplishing the purposes of the Authority, including: (1) the reduction of groundwater withdrawals; (2) the facilitation of compliance with the requirements of the Fort Bend Subsidence District and the Harris Galveston Subsidence District, as applicable; and (3) the provision of services, facilities, and systems; and

WHEREAS, prior to the Board's adoption of the GRP Fee, Surface Water Fee, and Imported Water Fee hereinafter set forth in this Amended Rate Order, the Board provided municipalities and districts within the Authority written notice of the date, time, and location of the meeting at which the Board would adopt the GRP Fee, Surface Water Fee, Imported Water Fee and the amount of said fees; and

WHEREAS, the Board has determined that the fees, user fees, rates, and charges established in this Amended Rate Order are necessary to accomplish those purposes set forth in the Act; and

WHEREAS, it is necessary that the Authority establish fees, user fees, rates, charges, and conditions and terms of service from the Authority System, the Authority's GRP and any other services provided by the Authority, and rules related thereto;

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF DIRECTORS OF THE NORTH FORT BEND WATER AUTHORITY THAT:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. As used herein, the following terms shall have the respective meanings set forth or referred to below:

"Act" means Senate Bill 1798 of the 79th Texas Legislature, as amended.

"Authority" means the North Fort Bend Water Authority.

"Authority Engineer" means the Authority's general operating engineer (currently BGE, Inc.), which may be changed from time to time by the Authority.

"Authority Operator" means the operating company performing operations for the Authority (currently Inframark Water Infrastructure Operations), which may be changed from time to time by the Authority.

"Authority System" means the Authority's facilities, pipelines, storage tanks, conduits, canals, pumping stations, treatment plants, meters, valves, and any other construction, device, or related appurtenance or connection used to treat, transport, or store Surface Water, including all easements, rights-of-way, and sites owned or utilized by the Authority, together with all Authority rights related thereto.

"Board" means the Board of Directors of the Authority.

"Chloramine System" is defined hereinafter.

"Commission" means the Texas Commission on Environmental Quality, and any successor agency.

"Control Valve Assembly" is defined hereinafter.

"Converted Customer" means a District (or other Authority customer) whose water supply facilities have been actually and directly connected to the Authority System and who is actually receiving Surface Water directly from the Authority System. A District that merely has a water interconnect with (or receives water through a water interconnect from) a Converted Customer is not considered a Converted Customer, unless said District's own water supply facilities have been actually and directly connected to the Authority System and said District is itself actually receiving Surface Water directly from the Authority System.

"Current Calendar Year" is defined hereinafter.

"District" means any district created pursuant to Article III, Section 52(b)(1), (2) or Article XVI, Section 59, Texas Constitution, regardless of the manner of creation other than a navigation district or a district governed by Chapter 36 of the Texas Water Code.

"Delivery Point" is defined hereinafter.

"Exempt Well" means a Well with a casing diameter of less than five inches that solely serves a single family dwelling, a Well that is regulated under Chapter 27 of the Texas Water Code, or a Well that is not subject to any groundwater reduction requirement imposed by the FBSD or HGSD (as appropriate).

"FBSD" means the Fort Bend Subsidence District.

"GRP" means that certain groundwater reduction plan adopted by the Authority's Board in March 2008, as amended; and all directives, determinations and requirements issued by the Authority (or the Authority Engineer or Authority Operator) pursuant to such plan, as all of same may be amended from time to time.

"GRP Fee" means the groundwater reduction plan fee/rate adopted by the Board pursuant to Section 8813.103 and set forth hereinafter.

"HGSD" means the Harris Galveston Subsidence District.

"Houston" means the City of Houston, Texas.

"Imported Water" means water of any type that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority for distribution to an end user within the boundaries of the Authority. The term "Imported Water" does not include Surface Water delivered through or by the Authority System.

"Imported Water Fee" means the imported water fee/rate adopted by the Board pursuant to Section 8813.103(h) of the Texas Special District Local Laws Code and set forth hereinafter.

"Interest Rate" is defined hereinafter.

"Maximum Daily Amount" is defined hereinafter.

"Minimum Daily Amount" is defined hereinafter.

"Non-Exempt Well" means any Well within the Authority other than an Exempt Well.

"Non-Potable Water" means water other than potable Surface Water or other ground water, including but not limited to, rain water, storm water, and/or effluent reuse water.

"Online Reporting System" means the Authority's online pumpage reporting system.

"Person" means any individual, corporation, organization, government or governmental subdivision or agency, District, municipality, county, political subdivision, business trust, trust, estate, partnership, association, or any other legal entity.

"Rate Order" means this Amended Rate Order.

"Realty Interest Document" means a written document (in a form acceptable to the Authority) that grants the following rights to the Authority across, along, under, over, and upon any property (whether or not a water plant site) owned by a Person, or in which a Person has any interest: (i) water line and/or water meter easement(s), (ii) consent to conveyance of Authority easement(s), (iii) subordination of a Person's realty interests to the Authority's rights under Authority easement(s), or (iv) any other property interest necessary or convenient for the Authority to provide and/or meter Surface Water delivered by the Authority to any Authority customers.

"Shut-off Valve(s)" means the shutoff valve(s) installed by the Authority or the Person in the Surface Water line(s) on a Person's water plant site(s).

"Surface Water" means water (whether surface, ground, or a blend of both) that is delivered through or by the Authority System.

"Surface Water Availability Date" means the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority

"Surface Water Fee" means the surface water fee/rate adopted by the Board pursuant to Section 8813.103 of the Act and set forth hereinafter.

"Three Year Time-Period" means the three year time-period preceding the date Surface Water is generally available to a Person, as determined by the sole discretion of the Authority.

"Water Importer" means a Person located, in whole or in part, within the Authority's boundaries that uses or distributes Imported Water. The term "Water Importer" does not include an owner of an Exempt Well if, and only if, such owner does not own any Non-Exempt Wells.

"Water Line Tank Connection" is defined hereinafter.

"Well" means a facility, device, or method used to withdraw groundwater: (i) from a groundwater source that is located within the boundaries of the Authority; or (ii) from a groundwater source that is located outside the boundaries of the Authority, but is part of the GRP pursuant to a written contract with the Authority.

Section 1.02. Interpretations. The article and section headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa.

Section 1.03. References, Etc. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE II FINDINGS

Section 2.01. Findings. Each of the recitals stated in this Rate Order are hereby adopted as a finding of the Board. All statutory requirements and conditions (including those of Section 8813.103) have been met for the establishment of those fees, user fees, rates and charges set forth in this Rate Order.

ARTICLE III RATES AND CHARGES

Section 3.01. GRP Fee. The Board hereby adopts a GRP Fee pursuant to Section 8813.103. The owner of each Non-Exempt Well within the Authority shall pay the Authority the GRP Fee for monthly pumpage, as provided in this Section. Effective January 1, 2020, the GRP Fee shall be equal to \$3.95 for each 1,000 gallons of water pumped from each Non-Exempt Well. Payment of the GRP Fee is due by the last day of

the month following the month for which pumpage is required to be calculated (the "Due Date"). (For example, payment for January pumpage is due by February 28th; payment for February pumpage is due by March 31st; etc.) The Authority will not send invoices or billings to Non-Exempt Well owners for the amount of GRP Fees that are due. Each Non-Exempt Well owner shall be responsible for remitting to the Authority the GRP Fee on or before the Due Date. The GRP Fee for any billing period beginning on or after January 1, 2020, shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A", which form shall be provided by the Non-Exempt Well owner to the Authority with the owner's monthly GRP Fee payment. Each Non-Exempt Well owner shall complete the appropriate form and provide it to the Authority monthly, even if the Non-Exempt Well owner's pumpage was zero. If the user had both Well pumpage and Surface Water usage during a month, then the user shall report the amount of each on the form promulgated by the Authority.

Section 3.02. Surface Water Fee. The Board hereby adopts a Surface Water Fee pursuant to Section 8813.103. Each Person that receives Surface Water from the Authority shall pay the Authority the Surface Water Fee for Surface Water received monthly, as provided in this Section. Effective January 1, 2020, the Surface Water Fee shall be equal to \$4.30 for each 1,000 gallons of Surface Water received. Payment of the Surface Water Fee is due by the last day of the month following the month for which Surface Water usage is required to be calculated, the Due Date. (For example, payment for January Surface Water usage is due by February 28th; payment for February Surface Water usage is due by March 31st; etc.) The Authority will not send invoices or billings to Surface Water users for the amount of Surface Water Fees that are due. Each Surface Water user shall be responsible for remitting to the Authority the Surface Water Fee on or before the due date. The Surface Water Fee for any billing period beginning on or after January 1, 2020, shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A," which form shall be provided by the Surface Water user to the Authority with the user's monthly Surface Water Fee payment. Each Surface Water user shall complete the appropriate form and provide it to the Authority monthly, even if the user's Surface Water use was zero. If the user had both Well pumpage and Surface Water usage during a month, then the user shall report the amount of each on the form promulgated by the Authority.

Section 3.03. Imported Water Fee.

(a) Adoption of Imported Water Fee. The Board hereby adopts an Imported Water Fee pursuant to Chapter 8813 (including Section 8813.103(h)) of the Texas Special District Local Laws Code. If a Water Importer obtains Imported Water to serve all or any portion of the property it serves, then such Water Importer must immediately notify the Authority in the method set forth below and must pay to the Authority monthly the following Imported Water Fee: (i) a fee equal to the then-current GRP Fee applied on all Imported Water if the Water Importer is not a Converted Customer; or

(ii) a fee equal to the then-current Surface Water Fee applied on all Imported Water, if the Water Importer is a Converted Customer. Notification of interconnect use shall be submitted on the Authority's official Interconnect Notification Form, which may be obtained on the Authority's website. Notification of Imported Water from any other source must be submitted in writing to the Authority. The Imported Water Fee is due and payable to the Authority monthly even if the Water Importer also pays another entity for the Imported Water and even if the Authority is not then providing Surface Water to the Water Importer.

(b) Imported Water Fee Payment. The Imported Water Fee is due and payable to the Authority monthly at the same time as the Water Importer's GRP Fee or Surface Water Fee payment, even if the Water Importer also pays another entity for the Imported Water and even if the Authority is not then providing any water to the Water Importer. The Imported Water Fee for any billing period beginning on or after January 1, 2020, shall be calculated on the form promulgated by the Authority and attached hereto as Exhibit "A," which form shall be provided by the Water Importer to the Authority with the Water Importer's Imported Water Fee payment. Each Water Importer shall complete such form and provide it to the Authority monthly, even if the Water Importer's pumpage was zero.

(c) Emergency Situations. If the Water Importer is experiencing an emergency situation and receiving surface water from the Authority, then the Water Importer will be charged the Imported Water Fee unless a variance is granted in accordance with subsection (d) below. Notwithstanding the foregoing, if special circumstances exist, as determined in the sole discretion of the Authority pursuant to subsection (e) below, in which the Authority is unable to deliver water to the Water Importer, then the Imported Water Fee shall not be imposed for the time period in which the Authority cannot deliver surface water. If the Water Importer is experiencing an emergency situation, as determined in the sole discretion of the Authority, but is not receiving surface water from the Authority, then the Water Importer shall not be charged an Imported Water Fee on the Imported Water that it receives during a period not to exceed 60 consecutive or inconsecutive days during any calendar year. Such time period may be extended by the Authority, in its sole discretion and as appropriate, on a case by case basis considering the circumstances of the particular emergency.

(d) Variance Requests. If the Water Importer is obtaining Imported Water due to other special circumstances, including but not limited to system repairs, the Water Importer may submit a variance request to the Authority detailing the special circumstances and any supporting reasons for which the Imported Water Fee should not be assessed in that particular situation. Such variance request must be submitted within 30 days of the earlier of (a) the date on which the Water Importer receives written notification from the Authority that an Imported Water Fee will be charged to the Water Importer, (b) the date on which Water Importer self-reported receiving

Imported Water via the Online Reporting System, or (c) 30 days before any scheduled system repairs or maintenance creating the possible need for Imported Water by the Water Importer. The Authority will consider the variance request and advise the Water Importer of its decision. The Authority's decision shall be final, and should the Authority deny the variance request, all outstanding amounts due related to the Imported Water Fee shall be due and payable to the Authority within 30 days of written notification from the Authority alerting the Water Importer of the variance denial. Any Imported Water Fees incurred by the Water Importer following the delivery of the written notification of the Authority's determination will become due and payable as otherwise set forth in subsection (b) above. Once granted a variance by the Authority, a Water Importer shall not be required to pay the Imported Water Fee on Imported Water for the time period that the Authority has agreed in writing that no Imported Water Fee applies to the particular Imported Water. Such time period may be extended by the Authority, in its sole discretion and as appropriate, on a case-by-case basis considering the circumstances of the special circumstances.

(e) Interruptions in Surface Water Delivery. In the event that the Authority is otherwise regularly delivering Surface Water to a Converted Customer and special circumstances exist in which the Authority is unable to deliver such Surface Water, as determined in the sole discretion of the Authority, to the Converted Customer, then the Imported Water fee shall not be imposed during the time period in which the Authority determines it was unable to deliver water to the Converted Customer. The foregoing sentence shall not apply in instances in which a Converted Customer annexes additional property, whether contiguous or otherwise, into the boundaries of the Converted Customer following the Authority's initial conversion of the Converted Customer, where the Authority is not currently providing Surface Water to the property annexed into the Converted Customer. The Imported Water Fee for Imported Water related to such annexed property shall be equal to the Authority's then-current Surface Water Fee.

Section 3.04. Payment of Fees. All fees payable to the Authority shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "North Fort Bend Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. All payments must be received by the bookkeeper of the Authority (currently, AVANTA Services, 5635 Northwest Central Drive, Suite 104E, Houston, Texas 77092) by the Due Date. Written wire instructions are available upon request.

Section 3.35. Special Assessments. Section 8813.105 allows the Board to impose special assessments. To date, the Board has not imposed such special assessments. The Board reserves the right to impose such special assessments at any time by adopting a

resolution, rule, requirement, or order (or amendment to this Rate Order) that expressly provides for the imposition of such special assessments.

ARTICLE IV WELL PUMPAGE

Section 4.01. Self-Reporting. Each Non-Exempt Well owner shall be responsible for reading the meter which measures the amount of water pumped from each Non-Exempt Well at the end of each month. Such measurement (even if it shows zero pumpage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority: (i) available electronically on the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "A," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. Along with the owner's monthly GRP Fee payment, the owner shall provide the reporting form to the Authority no later than the last day of the second month following the month for which pumpage is required to be calculated. (For example, the reporting form for January pumpage is due by February 28th; the reporting form for February pumpage is due by March 31st; etc.). The Authority reserves the right to request more frequent reporting, at its sole discretion.

Section 4.02. Audits. The Authority shall have the right to audit the Well pumpage measurements submitted by the Well owner by reading the meter at the Well. In addition, the Authority, at its discretion, may read the meter for any other reason. If a Well owner reports an amount of pumpage to the Authority that differs from the amount of pumpage that the Authority determines occurred based on the Authority's reading of the meter, or if a well Owner reports an amount of pumpage to the FBSD that differs from the amount of pumpage that the Well owner reports to the Authority, the Authority may utilize any of said amounts to determine the total GRP Fees due the Authority. If such Authority determination shows that the Well owner underpaid the Authority, then, in addition to all other remedies available to the Authority, the Authority may invoice the Well owner for the shortfall. (Any such invoice will be due to the Authority no later than the date provided in the invoice.) If such Authority determination shows that the Well owner overpaid the Authority, then the Authority may pay the Well owner the amount of the overage. Notwithstanding the previous two sentences, the Board may refrain from sending invoices for shortfalls and/or payments for overages that are below any threshold amount that is from time to time determined by the Board.

Section 4.03. Failure to Read Meter. In the event a Non-Exempt Well owner fails to read the meter, which measures the amount of water pumped from its Well, the Authority shall have the right to read the meter. The Authority may establish the Well

owner's GRP Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 4.04. Accuracy of Meters. Each Non-Exempt Well owner shall be responsible to install and maintain a Well meter on each Non-Exempt Well that meets all FBSD requirements, including but not limited to, registering a meter accuracy within the range of 97% to 103% accuracy (the "Meter Accuracy Range"). If the Authority at any time believes that the meter accuracy fails to fall within the Meter Accuracy Range, it may notify the Well owner and require that such meter be independently tested and the results reported to the Authority. If the testing reveals that the meter accuracy is within the Meter Accuracy Range, the Authority shall pay the cost of such testing and the cost of any necessary temporary meter used. If the testing reveals that the meter accuracy is not within the Meter Accuracy Range, then the Well owner shall pay the cost of such testing, the cost of any necessary temporary meter used, and the cost to recalibrate the meter such that the meter accuracy falls within the Meter Accuracy Range, and the owner shall be responsible for payment to the Authority of the GRP Fee for unread gallons, as determined by the Authority. If the owner refuses to test the meter after the Authority requires it to do so, the Authority may remove the Well meter for independent testing and recalibration, and replace it with a temporary meter. The Authority shall pay for the cost of such testing and temporary meter, unless the results show that the meter accuracy was not within the Meter Accuracy Range, in which case the Well owner shall be responsible for the cost of testing and recalibration of the meter, the cost of the temporary meter, and payment to the Authority of the GRP Fee for unread gallons, as determined by the Authority. Payment of the GRP Fee under this Section, for unread gallons resulting from a meter with meter accuracy not in compliance with the Meter Accuracy Range, shall be due to the Authority within 45 days after the Authority submits an invoice to the Well owner for same.

Section 4.05. Fort Bend Subsidence District Water Well Permitting. The FBSD has issued an aggregate water well permit to the Authority comprising all of the permitted non-exempt groundwater production for the Authority's GRP within Fort Bend County. The Authority shall be responsible for all administrative matters related to the aggregate water well permit, including permit renewal, payment of permit fees, requests for permit rebates, and year-end pumpage reporting requirements. Each Well owner listed on the Authority's aggregate water well permit shall provide the Authority data and information required by the Authority for the Authority to prepare and file documents with the FBSD related to well permitting. Each Non-Exempt Well owner shall maintain: (i) ownership of its Well(s) and operational responsibility therefor, and (ii) subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the FBSD, the right to pump from such Well(s) the amount of groundwater reasonably determined by such owner to be needed by such owner, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including, without

limitation, during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as such owner is not committing waste or being wasteful. For purposes of this provision "waste" and "wasteful" shall have the most restrictive meaning ascribed to such terms in the following: (i) the Special District Local Laws Code Chapter 8834 with respect to Non-Exempt Wells in the FBSD, (ii) rules or requirements of the FBSD with respect to Non-Exempt Wells in the FBSD, or (iii) the terms of the aggregate water well permit issued to the Authority.

Section 4.06. Well Procedures. All requests for new Wells or changes in status to existing Wells subject to the Authority's GRP must first be submitted to the Authority and shall not be submitted directly to Fort Bend Subsidence District. Requests must be submitted to the Authority on the New Well or Activity Status Change Request form attached as Exhibit "B."

ARTICLE V SURFACE WATER USE AND CONVERSION

Section 5.01. Self-Reporting. Each Surface Water user shall be responsible for reading the meter, which measures the amount of Surface Water delivered by the Authority, at the end of each month. Such measurement (even if it shows zero Surface Water usage for the month) shall be reported to the Authority on the reporting form promulgated by the Authority: (i) available electronically on the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "A," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. Along with the user's monthly Surface Water Fee payment, the user shall provide the reporting form to the Authority no later than the last day of the second month following the month for which Surface Water usage is required to be calculated. (For example, the reporting form for January Surface Water usage is due by February 28th; the reporting form for February Surface Water usage is due by March 31st; etc.) The Authority reserves the right to request more frequent reporting, at its sole discretion.

Section 5.02. Audits. The Authority shall have the right to audit the Surface Water usage measurements submitted by the Surface Water user by reading the Surface Water meter. In addition, the Authority, at its discretion, may read the meter for any other reason.

Section 5.03. Failure to Read Meter. In the event a Surface Water user fails to read the meter, which measures the amount of Surface Water delivered, the Authority shall have the right to read the meter. The Authority may establish the Surface Water user's Surface Water Fee based on the Authority's reading, regardless of when the Authority reads the meter.

Section 5.04. Delivery Point and Measuring and Control Equipment. The delivery point of water (the "Delivery Point") by the Authority to a Person receiving Surface Water shall be the output flange of the meter and control valve assembly (collectively, the "Control Valve Assembly") installed by the Authority to serve such Person. No Person shall connect to the Authority System, unless and until the Authority consents in writing to such connection. If the Authority, at its option, so consents, the connection shall be made, provided the connection: (i) is in strict conformity with the terms and conditions of such Authority consent, (ii) has prior approval for the connection from the Commission, and (iii) meets all applicable Commission requirements. The Authority shall furnish, install, and operate, at its own expense, at the Delivery Point the necessary equipment and devices of standard type for measuring the quantity of Surface Water delivered by the Authority. Such Control Valve Assembly and other equipment installed by the Authority shall remain the property of the Authority.

Section 5.05. Testing of Measuring Equipment. The Authority may from time to time test the measuring equipment. Should the test of the measuring equipment show that the equipment is registering more than one hundred two percent (102%) or less than ninety-five percent (95%) of the water delivered, the total quantity of water delivered to the Person will be deemed to be the average daily consumption as measured by the measuring equipment when in working order, and the meter shall be corrected, repaired, or replaced by the Authority with accurate measuring equipment. In such event, the Person's payments for Surface Water to the Authority shall be adjusted (increased or decreased) for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter.

Section 5.06. Delivery, Facilities and Title to Water. Each Person receiving Surface Water from the Authority shall be responsible to deliver water from the Delivery Point to and into the Person's water system. The Authority, and not the Person receiving Surface Water from the Authority, shall own, operate, and maintain: (i) any sensor equipment installed by the Authority on the Person's ground storage tank facilities or other water plant facilities and related electrical and control connections by conduit pipe, or other means, connecting such sensor equipment to the Authority's facilities (the "Sensor Line and Equipment"); and (ii) the Control Valve Assembly installed by the Authority. The Person receiving Surface Water from the Authority, and not the Authority, shall own, operate, and maintain all equipment, facilities, tanks, buildings, materials, wells, and lines downstream of the Control Valve Assembly, except for the Sensor Line and Equipment, and shall be responsible for any malfunctions of said items, including tank overflows. Unless otherwise agreed to in writing by the Authority, the Person receiving Surface Water from the Authority shall at all times, at the Person's expense, maintain an air gap, in accordance with a location

and specifications approved by the Authority, downstream of the Delivery Point before the water delivered by the Authority enters the Person's ground storage tank(s); provided, however, the Authority, at its option, may provide an alternative backflow prevention procedure or mechanism. Title to, possession, and control of Surface Water shall remain with the Authority until it passes through the Control Valve Assembly, where title to, possession, and control of the Surface Water shall pass from the Authority to the Person receiving same.

Section 5.07. Chloramine Disinfection. Usually, Surface Water delivered by the Authority will be disinfected with chloramines. Each Converted Customer is required to: (i) convert its water treatment system to a chloramine disinfection system, or install a chloramine disinfection system, prior to becoming a Converted Customer and no later than the date required by the Authority; and (ii) maintain use of such chloramine disinfection system thereafter for so long as such Converted Customer is connected to the Authority System and for so long as the Surface Water delivered by the Authority is disinfected with chloramines. The Authority shall provide notice to each Person to be Converted to Surface Water of the required conversion to chloramines. It shall be the responsibility of each Converted Customer (and each Person that receives water from a Converted Customer, for example and without limitation, via a water interconnect), and not the Authority, to: (i) notify such Converted Customer's (or such Person's) water customers and water users about its conversion to and use of chloramine disinfection; (ii) comply with any applicable United States Environmental Protection Agency and Commission (and other applicable agency) regulations and requirements, and applicable laws; and (iii) comply with any applicable Commission regulations and requirements, including the variance process for chloramines conversion and approval for interconnections. Prior to completion of design (and commencement of construction) of the chloramine disinfection system required by this Section, the Person to be converted to Surface Water shall submit plans and specifications to the Authority Engineer for review and approval. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

Section 5.08. Daily Amount. The Authority, the Authority Engineer, or the Authority Operator may from time to time designate a maximum daily amount of Surface Water (the "Maximum Daily Amount") to be taken by a Person and/or a minimum daily amount of Surface Water ("Minimum Daily Amount") to be taken by a Person. In such event, during any one day, no Person shall take from the Authority more than either the Maximum Daily Amount or less than the Minimum Daily Amount. The Authority may from time to time increase or decrease a Person's

Maximum Daily Amount and/or Minimum Daily Amount, as determined necessary by the Authority, the Authority Engineer, or the Authority Operator. If in violation of this Rate Order, and in addition to all other remedies available to the Authority (including, without limitation, those set forth in this Rate Order), a Person takes more than its Maximum Daily Amount or less than its Minimum Daily Amount in any one day, the Person shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto (including, without limitation, any charges or fees charged to the Authority by Houston, the FBSD, or the HGSD).

Section 5.09. Quantity or Pressure of Water. Notwithstanding any provision of this Rate Order, and unless otherwise specified in a water supply commitment agreement, the Authority does not and will not guarantee to any Person a specific quantity or pressure of water for any purpose whatsoever. Unless such a water supply commitment agreement is in place, the above limitations on quantity and pressure may be inadequate to fulfill the Commission's regulations and requirements for capacity and water quality. In no case shall the Authority be liable for the failure or refusal to furnish water or any particular amount or pressure of water.

Section 5.10. Interruptions in Service. The Authority shall use reasonable efforts to deliver to any Person with whom the Authority has entered into a written water supply commitment agreement a constant and uninterrupted supply of Surface Water in the amount provided in such agreement. Notwithstanding any provision of this Rate Order or any applicable agreement entered into by the Authority, the Authority may interrupt, reduce, or cease deliveries of Surface Water if such interruption or reduction is necessary: (i) due to limitations in the Authority System or Houston's water system; (ii) in case of emergencies or breakdowns in the Authority System or Houston's water system; or (iii) for equipment installation, repairs, modifications, replacements, inspections, or maintenance on the Authority System or Houston's water system. In addition, the Authority may interrupt, reduce, or cease deliveries of Surface Water if such interruption or reduction is necessary for purposes of the Authority's GRP. The Authority shall have no liability to any Person for any damages caused by any interruption in service or any failure (partial or total) to deliver Surface Water.

Section 5.11. Maintenance of Groundwater Wells. In order to have an alternative water supply source in the event that the Authority's water service is interrupted or ceases for any reason, Persons that have converted, in whole or in part, to usage of Surface Water are strongly encouraged by the Authority to at all times: (i) maintain their existing groundwater well(s) and other groundwater facilities; and (ii) maintain water line interconnect(s) with other political subdivision(s) of this State that have functioning groundwater well facilities.

Section 5.12. Early Conversion. To the extent that a Person desires to purchase Surface Water for any reason in advance of the date that the Authority intends to

provide Surface Water to such Person, such Person may submit a written request for Surface Water to the Authority, which request will be evaluated by the Authority, in its sole discretion, on economic feasibility, GRP cost, and other factors; and the Authority will determine, in its sole discretion, if such request can be satisfied, in what amount, and according to what time frame and terms.

Section 5.13. Compliance with GRP. Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage, or participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority, the Authority Engineer, and/or the Authority Operator shall manage and enforce the GRP, including without limitation coordination with the FBSD or HGSD, monitoring compliance with the GRP, and enforcing the terms of the GRP. All Persons shall comply with the terms of the GRP and all other Authority orders and requirements (including, without limitation, those from the Authority Engineer or the Authority Operator) for the reduction of groundwater usage and the allocation of Surface Water. The Authority, the Authority Engineer, and/or the Authority Operator may from time to time issue groundwater reduction requirements to Persons in order to: (a) comply with or exceed FBSD or HGSD groundwater reduction requirements; (b) satisfy the terms of the GRP; and/or (c) allocate Surface Water among Persons, including requiring Persons to from time to time timely take Surface Water from the Authority in amounts determined by the Authority.

Section 5.14 Early-Conversion/Over-Conversion Credits. The Authority, and not the Person within the Authority's GRP, shall receive and be entitled to any early-conversion or over-conversion credits issued by the FBSD or HGSD related to Surface Water or any water other than groundwater (including but not limited to Non-Potable Water) consumed or utilized by any Person within the Authority's GRP. No Person within the Authority's GRP shall obtain (or attempt to obtain) for such Person's own benefit or the benefit of anyone other than the Authority or sell (or attempt to sell), any such early-conversion or over-conversion credits. If requested by the Authority, Persons within the Authority's GRP shall cooperate with the Authority (including, without limitation, by amending their HGSD or FBSD well permits, as applicable), in order to enable the Authority to receive such early-conversion or over-conversion credits.

Section 5.15. Inadequate Groundwater Facilities. Districts or users that need or desire Surface Water because they do not have adequate groundwater facilities (or for any other reason) may request a water supply commitment agreement from the Authority. At the Authority's discretion, the Authority may, according to terms and conditions acceptable to the Authority, enter into such an agreement. Only water supply commitment agreements guaranteeing quantity and pressure may be adequate to fulfill the Commission's regulations and requirements for capacity and water quality.

Section 5.16. Compliance of Person's Water System. In order to protect the Authority's System, each Person's water system that is receiving Surface Water from the Authority, shall be constructed and operated to comply with the rules promulgated by the Commission, or any successor agency, and the policy requirements of Houston regarding backflow prevention and cross connections. Should a condition in violation of these requirements be discovered, such Person shall promptly cure same. If determined necessary by the Authority or if the Person fails to promptly cure same, the Authority, in addition to all other remedies available to it (including, without limitation, those provided in this Rate Order), may cure same, at the cost and expense of the Person. The Authority may conduct inspections from time to time to determine that no conditions exist in such Person's water system and in connections to the Person's customers' premises which would or might adversely affect the Authority System.

Section 5.17. Termination and Reconnection of Service. The Authority may, in its discretion, disconnect service for failure to pay all charges, including penalties and interest, by the 50th day after the Due Date; provided, however, that prior to disconnecting services, the Authority shall send written notice by United States first class mail to the Person at the appropriate address and provide the Person with an opportunity to contest, explain, or correct the charges, services, or disconnection, at a meeting of the Board. The written notice shall inform the Person of the amount of the delinquent payment, the date service will be disconnected or additional service withheld if payment is not made, the date, time, and place of the next scheduled meeting of the Board, and of the opportunity to contest, explain, or correct the charges, services, or disconnection, by presenting in person or in writing such matter to the Board at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board as shown in the notice, and the date for withholding additional service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board. A written statement by the Authority Operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be prima facie evidence of delivery of same. If the Person appears before the Board in person or in writing, the Board shall hear and consider the matter and inform the Person of the Board's determination by sending written notice by United States first class mail to the Person at the appropriate address. If service to a Person is disconnected for nonpayment of a delinquent bill or for any cause legally authorized, a reconnection fee of \$500 shall be paid prior to service being restored. In the event that the Authority Operator removes a Person's meter due to unauthorized reconnection of service subsequent to its termination by the Authority, a reinstallation fee of \$500 shall be paid prior to service being restored, which fee is in addition to any other fees imposed (including, without limitation, the reconnection fee).

Section 5.18. Authority Reimbursement to a Converted Customer. In lieu of the Authority designing or installing the Water Line Tank Connection or the Chloramine System (both defined below), the Authority has determined to require Persons that will become Converted Customers to design and install the Water Line Tank Connection and the Chloramine System and to allow certain of the related costs incurred by Converted Customers to be eligible for potential reimbursement from the Authority, as provided in this Section. Nothing in this Section shall be construed as limiting the Authority's right to require a Person, at the Person's sole cost, to: (i) convert to Surface Water, or (ii) install the Water Line Tank Connection or the Chloramine System. Unless agreed to otherwise in writing by the Board, the Converted Customer, and not the Authority, shall own, maintain, operate, and repair (and be responsible to obtain any appropriate insurance for) the Water Line Tank Connection and Chloramine System and also the Converted Customer's water plant buildings, tanks, and water wells. Notwithstanding the foregoing, nothing in this Section shall be construed as limited the Converted Customer's obligations as the receiving system to comply with Commission regulations and requirements. For example, in the event of a violation, the Commission will hold the Converted Customer responsible for any problems associated with the connection or chloramines system.

(a) If a written request for reimbursement is made by a Converted Customer to the Authority as set forth in this Section, then such Converted Customer may be eligible for Authority reimbursement of construction and engineering costs for the Water Line Tank Connection and the Chloramine System as follows:

- (i) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to construct a segment of water line ("Water Line Tank Connection") from the Authority's water meter/vault facilities to such Customer's ground storage tank facilities (or other water plant facilities). A Converted Customer shall not be eligible for this reimbursement if the Converted Customer fails to execute a Realty Interest Document in favor of the Authority in a form and at the time required by the Authority, and at no expense to the Authority. The Authority may require that such Realty Interest Document, among other things, allow the Authority the right to: (i) install, own, operate, and maintain water line and/or meter facilities and related appurtenances, and (ii) install, own, operate, and maintain sensor equipment on such Customer's ground storage tank facilities (or other water plant facilities) and electrical and control connections by conduit pipe (or other means) connecting such sensor equipment to the Authority System. No costs for repair, maintenance, operation, upgrade, or replacement of the Water Line Tank Connection shall be eligible for reimbursement from the Authority. Such items that are

ineligible for reimbursement include, but are not limited to, painting of water tanks beyond those areas that are affected by the conversion to chloramines disinfection system, modifications to a Converted Customer's facilities downstream of its water tanks, building modifications, and access modifications.

- (ii) The Converted Customer may be eligible for reimbursement of the actual and reasonable construction and engineering costs incurred by the Converted Customer to convert its water treatment system from a chlorine disinfection system to a chloramine disinfection system ("Chloramine System"), including but not limited to adding ammonia storage and feed facilities, modifying chlorine storage and feed facilities, making control system modifications, and installing all necessary appurtenances thereto.
- (iii) The purpose of this reimbursement is intended for costs associated with converting a pre-existing disinfection system to a chloramines disinfection system. Accordingly, unless approved in writing by the Authority, Persons scheduled by the Authority to become Converted Customers will not be eligible for a Chloramine System reimbursement on any new water plants constructed within three years before such time as Surface Water is generally available from the Authority, as determined by the sole discretion of the Authority. No costs for repair, maintenance, operation, upgrade, or replacement of a Chloramine System shall be eligible for reimbursement from the Authority. Such items that are ineligible for reimbursement include, but are not limited to, painting of water tanks beyond those areas that are affected by the conversion to chloramines disinfection system, modifications to a Converted Customer's facilities downstream of its water tanks, building modifications, and access modifications. In addition to the foregoing, in the event that a Converted Customer annexes additional land into the boundaries of the Converted Customer, whether contiguous or otherwise, costs related to the Chloramine System on any new water plants constructed by the previously Converted Customer shall not be eligible for reimbursement by the Authority. The foregoing sentence shall apply regardless of the timeline on which the Authority may deliver Surface Water to the property annexed by the Converted Customer.

(b) Actual and reasonable engineering costs will be eligible for reimbursement in an amount not to exceed 25% of the actual and reasonable construction costs that are eligible and approved by the Authority for reimbursement under this Section if, and only if, such approved construction costs are less than or equal to \$500,000 for each water plant of the Converted Customer. If such approved construction costs are greater

than \$500,000 for each water plant of the Converted Customer, then the percentage of engineering costs eligible for reimbursement will be determined by the Board at the Board's sole discretion.

(c) Any reimbursement pursuant to this Section shall be subject to approval by the Authority Engineer; and any such reimbursement shall be made in accordance with standards approved by the Authority Engineer and the Board, which standards may change from time to time. Prior to completion of design (and commencement of construction) of the Water Line Tank Connection and Chloramine System, the Person to be converted to Surface Water shall submit plans and specifications to the Authority Engineer for review and approval. The Authority Engineer will provide written approval of the plans and specifications that are not eligible for reimbursement by the Authority in accordance with this Section. ANY SUCH APPROVAL DOES NOT RELIEVE THE PERSON, AND ITS ENGINEER, OF ADEQUATELY DESIGNING AND CONSTRUCTING THE FACILITIES AND ANY SUCH APPROVAL IS NOT AN ASSUMPTION BY THE AUTHORITY (OR THE AUTHORITY ENGINEER) OF RESPONSIBILITY OR LIABILITY FOR THE ADEQUACY (OR INADEQUACY) OF SUCH PLANS AND SPECIFICATIONS OR THE FACILITIES CONSTRUCTED THEREBY, ALL OF SAME BEING EXPRESSLY DISCLAIMED.

(d) Construction of the Water Line Tank Connection and the Chloramine System shall be done pursuant to the competitive bidding requirements of Chapter 49, Texas Water Code, or, if applicable, the Commission emergency approval of negotiated contracts under Section 49.274, Texas Water Code. In the event the Water Line Tank Connection and Chloramine System are constructed pursuant to a contract negotiated under said Section 49.274 (instead of a contract that was competitively bid pursuant to said Chapter 49), the Board may disapprove any amount of reimbursement sought by the Converted Customer if the Board determines that the reimbursement exceeds the costs that would have been incurred had the contract been competitively bid.

(e) Unless otherwise agreed to in writing by the Board in its sole discretion, the potential reimbursement eligibility set forth in this Section shall not be available until and after a Person becomes a Converted Customer. Accordingly, for example and without limitation, a Person that is not directly connected to the Authority System but that receives water through a water interconnect with a Converted Customer shall not be eligible for the potential reimbursement described in this Section until and after such Person becomes a Converted Customer. In addition to and without limiting the other provisions of this Section, and in addition to any other remedies available to the Authority, some or all of the potential reimbursement eligible to a Converted Customer under this Section may be reduced or eliminated by the Board: (i) if the Converted Customer fails to install the Water Line Tank Connection and Chloramine System and commence receiving Surface Water by the date that the Authority is able to deliver Surface Water; or (ii) if the Converted Customer fails to submit a written request for reimbursement (with adequate supporting documentation) to the Authority within 180

days after the Person becomes a Converted Customer. No interest or interest expenses shall be included in any potential reimbursement eligible under this Section.

(f) A Converted Customer shall not be eligible for the reimbursement described in this Section if the Converted Customer fails to obtain approval of its plans and specifications by the Authority Engineer in accordance with the provisions above.

(g) Any and all reimbursement pursuant to this Section shall be subject to Board approval, which approval may be granted or denied based on the Board's sole discretion. Any requests for variances from the reimbursement procedures and policies contained in this Section must be submitted to the Board in writing prior to a Person commencing the design of the Water Line Tank Connection or the Chloramine System. The Authority may require a Person to execute a receipt and release in a form acceptable to the Authority prior to receiving any reimbursement under this Section.

Section 5.19. Realty Interest Documents. During the course of constructing the facilities necessary to serve an intended Converted Customer with Surface Water, the Authority will need certain realty interests to provide and/or meter Surface Water delivered by the Authority to the intended Converted Customer. An intended Converted Customer shall execute any Realty Interest Documents in favor of the Authority in a form and at the time required by the Authority, and at no expense to the Authority, necessary to provide the intended Converted Customer with Surface Water, as determined by the Authority in its sole and reasonable discretion.

ARTICLE VI COLLECTION OF FEES

Section 6.01. Late Penalties and Interest. Payments of any fees, charges, or rates shall be considered delinquent if they are received more than 10 days after the Due Date (the "Delinquent Date"). A payment postmarked after the Delinquent Date shall be deemed delinquent. Payments of any fees, charges or rates received by the Authority after the Delinquent Date will be subject to a late penalty of 2% of the fees, charges, or rates due, and such 2% penalty shall be due to the Authority on the first day such fees, charges, or rates are late. Notwithstanding the foregoing, the 2% late penalty shall not exceed an amount of \$2,000. An additional 5% penalty (for a total penalty of the lesser of 7% or \$2,000 plus 5%) shall be imposed if the payment is received more than 30 days after the Due Date, and such additional 5% penalty shall be due to the Authority on the 31st day after the Due Date. Additionally, overdue amounts (including late penalties) shall accrue interest, from the day after the Delinquent Date until the day the overdue amount is paid to the Authority, at an annual interest rate ("Interest Rate") of 5.5%. On September 1st of each calendar year (the "Current Calendar Year"), the Interest Rate shall automatically reset to the lesser of: (1) one percent plus the prime rate as published in the Wall Street Journal on the first day of July of the current calendar year that does not fall on a Saturday or Sunday; or (2) one percent plus the prime rate as published in

the Wall Street Journal on the first day of July of the year preceding the current calendar year that does not fall on a Saturday or Sunday. (For example, if said prime rate was 5.0% on July 1, 2018 and is 5.5% on July 1, 2019, then on September 1, 2019, the Interest Rate shall be 5.0% plus 1%, or 6.0% per annum. The prime rates reflected in the previous sentence represent hypothetical rates, which may or may not be the actual prime rates as published in the Wall Street Journal.)

Section 6.02. Collection Costs. If the Authority is required to incur costs to collect an overdue account, all such costs, including court costs, reasonable attorney's fees, and expenses, shall be paid by the delinquent Person, and the Authority shall be entitled to collect such costs in any suit for collection of a delinquent account.

Section 6.03. Expulsion from GRP. The Board may exclude a Person, or any territory or Well owned or controlled by a Person, from the GRP for failure to make a complete or timely payment to the Authority of fees, user fees, rates, penalties, interest, or any other charges due to the Authority.

ARTICLE VII AUTHORITY RULES

Section 7.01. Self-Reporting Violations. Each Non-Exempt Well owner and Surface Water user shall be responsible for reading the meter(s) to measure the amount of water pumped from each Non-Exempt Well and the amount of Surface Water received at the end of each month and for accurately reporting, in the manner provided in this Rate Order, such measurements (even if the measurements show zero pumpage or zero Surface Water usage) to the Authority on the form promulgated by the Authority on or before the due date. The Authority reserves the right to request more frequent reporting, at its sole discretion. Failure to make such measurements, or failure to accurately or timely report them to the Authority, shall be a violation of the Authority's rules. If a Person reports higher pumpage or higher Surface Water usage to the FBSD or HGSD than the Person reported to the Authority, the Authority shall be entitled to find that such Person did not accurately report to the Authority and therefore violated the Authority's rules.

Section 7.02. Failure to Comply with Measurement Requirements. Each Non-Exempt Well owner and Surface Water user is required to comply with the provisions of this Rate Order, including without limitation, allowing the Authority the right to: (1) audit Well pumpage and Surface Water usage; (2) read the Well owner's meter and the Surface Water meter; (3) enter the Well owner's land to audit and/or measure Well pumpage and Surface Water usage; (4) test and recalibrate, if necessary, the Well owner's meter and the Surface Water meter. Failure of the Well owner to comply with such provisions, or any other provision of this Rate Order, shall be a violation of the Authority's rules.

Section 7.03. Calibration of Meters. Each Non-Exempt Well owner is responsible for keeping its Well meter within the Meter Accuracy Range (as defined in Section 4.04 above). It shall be a violation of the Authority's rules for any Well owner who knows or should reasonably know that its Well meter's accuracy is not within the Meter Accuracy Range to fail to promptly correct such meter and to correct any reports previously made to the Authority of inaccurate data. In addition to the foregoing, each Non-Exempt Well owner shall be required to conduct a meter calibration test, at its sole cost and expense, on each Non-Exempt Well once per calendar year. Notwithstanding anything to the contrary in the FBSD's requirements related to meter calibration, the requirement set forth in the preceding sentence shall apply to all Non-Exempt Wells regardless of meter diameter. Only equipment capable of accuracy results of plus or minus one percent of actual flow with repeatable accuracy of $\frac{1}{2}$ of 1 percent may be used to calibrate or test meters. A copy of the accuracy verification report must be submitted to the Authority on or before December 31st of each calendar year confirming that the meter accuracy is within the Meter Accuracy Range.

Section 7.04. Payment Violations. Each Person shall be responsible for paying the Authority the GRP Fees, Surface Water Fees, Imported Water Fees, and any other charges (including, without limitation, any penalties and interest) due the Authority on or before the due date. Failure to make such payment when due shall be a violation of the Authority's rules.

Section 7.05. GRP. Each Person shall be responsible to promptly comply with the GRP and all directives and requirements issued by the Authority, the Authority Engineer, or the Authority Operator for the purposes of or related to the GRP, including, without limitation, all requirements that the Person: (i) take (or refrain from taking) amount(s) of Surface Water from time to time required by the Authority; and (ii) install the Water Line Tank Connection and Chloramine System by the date the Authority is able to deliver Surface Water to the Person. In addition, no Person shall utilize the Shut-off Valve(s) to control the rate of flow of Surface Water being delivered by the Authority, as such Shut-off Valves are intended only to be used in the event a waterline needs to be taken out of service. Failure to comply with the provisions of this Section shall be a violation of the Authority's rules.

Section 7.06. Daily Amount. If the Authority, Authority Engineer, or Authority Operator has designated a Maximum Daily Amount or Minimum Daily Amount for a Person connected to the Authority System, then such Person shall be responsible to take no more than its Maximum Daily Amount and no less than its Minimum Daily Amount during any one day. Failure to so comply shall be a violation of the Authority's rules.

Section 7.07. Water Conservation Program. To encourage efficient use of water, the Authority requires Non-Exempt Well owners and/or Persons receiving Surface Water to (i) approve and submit to the Authority by May 1, 2012 (or prior to receiving Surface Water if delivery shall occur after May 1, 2012), a water conservation plan

meeting or exceeding the minimum State requirements for retail water providers with 3,300 or more connections, and (ii) submit Annual Reports documenting the implementation of the water conservation plan to the Authority by May 1st of each year on the Annual Report form promulgated by the Texas Water Development Board. If such Person intends to resell the Surface Water to a wholesale customer of such Person, then the Person shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

Section 7.08. Right of Entry. Each Person shall be responsible: (1) to timely comply with the Section of this Rate Order entitled "Right to Enter Land"; and (2) to not prevent or hinder the Authority's rights under the Section of this Rate Order entitled "Right to Enter Land." Failure to do so shall be a violation of the Authority's rules.

Section 7.09. Authority Rules and Orders. All requirements set forth in this Article VII are adopted as rules of the Authority. All requirements and rules set forth in any part of this Rate Order shall be considered orders of the Authority.

Section 7.10. Interconnect Agreements. In order for the Authority to maintain an accurate inventory of the interconnects for all of the Non-Exempt Well owners and/or Persons within its boundaries, each Non-Exempt Well owner and/or Person that is a party to an interconnect agreement, regardless of whether or not the other party is located within the boundaries of the Authority, must submit copies of all interconnect agreements currently in effect or entered into in the future to the Authority. A copy of each interconnect agreement currently in effect must be submitted by September 1, 2012, and copies of interconnect agreements entered into after July 25, 2012 must be submitted by September 1, 2012 or within 30 days of execution. Further, as of October 1, 2012, any new interconnects constructed for the benefit of a Non-Exempt Well owner and/or Person located within the Authority's boundaries with parties located outside of the Authority's boundaries must be metered. Interconnects in which all parties are located within the Authority's boundaries or interconnects that were constructed prior to October 1, 2012 with parties outside of the Authority's boundaries shall not be subject to this requirement.

Section 7.11 Regional System Agreements. If a Non-Exempt Well is part of a regional system, the Non-Exempt Well owner must submit the agreement relating to such regional system, including the regional system's participating entities and/or persons, to the Authority by September 1, 2012. If any new agreements and/or amendments relating to Non-Exempt Wells within regional systems are entered into after July 25, 2012, such agreement and/or amendment must be submitted to the Authority by September 1, 2012 or within 30 days of execution.

Section 7.12. Contact Information Submission. In order to have accurate contact information to be able to readily contact all Non-Exempt Well owners in the case of an emergency or to transmit other necessary communication, each Non-Exempt Well

owner has the responsibility to inform the Authority of the key persons involved with their system, including, as applicable, the Non-Exempt Well owner's operator, engineer, bookkeeper, attorney, and management company. Should the contact information for any of the foregoing persons change, the Non-Exempt Well owner should submit notification to the Authority as soon as reasonably practicable.

ARTICLE VIII CIVIL PENALTIES AND MISCELLANEOUS

Section 8.01. Civil Penalty. A Person is subject to a civil penalty of up to \$10,000 for each violation or each day of a continuing violation if the Person: (i) violates any provision of this Rate Order, the GRP, any rules contained in either of same, or any other order or rule of the Authority, (ii) makes unauthorized use of Authority services or facilities, or (iii) causes damage to Authority facilities by using such facilities in a manner or for a purpose contrary to the purpose for which such facilities were designed. The Board may set the penalty based on (all as determined by the Board): (i) the severity of the offense; (ii) whether such violation was willful, knowing, reckless, or inadvertent; (iii) the history of conduct by such Person; (iv) the damages sustained by the Authority; (v) the risk or damage to the GRP; and (vi) any other factors determined appropriate by the Board. The Authority may bring an action to recover the penalty in a district court in the county where the violation occurred. The penalty shall be paid to the Authority.

Section 8.02. Other Penalties for Rate Order or GRP Violations. Any Person who violates any provision of this Rate Order or the GRP in addition to being subject to the penalties described in this Rate Order, shall be subject to: (i) having Surface Water service terminated; or (ii) expulsion from the Authority's GRP; provided, however, that prior to disconnecting Surface Water service for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority System or adversely affect the Authority's GRP or excluding a Person from the Authority's GRP, the Authority shall give written notice by first class mail or otherwise, to such Person of the pending disconnection or anticipated expulsion, and shall give such Person the opportunity to contest, explain, or correct the violation at a meeting of the Board. Such disconnection or expulsion shall be in addition to penalties that may be imposed by the Authority under this Rate Order and remedies that may otherwise be available to the Authority.

Section 8.03. Injunction. The Authority may bring an action for injunctive relief in a district court in the county where a violation of an authority rule or order occurs or is threatened to occur. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding

Section 8.04. Right to Enter Land. In addition to any other rights that the Authority may have (by easement or otherwise), the Authority and its representatives

shall have the authority to enter upon any public property (including, without limitation, property owned by a District) or private property within the Authority's boundaries or property adjacent to any property owned by the Authority (and enter upon any property owned by a District included in the Authority's GRP by contract) at any reasonable time in order to: (1) inspect, repair, install, test, maintain, or operate any Authority facilities or to test or monitor the Surface Water delivered by the Authority; (2) audit Well pumpage or Surface Water measurements submitted by a Person to the Authority; (3) measure Well pumpage or Surface Water usage; (4) inspect and investigate conditions relating to the quality of water in the State of Texas; and/or (5) investigate compliance with any Authority rule, regulation, permit, or order. If requested by the Authority or Authority Operator, a Person shall immediately cooperate with the Authority or Authority Operator to allow the Authority or Authority Operator to enter such site(s) for any of such purposes. Authority representatives entering private property pursuant to this Section shall observe the establishment's rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

Section 8.05. Groundwater Reduction Plan Participation Agreements. Any Person that is a member or participant of the Authority's GRP through a written contract with the Authority shall be subject to all of the terms, provisions, rules, requirements, and penalties of this Rate Order and all other orders, resolutions, and requirements of the Authority, to the extent they are not inconsistent with the terms and provisions of such written contract.

Section 8.06. Non-Potable Water Agreements. The Authority from time to time may enter into written contracts governing the purchase and/or use of Non-Potable Water and/or related infrastructure. All such contracts shall be subject to all of the terms, provisions, rules, requirements, and penalties of this Rate Order and all other orders, resolutions, and requirements of the Authority, to the extent that they are not inconsistent with the terms and provisions of such written contract. Necessary reporting for all metered Non-Potable Water required pursuant to the terms of each contract shall be reported to the Authority on the reporting form promulgated by the Authority (i) available electronically on the Online Reporting System, or (ii) if the Authority determines that access to the Online Reporting System is not reasonably available to a Person, then reporting may be made via the non-electronic reporting form attached hereto as Exhibit "C," provided permission to use the non-electronic reporting form is obtained in writing from the Authority. If in the sole and reasonable discretion of the Authority, it is determined that neither of the foregoing reporting methods are suitable for the specific project, the Authority may request direct reporting to the Authority Engineer. Such reporting shall be provided to the Authority no later than the last day of the second month following the month for which Non-Potable Water usage is required to be calculated. (For example, the reporting form for January pumpage is

due by February 28th; the reporting form for February pumpage is due by March 31st; etc.). The Authority reserves the right to request more frequent reporting, at its sole discretion.

Section 8.07. Prior Resolutions Establishing Groundwater Reduction Plan Fees and Rate Orders. The Authority retains all of its rights and remedies under all prior Authority Resolutions Establishing Groundwater Reduction Plan Fee, as amended.

Section 8.08. Amendments to Rate Order and GRP. As determined necessary by the Authority, the Authority reserves the right to modify from time to time: (1) the rates, charges, and fees contained in this Rate Order; (2) any other terms and provisions of this Rate Order; and (3) its GRP.

Section 8.09. Authority Designee. The Authority hereby designates the Board President, Board Vice President, Board Assistant Vice President, the Authority Engineer, and/or the Authority Operator to exercise the Authority's powers under its GRP and this Rate Order.

Section 8.10. Refusal to Add Persons to GRP. The Board, at its discretion, may refuse to add Persons (and their wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP who at any time had been removed from the GRP because the Person's groundwater pumpage reduced below the amount required for the Person to be subject to FBSD or HGSD groundwater reduction requirements.

Section 8.11. No Waiver. The failure of the Authority to insist, in any one or more instances, upon a Person's performance of any of the terms, requirements, or conditions of this Rate Order shall not be construed as a waiver or relinquishment of the future performance of any such term, requirement, or condition by that Person or any other Person.

Section 8.12. Lien. Pursuant to Section 8813.108, fees and user fees imposed by the Authority under Section 8813.103(b), any related penalties and interest, collection expenses, and reasonable attorney's fees incurred by the Authority are a first and prior lien against the well to which the fees or user fees apply. The Authority may enforce said lien in any manner provided by the Act or other law.

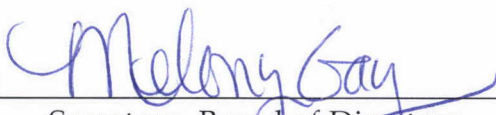
[EXECUTION PAGE FOLLOWS]

ADOPTED THIS 19th DAY OF DECEMBER, 2019.

NORTH FORT BEND WATER AUTHORITY

By: 
President, Board of Directors

ATTEST:

By: 
Secretary, Board of Directors

(SEAL)



EXHIBIT A
NORTH FORT BEND WATER AUTHORITY
Pumpage/Surface Water and Billing Form Effective January 1, 2020

Name of Well Owner or Recipient of Surface Water: _____

Identify: Well #1: _____; Well #2: _____; Well #3: _____; Well #4: _____

Identify: Meter #1: _____; Meter #2: _____; Meter #3: _____; Meter #4: _____

Check the billing period for which this report is being filed

	Billing Period	Rate	Due Date
<input type="checkbox"/>	January 1-31, 20	\$3.95 pumpage/ \$4.30 surface	February 28, 20
<input type="checkbox"/>	February 1-28/29, 20	\$3.95 pumpage/ \$4.30 surface	March 31st, 20
<input type="checkbox"/>	March 1-31, 20	\$3.95 pumpage/ \$4.30 surface	April 30, 20
<input type="checkbox"/>	April 1-30, 20	\$3.95 pumpage/ \$4.30 surface	May 31, 20
<input type="checkbox"/>	May 1-31, 20	\$3.95 pumpage/ \$4.30 surface	June 30, 20
<input type="checkbox"/>	June 1-30, 20	\$3.95 pumpage/ \$4.30 surface	July 31, 20
<input type="checkbox"/>	July 1-31, 20	\$3.95 pumpage/ \$4.30 surface	August 31, 20
<input type="checkbox"/>	August 1-31, 20	\$3.95 pumpage/ \$4.30 surface	September 30, 20
<input type="checkbox"/>	September 1-30, 20	\$3.95 pumpage/ \$4.30 surface	October 31, 20
<input type="checkbox"/>	October 1-31, 20	\$3.95 pumpage/ \$4.30 surface	November 30, 20
<input type="checkbox"/>	November 1-30, 20	\$3.95 pumpage/ \$4.30 surface	December 31, 20
<input type="checkbox"/>	December 1-31, 20	\$3.95 pumpage/ \$4.30 surface	January 31, 20

Gallons of Water Pumped, Imported, or Purchased for Billing Period

	Start Meter Reading	End Meter Reading	Total
Well #1			
Well #2			
Well #3			
Well #4			
Imported Water			
Surface Water			
For additional wells, attach a second reporting form and put total from all wells below.			
ALL			

1	Enter total gallons of water pumped	
2	Divide by 1,000	
3	Total pumpage fee due (multiply line 2 x 3.95)	
4	Enter total gallons of surface water received	
5	Divide by 1,000	
6	Total surface water fee due (multiply line 5 x 4.30)	
7	Enter total gallons of water imported	
8	Divide by 1,000	
9	Total import fee due (multiply line 8 x 3.95 or 4.30)	
10	LESS APPLICABLE CREDIT DUE FROM CAPITAL CONTRIBUTION	
11	Total due (add lines 3, 6, and 9 then subtract line 10)	

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: _____

By: _____

Name: _____

Title: _____

If your payment is received late (as defined in the Authority's Amended Rate Order) the Authority will send you an invoice for the late penalties and interest set forth in the Authority's Amended Rate Order.

Make check payable to: North Fort Bend Water Authority; c/o AVANTA Services, 5635 Northwest Central Drive, Suite 104E, Houston, Texas 77092 (**rates effective 1/1/2020**)

EXHIBIT B

NEW WELL OR ACTIVITY STATUS CHANGE REQUEST FORM

NORTH FORT BEND WATER AUTHORITY
STATUS CHANGE FORM - FOR WELLS OR SURFACE WATER METERS

Date of request _____ Date change made on Online Reporting System _____

ADD A WELL OR SURFACE WATER METER

Well Owner _____

Well or Meter No. # _____ Well _____ Surface water meter _____
(check one)

Date pumpage or delivery to begin _____ Beginning reading _____

Well _____ inside NFBWA, _____ outside NFBWA (check one)

Additional information _____

CHANGE IN EXISTING WELL OR SURFACE WATER METER STATUS

Well Owner _____

Well or Meter No. # _____ Well _____ Surface water meter _____ Meter reading _____
(check one)

Change status to: _____ Active _____ In-Active
(check one)
_____ Exempt _____ Non-Exempt

Effective date of change _____

Additional information _____

BGE, Inc. Name (printed): _____

Signature & date: _____

Avanta Services Name (printed): _____

Signature & date: _____

EXHIBIT C
NORTH FORT BEND WATER AUTHORITY
Non-Potable Water and Billing Form Effective January 1, 2020

Name of Non-Potable Water System: _____

Check the billing period for which this report is being filed

<i>Billing Period</i>	<input type="checkbox"/>	<i>Rate</i>	<input type="checkbox"/>	<i>Credit</i>	<i>Due Date</i>
January 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	February 28, 20__
February 1-28/29, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	March 31st, 20__
March 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	April 30, 20__
April 1-30, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	May 31, 20__
May 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	June 30, 20__
June 1-30, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	July 31, 20__
July 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	August 31, 20__
August 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	September 30, 20__
September 1-30, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	October 31, 20__
October 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	November 30, 20__
November 1-30, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	December 31, 20__
December 1-31, 20__	<input type="checkbox"/>	\$3.95 pumpage	<input type="checkbox"/>	\$0.75	January 31, 20__

Gallons of Water Pumped for Billing Period

	Start Meter Reading	End Meter Reading	Total
Reuse Effluent Meter			
For Stormwater and Rainwater Capture Systems use the following rows:			
Make-Up Well #1			
Irrigation Meter #1			
Make-Up Well #2			
Irrigation Meter #2			
Make-Up Well #3			
Irrigation Meter #3			
For additional wells, attach a second reporting form and put total from all wells below.			
ALL			

Total Credit Earned for Effluent Reuse Systems

1	Enter total gallons of reuse effluent metered	
2	Divide by 1,000	
3	Total pumpage fee due or credit earned (multiply line 2 x 3.95 or line 2 x 0.75)	

Total Credit Earned for Stormwater and Rainwater Capture Systems

1	Enter total gallons of Make-up Water minus the Irrigation Meter #1	
2	Enter total gallons of Make-up Water minus the Irrigation Meter #2	
3	Enter total gallons of Make-up Water minus the Irrigation Meter #3	
4	Divide by 1,000	
5	Total credit earned (multiply line 4 x 0.75)	

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: _____

By: _____

Name: _____

Title: _____

If your payment is received late (as defined in the Authority's Amended Rate Order) the Authority will send you an invoice for the late penalties and interest set forth in the Authority's Amended Rate Order.

North Fort Bend Water Authority; c/o AVANTA Services, 5635 Northwest Central Drive, Suite 104E, Houston, Texas 77092
(rates effective 1/1/2020)

TAB H

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

RATE ORDER

(Effective March 1, 2018)

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- Exhibit "A"** – **Imported Water Billing Form**
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CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

RATE ORDER

(Effective March 1, 2018)

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

RECITALS

WHEREAS, the Central Harris County Regional Water Authority (the "Authority") is a regional water authority created pursuant to special act of the 79th Texas Legislature, codified at Chapter 8815 of the Texas Special District Local Laws Code (the "Code"), and Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, the Authority was created to accomplish the purposes of Article XVI, Section 59 of the Texas Constitution, and § 8815.101(a) of the Code provides in such regard that the Authority may (1) provide for the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and for the reduction of groundwater withdrawals as necessary to develop, implement, or enforce a groundwater reduction plan, in a manner consistent with the purposes of Section 59, Article XVI, Texas Constitution, and facilitate compliance with the rules, orders, regulations, or requirements of the Harris Galveston Subsidence District (the "Subsidence District"); (2) acquire or develop surface water and groundwater supplies from sources inside or outside the boundaries of the Authority, conserve, store, transport, treat, purify, distribute, sell, and deliver water to or among persons inside and outside the boundaries of the Authority, and allocate water among persons participating in the Authority's groundwater reduction plan (the "GRP") whether they are located inside or outside the Authority's boundaries; (3) enter into contracts with persons inside or outside the Authority on terms and conditions deemed desirable, fair, and advantageous; (4) coordinate water services provided inside, outside, or into the Authority; and (5) administer and enforce the various provisions set forth in Chapter 8815 of the Code; and

WHEREAS, § 8815.103(a) of the Code provides that the Authority may establish fees, user fees, and charges as necessary to enable the Authority to fulfill the Authority's purposes and regulatory functions set forth in Chapter 8815 of the Code; and

WHEREAS, § 8815.103(b) of the Code provides that, subject to certain exemptions, the Authority may charge the owner of a well located within the Authority's boundaries a fee or user fee according to the amount of water pumped from the well, which is referred to herein as the "GRP Fee;" and

WHEREAS, § 8815.103(g) of the Code provides that the authority may establish fees, user fees, or charges for the importation of water into the Authority's boundaries from a source located outside the Authority's boundaries, referred to herein as a "Importation Fee;" and

WHEREAS, § 8815.103(f) of the Code provides that the authority may establish fees for the purchase of water from the Authority, including potable water derived from surface water supplies, referred to herein as the "Surface Water Fee;" and

WHEREAS, § 8815.103(e) of the Code provides that the Authority may establish fees, user fees, or charges that are sufficient to (1) achieve water conservation; (2) prevent waste of water; (3) serve as a

disincentive to pumping groundwater; (4) develop, implement, or enforce the GRP; (5) accomplish the purposes of Chapter 8815 of the Code, including making available alternative water supplies; (6) enable the Authority to meet operation and maintenance expenses; (7) pay the principal of and interest on notes, bonds, and other obligations issued in connection with the exercise of the Authority's general powers and duties; and (8) satisfy all rate covenants relating to the issuance of notes, bonds, and other obligations; and

WHEREAS, the Board of Directors (the "Board") of the Authority has made reasonable efforts to send its Member Districts written notice of the date, time, and location of the meeting at which the Board intends to adopt a proposed charge pursuant to § 8815.103(b) of the Code, and the amount of the proposed charge, all in accordance with § 8815.103(c) of the Code; and

WHEREAS, the Board has considered the comments submitted by the public concerning the GRP Plan Fee, Importation Fee, and the Surface Water Fee (collectively, the "Fees") and has determined that the Fees are necessary and appropriate pursuant to § 8815.103(e) of the Code; and

WHEREAS, the Board has determined to establish rules pursuant to § 8815.102 of the Code for the calculation and reporting of pumpage from certain wells within the Authority, for the calculation and reporting of the amount of water imported into the Authority from outside its boundaries, and for the collection of applicable Fees; and

WHEREAS, the Board has determined to establish rules pursuant to § 8815.102 of the Code related to the Subsidence District's consolidation of well permits jointly issued to the Member Districts and the Authority into a single permit in the name of the Authority; and

WHEREAS, the Authority has completed the construction of facilities and related improvements (the "Authority System") necessary to provide for the transmission and delivery of potable water, derived from surface water supplies ("Surface Water"), to certain Member Districts on a wholesale basis, as generally contemplated by the GRP; and

WHEREAS, the Board has determined to establish a rate applicable to the sale of Surface Water, on a per 1,000 gallons basis, pursuant to § 8815.103(f) of the Code; and

WHEREAS, the Board has determined to establish rules pursuant to § 8815.102 of the Code applicable to the sale of Surface Water to Member Districts, including the collection of applicable Fees;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY THAT:

ARTICLE I

FINDINGS; REVOCATION OF PRIOR RESOLUTIONS; EFFECTIVE DATE

Section 1.01: Findings. Each of the recitals stated in this Rate Order are hereby adopted as findings of the Board. All statutory requirements and conditions have been met for the establishment of the Fees under § 8815.103 of the Code.

Section 1.02: Prior Resolutions; Effective Date. Any prior written resolution, order, or other instrument duly authorized and executed by and on behalf of the Board, and any amendment(s) thereto, adopted by the Board and establishing Fees shall be revoked as of March 1, 2018, the effective date of this Rate Order.

ARTICLE II DEFINITIONS; INTERPRETATIONS; REFERENCES

Section 2.01: Definitions. In addition to terms defined elsewhere herein, the following terms used in this Rate Order shall have the respective meanings set forth below unless context clearly requires otherwise:

(a) *Authority Engineer*. The term "Authority Engineer" shall mean IDS Engineering Group, or any successor engineering firm engaged by the Authority to provide general engineering services to the Authority relative to the design, permitting, and construction of the Authority System and/or the administration of the Authority's GRP.

(b) *Authority Operator*. The term "Authority Operator" shall mean Municipal Operations & Consulting, Inc., or any successor operating company engaged by the Authority to provide Subsidence District permitting, operations, maintenance, billing and collection services, or other similar services to the Authority, relating to the operation and maintenance of the Authority System and/or the administration of the Authority's GRP.

(c) *Converted Customer*. The term "Converted Customer" shall mean any person or entity, including but not limited to a Water Well Owner, a Water Service Provider, or a Member District, whose water supply facilities have been actually and directly connected to the Authority's System and who is actually receiving surface water from the Authority's System.

(d) *Exempt Wells*. The following wells within the boundaries of the Authority shall be referred to as "Exempt Wells" and shall not be subject to a GRP Fee:

- (1) wells with a casing diameter of less than five inches (5") that serve only a single-family dwelling;
- (2) wells regulated under Chapter 27 of the Texas Water Code (injection wells); or
- (3) wells that are not subject to any groundwater reduction requirement imposed by the Subsidence District.

(e) *Imported Water*. The term "Imported Water" shall mean water, whether groundwater or surface water, that is produced outside of the boundaries of the Authority and transported into the boundaries of the Authority for subsequent distribution to an end user within the boundaries of the Authority.

(f) *Member Districts*. The term "Member Districts" shall have the meaning set forth in § 8815.001 (8) of the Code.

(g) *Non-Exempt Wells*. The term "Non-Exempt Wells" shall mean each and every groundwater well located within the boundaries of the Authority other than Exempt Wells.

(h) *Person*. The term "Person" shall mean any individual, corporation, organization, government or governmental subdivision or agency, municipality, county, political subdivision, business trust, trust, estate, partnership, association, or any other legal entity, and specifically including any Member District, Water Well Owner, Water Service Provider, which is subject to the jurisdiction of or regulation by the Authority under Chapter 8815 of the Code.

(i) *Reading Date.* The term "Reading Date" means the first calendar day of a month, regardless of whether same falls on a Saturday, a Sunday, or a state or federal holiday.

(j) *Water Importation Site.* The term "Water Importation Site" shall mean each connection, whether permanent or temporary, at which water originating from outside the boundaries of the Authority enters the boundaries of the Authority.

(k) *Water Service Provider.* The term "Water Service Provider" shall mean any person or entity, including but not limited to a Member District, that supplies potable water, whether surface water or groundwater, to any end user of such water within the boundaries of the Authority.

(l) *Water Well Owner.* The term "Water Well Owner" shall mean any person or entity owning a Non-Exempt Well.

Section 2.02: Interpretations. The article, section, and subsection headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa. References to an entity refer to the legal successors of such entity, and to the board of directors, officers, or other officials of such entity where appropriate.

Section 2.03: References. Any reference in this Rate Order to a document shall mean such document and all exhibits thereto as amended or supplemented from time to time.

ARTICLE III FEES; PAYMENT; COLLECTIONS

Section 3.01: GRP Fee. (a) *Rate; Quantity.* Effective as of March 1, 2018, each Water Well Owner shall pay a GRP Fee equal to \$3.01 for each 1,000 gallons of water pumped from each of its Non-Exempt Wells on a monthly basis. The Authority shall determine the quantity of water pumped from all Non-Exempt Wells in accordance with Section 4.02 hereof.

(b) *Billing by the Authority.* The Authority will provide Water Well Owners with a written invoice for GRP Fees on a monthly basis. The Authority invoice shall specify thereon the date of the invoice, the appropriate due date for payment of the GRP Fee, the quantity of water pumped from each Water Well Owner's Non-Exempt Well(s) during the applicable billing month and the corresponding GRP Fee based on such quantity, and any applicable late fees for past due payments.

(c) *Due Date.* Payment of the GRP Fee is due within 45 days of the date of receipt of an Authority invoice for same. For purposes hereof, a Water Well Owner's receipt of the Authority's invoices shall be deemed to be the third business day following the date of such invoice, regardless of the date of actual receipt or the failure of the Water Well Owner to actually receive such invoice. Each Water Well Owner shall be responsible for remitting to the Authority the GRP Fee on or before the due date.

(d) *Converted Customers.* A Converted Customer shall report water pumpage from each of its Non-Exempt Wells, and remit the corresponding GRP Fee to the Authority as provided hereinabove until the Authority assumes responsibility therefor in accordance with this subsection. Once a Converted Customer begins to receive Surface Water from the Authority System, the Authority Operator will read each meter installed by a Converted Customer pursuant to Section 4.01 hereof and determine the quantity of water pumped from such Converted Customer's Non-Exempt Wells at the same time the Authority Operator reads the Authority Meter pursuant to Section 6.09 hereof. Based on such quantity, the

Authority will provide Converted Customers with a written invoice of the GRP Fee on a monthly basis. The Authority invoice shall specify thereon the date of the invoice, the appropriate due date for payment of the GRP Fee, the quantity of water pumped from such Converted Customer's Non-Exempt Wells, the applicable billing month, the corresponding GRP Fee based on such quantity and the rate for Surface Water specified herein, and any applicable late fees for past due payments. Such invoice shall be consolidated with the invoice for the Surface Water Fee to be provided under Section 3.03(b) hereof, and the GRP Fee shall be due at the same time such Surface Water Fee is due under Section 3.03(c) hereof. Each Converted Customer shall be responsible for remitting to the Authority the GRP Fee on or before the due date. The Authority shall provide a Converted Customer with advance notice prior to the Authority's assumption of responsibility for determining the quantity of water pumped from such Converted Customer's Non-Exempt Wells and invoicing such Converted Customer the corresponding GRP Fee as provided hereinabove.

Section 3.02: Importation Fee. (a) *Rate; Quantity.* Effective as of March 1, 2018, each Water Service Provider shall pay an Importation Fee equal to \$3.01 for each 1,000 gallons of Imported Water on a monthly basis. Each Water Service Provider shall determine the quantity of Imported Water in accordance with Article IV hereof.

(b) *Self Remission.* The Authority will not send invoices or billings to Water Service Providers for the amount of Importation Fees that are due. The Importation Fee shall be calculated on a monthly basis on the form promulgated by the Authority and attached hereto as **Exhibit "A"**, which form shall be provided by the Water Service Provider to the Authority with the Water Service Provider's monthly Importation Fee payment. Each Water Service Provider owner shall complete such form and provide it to the Authority monthly, even if the quantity of Imported Water was zero.

(c) *Due Date.* Payment of the Importation Fee is due by the 17th day of the second month following the month for which the quantity of Imported Water is required to be calculated and reported. (For example, payment for Imported Water for the month of June is due by August 17th; payment for Imported Water for the month of July is due by September 17th; etc.) Each Water Service Provider shall be responsible for remitting to the Authority the Importation Fee on or before the due date.

(d) *Exemptions.* Notwithstanding anything in this Section 3.02 above, no Importation Fee shall be due with respect to Imported Water received by a Water Service Provider during an unanticipated emergency that impacts the ability of such Water Service Provider to meet its water demands, or Imported Water received by a Water Service Provider in repayment for water delivered by such Water Service Provider to a Person that is not subject to this Rate Order during an unanticipated emergency that impacts the ability of such Person to meet its water demands, where –

- (1) Imported Water was received by the Water Service Provider pursuant to the provisions of an emergency water supply agreement between the supplying Person and such Water Service Provider;
- (2) the emergency water supply agreement between the Person supplying the Imported Water to the Water Service Provider specifically provides for in-kind payment for water provided or received by the parties thereto;
- (3) in-kind repayment by the Water Service Provider for Imported Water received (i.e., the Water Service Provider supplies water to the Person) is initiated and completed as expeditiously as reasonably possible following the resolution of the emergency, and in no event shall such repayment be completed later than 120

days following the resolution of the emergency without written approval by the Authority; and

- (4) the quantity of water repaid in-kind by the Water Service Provider equals or exceeds the quantity of Imported Water received during the emergency experienced by such Water Service Provider.

If a Water Service Provider is exempt, in whole or in part, from paying Importation Fees pursuant to this subsection (d), then such Water Service Provider shall submit a statement describing with reasonable detail the basis for such exemption in place of, or along with, payment to the Authority of fees otherwise due under this Article III. If not previously provided to the Authority, such statement shall be accompanied by a current copy of the emergency water supply agreement between the Water Service Provider and the Person supplying Imported Water to the Water Service Provider

Upon the prior written request of a Water Service Provider, the Authority shall also consider, on a case-by-case basis, waiving Importation Fees on Imported Water received by a Water Service Provider from a Person not subject to this Rate Order for non-emergency purposes. The Water Service Provider requesting the Waiver of Importation Fees on Imported Water proposed to be used by such Water Service Provider shall notify the Authority no less than thirty (30) days prior to the date it desires to commence use of Imported Water of (i) the reason it is proposing to use Imported Water, (ii) the source of such Imported Water, (iii) the estimated amount of Imported Water it anticipates using, and (iv) the desired date of commencement of the use of Imported Water and the estimated duration of such usage. The Authority shall consider the specific facts and circumstances of each request in good faith and shall determine, in its sole and absolute discretion, whether to waive the Importation Fees related to the proposed use of such Imported Water, and shall notify the Water Service Provider of its decision in writing as soon thereafter as possible.

Section 3.03: Surface Water Fee. (a) *Rate; Calculation.* Effective as of March 1, 2018, each Converted Customer that receives Surface Water from the Authority shall pay a Surface Water Fee equal to \$3.35 for each 1,000 gallons of Surface Water received on a monthly basis. The quantity of Surface Water received shall be determined by the Authority pursuant to Section 6.09 hereof.

(b) *Billing by Authority.* The Authority will provide Converted Customers with a written invoice of the Surface Water Fee on a monthly basis. The Authority invoice shall specify thereon the date of the invoice, the appropriate due date for payment of the Surface Water Fee, the quantity of Surface Water delivered to the Converted Customer during the applicable billing month and the corresponding Surface Water Fee based on such quantity and the rate for Surface Water specified herein, and any applicable late fees for past due payments.

(c) *Due Date.* Payment of Surface Water Fee is due within 45 days of the date of receipt of an Authority invoice for same. For purposes hereof, a Converted Customer's receipt of the Authority's invoices shall be deemed to be the third business day following the date of such invoice, regardless of the date of actual receipt or the failure of the Converted Customer to actually receive such invoice. Each Converted Customer shall be responsible for remitting to the Authority the Surface Water Fee on or before the due date.

Section 3.04: Manner and Method of Payment of Fees. All Fees payable to the Authority shall be paid in money which is legal tender in the United States of America. Payments will be accepted only by check or money order made payable to the "Central Harris County Regional Water Authority" or by wire transfer according to written wiring instructions provided by the Authority. No cash will be accepted. All payments must be received by the bookkeeper of the Authority, Fran Matuska, F. Matuska,

Inc., 4600 Highway 6 North, Suite 315, Houston, Texas 77084, by the due date. Written wire instructions are available upon request.

Section 3.05: Late Fees. Payments of Fees received after the due date will be subject to a late penalty of 5%. An additional 5% penalty (for a total penalty of 10%) shall be imposed if the payment is more than 30 days late. Overdue amounts shall also accrue interest at 12% per annum after the due date.

Section 3.06: Collection Costs. If the Authority is required to incur costs to collect an overdue account, all such costs, including reasonable attorney's fees, court costs, and expenses, shall be paid by the delinquent Water Service Provider, and the Authority shall be entitled to collect such costs in any suit for collection of a delinquent account.

Section 3.07: Termination of Surface Water. Without limiting any other rights or remedies available to the Authority, in the event of non-payment of Fees by a Converted Customer, the Authority reserves the right under Section 7.05(a) hereof to terminate Surface Water service to the Converted Customer.

ARTICLE IV MEASURING WELL PUMPAGE AND IMPORTATION

Section 4.01: Meters. Each Non-Exempt Well shall be equipped with a meter which measures the amount of water pumped from such Non-Exempt Well. Each Water Importation Site shall be equipped with a meter which measures the amount of water imported from outside the boundaries of the Authority, provided however, that any Water Importation Site which is solely for emergency use only and is not in use for more than 50% of the calendar days in any 365-day period, except with notice to and prior written approval by the Authority, shall be exempt from the requirement to be equipped with a meter.

Section 4.02: Measurement of Well Pumpage. The Authority Operator shall read each Non-Exempt Well meter on the Reading Date. The Authority Operator shall report the meter readings, and the amount of water pumped from each Non-Exempt Well, to each Water Well Owner on the invoice for the GRP Fee to be delivered pursuant to Section 3.01(b) hereof.

Section 4.03: Self-Reporting of Imported Water. Each Water Service Provider, whether or not a Converted Customer, shall be responsible for reading any meter which measures the amount of Imported Water at its Water Importation Site(s) on the Reading Date. In the event a Water Importation Site is not equipped with a meter in accordance with Section 4.01 above, the Water Service Provider shall be responsible for providing the Authority with an accurate measurement of the quantity of Imported Water taken at such Water Importation Site(s) as of the Reading Date. Such measurements shall be reported to the Authority on the reporting form attached hereto as **Exhibit "A"**. The Water Service Provider shall deliver the reporting form to the Authority with its Importation Fee payment.

Section 4.04: Audits. The Authority shall have the right to audit the water importation measurements or calculations submitted by a Water Service Provider by reading the meter(s) at the Water Importation Site(s) and reviewing the records of the Water Service Provider to audit the calculations. Upon written request, a Water Service Provider shall provide to the Authority, without charge, a copy of any agreement related to a Water Importation Site or Imported Water and all data and reports used to calculate the amount of Imported Water.

Section 4.05: Failure to Provide Imported Water Quantity. (a) In the event a Water Service Provider fails to read the meter which measures the amount of Imported Water transported into the

boundaries of the Authority, the Authority shall have the right to read the meter. If the Authority is required to read the meter, such Water Service Provider will be billed an inspection fee of \$100. The Water Service Provider's Water Importation Fee will be based on the Authority's reading, which will be reported by the Authority to such Water Service Provider in writing promptly after the Authority's reading, regardless of when the Authority reads the meter. In such event, the Importation Fee shall be due on the 45th day following the date of receipt of the written results of the Authority's reading. For purposes of the foregoing, the date of receipt shall be deemed to be the third business day following the date of such written results, regardless of the date of actual receipt or the failure of the Water Service Provider to actually receive such written results.

(b) In the event a Water Service Provider fails to provide the Authority with an accurate measurement of the quantity of Imported Water taken at a Water Importation Site, or fails to provide an agreement relating to any Water Importation Site or Imported Water, or fails to provide information sufficient for the Authority to ascertain the quantity of Imported Water used by the Water Service Provider, the Authority may impose a penalty of \$250 for any month in which Imported Water was imported but not reported, or incorrectly reported by more than 10%. The penalty shall be in addition to the payment of Importation Fees applicable to such unreported or underreported Imported Water, which Importation Fees shall be due and payable in arrears on the 45th day following the date such Water Service Provider knew or reasonably should have known of such unreported or underreported usage of Imported Water.

Section 4.06: Calibration of Meters. Each Water Well Owner shall be responsible for keeping the meter on each Non-Exempt Well operating within an accuracy tolerance of $\pm 5\%$. Each Water Service Provider shall be responsible for keeping the meter for each Water Importation Site operating within an accuracy tolerance of $\pm 5\%$. If the Authority at any time believes that the meter is less than 95% accurate, it may notify the Water Well Owner or Water Service Provider and ask that such meter be recalibrated and the results reported to the Authority. If the Water Well Owner or Water Service Provider refuses to recalibrate the meter or elects to have the Authority to do so, the Authority shall remove the meter for calibration and replace it with a temporary meter. The Authority shall pay for the cost of such calibration.

ARTICLE V WELL PERMITTING

Section 5.01: Aggregate Permit; Renewal. The Subsidence District has issued, an aggregate groundwater well permit to the Authority for all Non-Exempt Wells representing the total of all groundwater production from Non-Exempt Wells projected in the Authority's GRP for a permit period beginning June 1, 2017, and ending May 31, 2018. The Authority shall renew such permit on an annual basis, and file amendments thereto from time to time as may be deemed necessary and appropriate by the Authority. On an annual basis, the Authority will request that each Water Well Owner timely provide the Authority with data and information reasonably required by the Authority in order for the Authority to prepare and file documents with the Subsidence District related to permit renewals, amendments, or other groundwater permitting matters, including projected groundwater demands for the upcoming Subsidence District permit period. Subsidence District costs and fees related to the Authority's permit will be paid directly to the Subsidence District by the Authority out of Authority funds, without the pass-through or other direct assessment of such costs and fees to Water Well Owners unless otherwise approved by the Board.

Section 5.02: Groundwater Allocations. (a) *Notice of Allocation.* By May 31 of each year, the Authority shall issue a letter to each Water Well Owner confirming the quantity of groundwater that may be pumped from its Non-Exempt Well(s) during the upcoming Subsidence District permit period. The

Authority shall use all reasonable diligence to issue such letter so as to authorize each Water Well Owner to withdraw the quantity of groundwater projected to be pumped from its Non-Exempt Well(s) during the upcoming Subsidence District permit period, as reflected in the information and data provided in response to an Authority request under Section 5.01 hereof, subject to (i) the terms and withdrawal quantities authorized in the Subsidence District permit, and (ii) the requirements of the GRP.

(b) *Amendments.* The Authority reserves the right to modify, from time to time at its discretion, the amount of groundwater allocated to a Water Well Owner under Section 5.02 hereof in order to implement and enforce the Authority's GRP and to achieve and maintain compliance with the groundwater reduction requirements of the Subsidence District.

Section 5.03: Limitation on Groundwater Pumpage. It shall be a violation of this Rate Order for a Water Well Owner to withdraw groundwater from its Non-Exempt Well(s) in excess of the amount allocated to the Water Well Owner under Section 5.02 hereof. In such event, in addition to all other remedies available to the Authority in respect of such violation (including, without limitation, those set forth in this Rate Order), the Water Well Owner shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto, including, without limitation, any charges or fees charged to the Authority by the Subsidence District.

ARTICLE VI SURFACE WATER CONVERSION

Section 6.01: Mandatory and Non-Mandatory Surface Water Conversion; Surface Water Commitment. (a) *Mandatory Conversion.* Converted Customers shall begin taking Surface Water at the Delivery Point (as such term is defined in Section 6.02 hereof) in a quantity at least equal to or exceeding the Minimum Daily Amount but not in excess of the Maximum Daily Amount (as such terms are defined in Section 6.07(a) hereof), on and after the date specified in writing by the Authority.

(b) *Non-Mandatory Conversion.* Any Water Service Provider that needs or desires Surface Water because of groundwater quantity or quality reasons, or for any other reasons, may request that the Authority enter into a written agreement relative to the non-mandatory conversion of such Water Service Provider to Surface Water. At the Authority's discretion, the Authority may, according to terms and conditions acceptable to the Authority, enter into such an agreement, and thereupon, such Water Service Provider shall be considered a Converted Customer for all purposes of this Rate Order. In addition to any other terms and conditions, such an agreement may require the Water Service Provider to make a capital payment to the Authority for connection to the Authority System in an amount the Authority determines in its sound discretion to be fair and reasonable under the circumstances and equitable to all Water Service Providers.

(c) *Surface Water Commitment.* Prior to connecting to the Authority System, the Authority shall issue a Converted Customer a written commitment to provide Surface Water, in a form substantially similar to **Exhibit "B"** attached hereto, in order to specify the Minimum Daily Amount, the Maximum Daily Amount, and any other terms and conditions relative to connection to and receiving Surface Water from the Authority System.

Section 6.02: Delivery Point; Measuring and Control Equipment. The delivery point of water (the "**Delivery Point**") by the Authority to a Converted Customer shall be the output flange of the meter and control valve assembly (collectively, the "**Control Valve Assembly**") installed by the Authority to serve the Converted Customer. No Water Service Provider shall connect to the Authority System, unless and until the Authority consents to such connection in writing. Such connection shall be made in strict conformity with the terms and conditions of specified by the Authority. The Authority shall install, at its

expense, at the Delivery Point the necessary equipment and devices for measuring the quantity of Surface Water delivered by the Authority (the "Authority Meters"), and sensor equipment on the Converted Customer's ground storage tank facilities or other water plant facilities and related electrical and control connections by conduit pipe, or other means, connecting such sensor equipment to the Authority's facilities downstream of the Control Valve Assembly (the "Sensor Line and Equipment"). The Control Valve Assembly, Authority Meters, and Sensor Line and Equipment shall remain the property of the Authority.

Section 6.03: Delivery; Facilities; Title to Water. Each Converted Customer, and not the Authority, shall be responsible to deliver water from the Delivery Point to and into the Converted Customer's water system. The Authority, and not the Converted Customer, shall own, operate and maintain: (i) the Sensor Line and Equipment; (ii) the Control Valve Assembly; and (iii) the Authority meters. Each Converted Customer, and not the Authority, shall own, operate and maintain all equipment, facilities, tanks, buildings, materials, wells, and lines downstream of the Control Valve Assembly, except for the Sensor Line and Equipment. Unless otherwise agreed to in writing by the Authority, the Converted Customer shall at all times, at the Converted Customer's expense, maintain an air gap, in accordance with a location and specifications approved by the Authority, downstream of the Delivery Point before the water delivered by the Authority enters the Converted Customer's ground storage tank(s); provided, however, the Authority, at its option, may in its reasonable discretion approve alternative backflow prevention procedures or mechanisms in writing upon request of a Converted Customer. Title to, possession, and control of Surface Water shall remain with the Authority until it passes through the Control Valve Assembly, where title to, possession, and control of the Surface Water shall pass from the Authority to the Converted Customer receiving same.

Section 6.04: Chloramine Disinfection. Surface Water will be disinfected with chloramines. Each Converted Customer is required to: (i) convert its water treatment system to a chloramine disinfection system, or install a chloramine disinfection system, prior to connecting to the Authority System and no later than the date required by the Authority; and (ii) maintain use of such chloramine disinfection system thereafter for so long as such Converted Customer is connected to the Authority's System and for so long as the Surface Water delivered by the Authority is disinfected with chloramines. It shall be the responsibility of each Converted Customer (and each Water Service Provider that receives water from a Converted Customer, for example and without limitation, by an interconnect), and not the Authority, to: (i) notify such Converted Customer's (or such Water Service Provider's) customers about its conversion to and use of chloramine disinfection; and (ii) comply with any applicable laws or regulations or requirements of the United States Environmental Protection Agency, Texas Commission on Environmental Quality, or any other agency with jurisdiction.

Section 6.05: Maintenance and Operation of Wells. In order to have an alternative water supply source in the event that Surface Water service is interrupted or ceases for any reason, Converted Customers are strongly encouraged by the Authority at all times to: (i) maintain any existing groundwater wells and other groundwater facilities; and (ii) maintain water line interconnect(s) with other entities that have functioning groundwater well facilities, and continue any related contractual arrangements with such entities in force and effect.

Section 6.06: Compliance of Converted Customer's System. In order to protect the Authority's water system, each Converted Customer's water system shall be constructed and operated to comply with the rules promulgated by the Texas Commission on Environmental Quality, or any successor agency, and the policy requirements of the City of Houston regarding backflow prevention and cross connections. Should a condition in violation of these requirements be discovered, such Converted Customer shall promptly cure same. If determined necessary by the Authority or if the Converted Customer fails to promptly cure same, the Authority, in addition to all other remedies available to it under this Rate Order or otherwise, may cure same at the cost and expense of the Converted Customer. The Authority may

conduct inspections from time to time to determine that no conditions exist in such Converted Customer's water system which may adversely affect the Authority System.

Section 6.07: Daily Amount; Quantity and Quality Warranties. (a) The Authority, the Authority Engineer, or the Authority Operator shall initially designate a maximum daily amount of Surface Water (the "Maximum Daily Amount") to be taken by a Converted Customer and/or a minimum daily amount of Surface Water ("Minimum Daily Amount") to be taken by a Converted Customer under the Surface Water Commitment. During any one day, no Converted Customer shall take Surface Water from the Authority System in an amount in excess of the Maximum Daily Amount, or in an amount less than the Minimum Daily Amount. The Authority may from time to time increase or decrease a Converted Customer's Maximum Daily Amount and/or Minimum Daily Amount, as determined necessary by the Authority, the Authority Engineer or the Authority Operator. Notice of such increase or decrease shall be delivered to the Converted Customer in writing, by the re-issuance of an amended Surface Water Commitment, a separate amendment to an outstanding Surface Water Commitment, or by any other means deemed reasonable and appropriate under the circumstances. If in violation of this Rate Order, and in addition to all other remedies available to the Authority (including, without limitation, those set forth in this Rate Order), a Converted Customer takes more than its Maximum Daily Amount or less than its Minimum Daily Amount in any one day, the Converted Customer shall be responsible for payment for any damages suffered by the Authority and payment for any charges incurred by the Authority related thereto (including, without limitation, any charges or fees charged to the Authority by the Subsidence District).

(b) THE AUTHORITY SHALL PROVIDE SURFACE WATER TO A CONVERTED CUSTOMER AT THE DELIVERY POINT OF A QUALITY THAT MEETS ALL APPLICABLE TEXAS AND FEDERAL REGULATIONS REGARDING WATER QUALITY, INCLUDING THE SAFE DRINKING WATER ACT; PROVIDED, HOWEVER, THAT TO THE EXTENT OF ANY CONFLICT BETWEEN THIS WARRANTY AND ANY WARRANTY IN A SURFACE WATER COMMITMENT, THE WARRANTY PROVIDED UNDER THE SURFACE WATER COMMITMENT SHALL CONTROL. THE AUTHORITY SHALL PROVIDE CONVERTED CUSTOMERS WITH ALL INFORMATION CONCERNING THE QUALITY OF SUCH WATER AS MAY BE REQUIRED TO BE DISCLOSED UNDER APPLICABLE TEXAS AND FEDERAL REGULATIONS, AND SUCH FURTHER INFORMATION REGARDING THE QUALITY OR CHARACTER OF WATER AS THE AUTHORITY MAY HAVE AND THE PARTICIPANT MAY REQUEST FROM TIME TO TIME.

(c) NOTWITHSTANDING ANY PROVISION OF THIS RATE ORDER OR ACT OF THE AUTHORITY, THE AUTHORITY DOES NOT AND WILL NOT WARRANT OR GUARANTEE TO ANY CONVERTED CUSTOMER A SPECIFIC QUANTITY OR PRESSURE OF SURFACE WATER FOR ANY PURPOSE WHATSOEVER. IN NO CASE SHALL THE AUTHORITY BE LIABLE FOR THE FAILURE OR REFUSAL TO FURNISH WATER OR ANY PARTICULAR AMOUNT OR PRESSURE OF WATER.

Section 6.08: Interruptions in Service. The Authority shall use reasonable efforts to deliver a constant and uninterrupted supply of Surface Water in a daily amount at least equal to the Minimum Daily Amount. Notwithstanding any provision of this Rate Order, any Surface Water Commitment, or any applicable agreement entered into by the Authority, the Authority may interrupt, reduce or cease deliveries of Surface Water if such interruption or reduction is necessary: (i) due to limitations in the Authority System or in any facilities that supply the Authority's System; (ii) in case of emergencies or breakdowns in the Authority System or in any facilities that supply the Authority's System; or (iii) for equipment installation, repairs, modifications, replacements, inspections, or maintenance on the Authority System or in any facilities that supply the Authority's System. In addition, the Authority may interrupt, reduce or cease deliveries of Surface Water if such interruption or reduction is necessary for purposes of

the Authority's GRP. The Authority shall have no liability to any Converted Customer for any damages caused by any interruption in service or any failure (partial or total) to deliver Surface Water.

Section 6.09: Measurement of Surface Water Usage. The Authority Operator shall read each Authority Meter serving a particular Converted Customer on the Reading Date. The Authority Operator shall report the meter readings, and resulting monthly Surface Water usage, to each Converted Customer on the invoice for the Surface Water Fee to be delivered pursuant to Section 3.03(b) hereof.

Section 6.10: Testing of Measuring Equipment. Each Water Well Owner shall be responsible for keeping the meter on each Non-Exempt Well operating within an accuracy tolerance of $\pm 5\%$. The Authority shall from time to time test the accuracy of the Authority Meters, and will provide a Converted Customer with notice of such test at least one (1) business day in advance. A representative of the Converted Customer shall have the right to attend and observe the test. Should the test of an Authority Meter show that the equipment is registering more than 105% or less than 95% of the water delivered, the total quantity of water delivered to the Converted Customer will be deemed to be the average daily consumption as measured by the Authority Meter when in working order, and the malfunctioning Authority Meter shall be corrected, repaired, or replaced by the Authority with an accurate Authority Meter. In such event, the Converted Customer's payments of the Surface Water Fee shall be adjusted (increased or decreased) for a period extending back to the time when the inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is shorter.

Section 6.11: Early Conversion Credits; Over-Conversion Credits. The Authority, and not the Converted Customer, shall receive and be entitled to any early conversion or over-conversion credits issued by the Subsidence District related to Surface Water consumed or utilized by any Converted Customer within the Authority's GRP. No Converted Customer within the Authority's GRP shall obtain (or attempt to obtain) for such Converted Customer's own benefit or the benefit of anyone other than the Authority or sell (or attempt to sell), any such early-conversion or over-conversion credits. If requested by the Authority, Converted Customers within the Authority's GRP shall cooperate with the Authority in order to enable the Authority to receive such early conversion or over-conversion credits.

Section 6.12: Water Conservation Program. All Converted Customers shall, prior to receiving Surface Water from the Authority System, approve and implement a water conservation plan and measures, as required by the Texas Commission on Environmental Quality pursuant to 30 Texas Administrative Code § 288, and provide a copy of such plan to the Authority's Engineer. Any subsequent amendment or modification to a plan so submitted shall be provided to the Authority's Engineer no later than sixty (60) days following the effective date of such amendment or modification. If such Converted Customer intends to resell the Surface Water to a wholesale customer of such Converted Customer, then the Converted Customer shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.

ARTICLE VII

AUTHORITY RULES AND VIOLATIONS; CIVIL PENALTIES; INJUNCTION; TERMINATION; REMOVAL FROM GRP

Section 7.01: Rate Order Constitutes Authority Rule. All of the terms, conditions and duties imposed upon any Person under this Rate Order shall constitute rules of the Authority. As such, failure by any Person to comply with this Rate Order shall be a violation of the Authority's rules. Such violations shall include, but are not limited to any Person's failure to:

- (1) read any Meter(s) measuring Imported Water and accurately report such readings to the Authority;
- (2) allow the Authority to audit quantities of Imported Water, read any Meter(s), or test and recalibrate, if necessary, any Meter(s);
- (3) maintain any Non-Exempt Well Meter(s) or any Meter(s) measuring Imported Water at the applicable accuracy standard;
- (4) pay all Fees when due; and
- (5) comply with the GRP and all directives and requirements issued by the Authority related to the GRP, including all requirements related to the amounts of Authority Water a Converted Customer must take from the Authority.

Section 7.02: Surface Water Commitment Constitutes Authority Rule. All of the terms, conditions and duties imposed upon any Converted Customer under a Surface Water Commitment shall constitute rules of the Authority, separate and in addition to the rules embodied under this Rate Order or any other rule or order of the Authority. As such, failure by any Converted Customer to comply with the terms, conditions and duties specified in a Surface Water Commitment shall be a violation of the Authority's rules.

Section 7.03: Civil Penalty. A Person or entity that violates a rule or order of the Authority is subject to a civil penalty of not more than \$5,000, as determined by the Board, for each violation or each day of a continuing violation. The Board may set the penalty based on the severity of the offense; whether such violation was willful, knowing, reckless or inadvertent; the history of offenses by such Person; and the damages sustained by the Authority. The Authority may bring an action to recover the penalty in a district court in Harris County, Texas. The penalty shall be paid to the Authority.

Section 7.04: Injunction. The Authority may bring an action for injunctive relief in a district court in Harris County, Texas. The Authority may bring an action for a civil penalty and injunctive relief in the same proceeding.

Section 7.05: Termination of Service. (a) *Non-Payment.* The Authority may, in its discretion, terminate Surface Water service to any Converted Customer for failure to pay all Fees and any other charges imposed by the Authority under this Rate Order or any separate Authority order, including penalties and interest, by the 50th day after the due date; provided, however, that prior to disconnecting Surface Water services, the Authority shall send written notice by United States first class mail to the Converted Customer at the appropriate address and provide the Converted Customer with an opportunity to contest, explain or correct the charges, services, or disconnection, at a meeting of the Board. The written notice shall inform the Converted Customer of the amount of the delinquent payment, the date Surface Water service will be disconnected or additional Surface Water service withheld if payment is not made, the date, time and place of the next scheduled meeting of the Board, and of the opportunity to contest, explain or correct the charges, services, or disconnection, by presenting in person or in writing such matter to the Board at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board as shown in the notice and the date for withholding additional Surface Water service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postage paid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board. A written statement by the Authority's Operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be *prima facie* evidence of delivery and receipt of same. If the Converted Customer appears before the Board in person,

or submits information to the Board in writing, the Board shall hear and consider the matter and inform the Converted Customer of the Board's determination by sending written notice by United States first class mail to the Converted Customer at the appropriate address. If Surface Water service to a Converted Customer is disconnected for nonpayment or for any cause legally authorized, a reconnection fee of \$500 shall be paid prior to Surface Water service being restored. In the event that the Authority's Operator removes a Converted Customer's meter due to unauthorized reconnection of Surface Water service subsequent to its termination by the Authority, a reinstallation fee of \$500 shall be paid prior to Surface Water service being restored, which fee is in addition to any other fees imposed by the Authority, including, without limitation, the \$500 reconnection fee.

(b) *Rule Violations.* The Authority may, in its discretion, terminate Surface Water service to any Converted Customer that violates any provision of this Rate Order, any other order or rule of the Authority, or the GRP; provided, however, that prior to such termination for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority's System or adversely affect the GRP, the Authority shall send written notice by United States first class mail to the Converted Customer at the appropriate address and provide the Person with an opportunity to contest, explain or correct the violation. The written notice shall inform the Converted Customer of the amount of the violation, the date Surface Water service will be disconnected or additional Surface Water service withheld if the violation is not cured, the date, time and place of the next scheduled meeting of the Board, and of the opportunity to contest, explain or correct the violation, by presenting in person or in writing such matter to the Board at the next scheduled meeting as shown on the notice. The date specified for disconnection shall be ten (10) days after the date of the next scheduled meeting of the Board as shown in the notice and the date for withholding additional Surface Water service shall be ten (10) days after the date of that Board meeting. The notice shall be deposited, postage paid, in a post office or official depository under the care and custody of the United States Postal Service at least ten (10) days prior to the date of the scheduled meeting of the Board. A written statement by the Authority's Operator that the notice was so mailed and a certificate of mailing by the United States Postal Service shall be *prima facie* evidence of delivery and receipt of same. If the Converted Customer appears before the Board in person, or submits information to the Board in writing, the Board shall hear and consider the matter and inform the Converted Customer of the Board's determination by sending written notice by United States first class mail to the Converted Customer at the appropriate address. If Surface Water service to a Converted Customer is disconnected for violation of this Rate Order, any other order or rule of the Authority, or the GRP, a reconnection fee of \$500 shall be paid prior to Surface Water service being restored. In the event that the Authority's Operator removes a Converted Customer's meter due to unauthorized reconnection of Surface Water service subsequent to its termination by the Authority, a reinstallation fee of \$500 shall be paid prior to Surface Water service being restored, which fee is in addition to any other fees imposed by the Authority, including, without limitation, the \$500 reconnection fee. In the event a Converted Customer's violations create a hazard to health or safety or endanger the integrity of the Authority's System or adversely affect the GRP, the Authority may terminate Surface Water service to such Converted Customer without prior notice; provided that the Authority gives notice to such Converted Customer within 24 hours after Surface Water service has been terminated in the manner specified hereinabove.

Section 7.06: Removal from GRP. Any Person that violates any provision of this Rate Order, any other order or rule of the Authority, or the GRP, shall be subject to being removed from the GRP; provided, however, that (i) prior to such removal for violations that do not constitute a hazard to health or safety or endanger the integrity of the Authority's System or adversely affect the GRP, the Authority shall send written notice by United States first class mail to the Person at the appropriate address and provide the Person with a timeframe during which the Person may contest, explain or correct the violation; and (ii) in the event a Person's violations create a hazard to health or safety or endanger the integrity of the Authority's System or adversely affect the GRP, the Authority may terminate Surface Water service to

such Person without prior notice and give notice in the manner specified in the preceding clause (i) to such Person within 24 hours after Surface Water service has been terminated.

Section 7.07: Rights and Remedies Cumulative; No Waiver. (a) The rights and remedies specified in this Article VII are cumulative and not exclusive of one another. The Authority reserves all rights and remedies available at law or in equity, but not expressed herein, to enforce and collect upon any monetary obligations (including Fees) owed by any Person to the Authority, and to enforce any Authority rules or orders against any Person.

(b) The failure of the Authority to insist, in any one or more instances, upon a Person's performance of any of the terms, requirements or conditions of this Rate Order shall not be construed as a waiver or relinquishment of the future performance of any such term, requirement or condition by that Person or any other Person.

ARTICLE VIII MISCELLANEOUS

Section 8.01: Authority Designee. The Authority hereby designates the Board President, Board Vice President, the Authority Engineer and/or the Authority Operator to exercise the Authority's powers under its GRP and this Rate Order.

Section 8.02: Right to Enter Land. In addition to any other rights that the Authority may have, by easement or otherwise, the Authority and its representatives shall have the authority to enter upon any public property or private property within the Authority's boundaries, or property adjacent to any property owned by the Authority, at any reasonable time in order to: (1) inspect, repair, install, test, maintain or operate any Authority facilities or to test or monitor the Surface Water delivered by the Authority; (2) audit Non-Exempt Well pumpage or Imported Water measurements submitted to the Authority; (3) measure Non-Exempt Well pumpage or Imported Water usage; (4) inspect and investigate conditions relating to the quality of water in the State of Texas; and/ or (5) investigate compliance with any Authority rule, regulation, permit or order. If requested by the Authority or Authority Operator, a Person shall immediately cooperate with the Authority or Authority Operator to allow the Authority or Authority Operator to enter such site(s) for any of such purposes. Authority representatives entering private property pursuant to this section shall observe the Person's reasonable rules and regulations concerning safety, internal security, and fire protection and shall notify any occupant or management of their presence and shall exhibit proper credentials.

Section 8.03: Compliance with GRP. Pursuant to the Act, the Authority is authorized to develop, prepare, revise, adopt, implement, enforce, manage or participate in the GRP. The GRP may specify the measures to be taken to reduce groundwater withdrawals and the dates and extent to which Persons shall reduce or terminate withdrawal of groundwater and instead receive water from alternative sources. The Authority, the Authority's Engineer and/ or the Authority's Operator shall manage and enforce the GRP, including without limitation coordination with the Subsidence District, monitoring compliance with the GRP, and enforcing the terms of the GRP. All Persons shall comply with the terms of the GRP and all other Authority orders and requirements (including, without limitation, those from the Authority Engineer or the Authority Operator) for the reduction of groundwater usage and the allocation of Surface Water. The Authority, the Authority Engineer and/ or the Authority Operator may from time to time issue groundwater reduction requirements to Persons in order to: (a) comply with or exceed Subsidence District groundwater reduction requirements; (b) satisfy the terms of the GRP; and/or (c) allocate Surface Water among Persons, including requiring Persons to from time to time timely take Surface Water from the Authority in amounts determined by the Authority.

Section 8.04: Amendments to GRP. As determined necessary by the Authority, the Authority reserves the right to modify from time to time its GRP.

Section 8.05: Refusal to Add Persons to GRP. The Board, at its discretion, may refuse to add Persons (and their wells) to the GRP, including, without limitation, any Person seeking to be re-admitted to the GRP that had at any time had been removed from the GRP.

Section 8.06: Amendments to Rate Order. As determined necessary by the Authority, the Authority reserves the right to modify from time to time: (1) the rates, charges and fees contained in this Rate Order; and (2) any other terms and provisions of this Rate Order.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

PASSED AND APPROVED on February 7, 2018, but effective as of March 1, 2018.

/s/ MARGARET L. COX

President, Board of Directors

ATTEST

/s/ DAVID GRANADINO

Secretary, Board of Directors

(SEAL)

Exhibit "A"

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY Imported Water Billing Form

Name of Water Importation Site Owner: _____

Identify: Importation Site #1: _____; Importation Site #2: _____;
Importation Site #3: _____; Importation Site #4: _____

Check the billing period for which this report is being filed

√	Billing Period (Based on End Meter Reading Date)	Rate	Due Date
	January, 20	\$ 3.01	March 17, 20
	February, 20	\$ 3.01	April 17, 20
	March, 20	\$ 3.01	May 17, 20
	April, 20	\$ 3.01	June 17, 20
	May, 20	\$ 3.01	July 17, 20
	June, 20	\$ 3.01	August 17, 20
	July, 20	\$ 3.01	September 17, 20
	August, 20	\$ 3.01	October 17, 20
	September, 20	\$ 3.01	November 17, 20
	October, 20	\$ 3.01	December 17, 20
	November, 20	\$ 3.01	January 17, 20
	December, 20	\$ 3.01	February 17, 20

*Subject to change

Gallons of Water Pumped and/or Imported for Billing Period

	Start Meter Reading	End Meter Reading	Total
Site #1			
Site #2			
Site #3			
Site #4			
For additional sites, attach a second reporting form and put total below.			
All			

1	Enter total gallons of water	
2	Divide by 1,000	
3	Total fee due (multiply line 2 X \$3.01)	
4	Add late payment penalty, if applicable (5% for less than 30 days, 10% thereafter)	
5	Add late payment interest, if applicable (1% per month)	
6	Total due	

I declare that the above information is true and correct to the best of my knowledge and belief.

Dated: _____

By: _____

Name: _____

Title: _____

Make check payable to:
Central Harris County Regional Water Authority
c/o Fran Matuska
F. Matuska, Inc.
4600 Highway 6 North, Suite 315
Houston, Texas 77084

Exhibit "B"

CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY
1300 Post Oak Boulevard, Suite 1400
Houston, Texas 77056

_____, 20__

Board of Directors

c/o _____

_____, Texas _____

Re: Water Supply From Central Harris County Regional Water Authority ("Authority") to
_____ ("District")

Dear Board of Directors:

As you know, pursuant to its Groundwater Reduction Plan ("GRP"), Chapter 8815, Special District Local Laws Code, and applicable provisions of the Texas Water Code, as amended, the Authority will be requiring the District to reduce its use of groundwater and convert, in whole or in part, to treated surface water, or other alternative water supply sources, delivered by the Authority. Currently, the Authority has a contract with the City of Houston ("City") to purchase treated surface water from the City on a daily basis, up to a certain amount. The District has requested this water supply commitment letter agreement (this "Agreement") from the Authority in order to set forth certain terms regarding the Authority's provision of water service to the District. For and in consideration of the premises and the mutual covenants and agreements herein contained, the Authority and the District hereby mutually agree as follows:

1. Subject to the terms and conditions of this Agreement, the Authority shall deliver and make available to the District at the Delivery Points, defined below, up to ____ gallons per day of water (the "Daily Commitment Amount"). "Delivery Points" shall mean the output flanges of the meter and control valve assemblies (collectively, the "Control Valve Assembly") installed by the Authority to serve the District's Water Plant No. _____. The Authority shall use reasonable efforts to deliver the water required by this Agreement. This Agreement shall in no way limit the Authority's rights under its GRP, including, without limitation, its right to require the District to take water from the Authority in the amount of the Daily Commitment Amount or in amounts that are greater than the Daily Commitment Amount; provided, however, the Authority will not reduce the Daily Commitment Amount.
2. The District understands that in order to have an alternative water supply source in the event that the Authority's water service to the District is interrupted for any reason, the District is strongly encouraged by the Authority to at all times maintain: (i) its existing groundwater wells and other groundwater facilities; and (ii) water line interconnects with other political subdivisions of this State that have functioning groundwater well facilities.

3. The District shall approve and implement a water conservation plan and measures, as required by the Texas Commission on Environmental Quality ("TCEQ") pursuant to 30 Texas Administrative Code § 288. If the District intends to resell the water received from the Authority to a wholesale customer of the District, then the District shall require its wholesale customer to also implement water conservation measures pursuant to 30 Texas Administrative Code § 288.
4. Notwithstanding any other provision of this Agreement or any act of the Authority, the District shall not be guaranteed any specific quantity or pressure of water whenever the City's or the Authority's water supply is limited (pursuant to Chapter 13, Texas Water Code, as amended, or otherwise) or when the City's or the Authority's equipment or facilities may become inoperative due to emergencies, equipment installation, repairs, modifications, replacements, inspections, breakdown or maintenance; and the Authority is in no case to be held to any liability for failure to furnish any specific amount or pressure of water to the District. After delivery of water by the Authority at the Delivery Points, it shall be the sole responsibility of the District to receive, store, blend with other water supplies, treat or retreat, pressurize, and distribute such water for its purposes.
5. The Authority shall provide water meeting all applicable Texas and Federal regulations regarding water quality, including the Safe Drinking Water Act, as same may be amended from time to time, if and as measured at the Delivery Points. **EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, THE AUTHORITY MAKES NO WARRANTY, EXPRESSED OR IMPLIED, REGARDING THE QUALITY OR DELIVERY PRESSURE OF THE WATER, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THE DISTRICT HEREBY RELEASES AND DISCHARGES THE AUTHORITY FROM ANY AND ALL FINES, DEMANDS, JUDGMENTS, LIABILITIES OR CLAIMS ARISING BY REASON OF OR IN CONNECTION WITH THE DELIVERY OF WATER WHICH MEETS THE REQUIREMENTS OF THIS PARAGRAPH.**
6. Unless sooner terminated by written mutual agreement of the parties, this Agreement shall continue in force and effect for ten (10) years after the date it is executed by the Authority; provided, however, that after such ten (10) years, this Agreement shall automatically renew for successive five (5) year periods, unless either party gives the other party at least one hundred eighty (180) days prior written notice of its intent to terminate this Agreement. After the termination of this Agreement, the Authority's provision of water to the District, if any, shall be governed by the Authority's then-applicable orders, resolutions, rules, regulations and requirements, and not by this Agreement.
7. This Agreement shall bind and benefit the Authority and the District and their legal successors, but shall not otherwise be assignable, in whole or in part, by either party without first obtaining written consent of the other. ("Assignment" as used herein means assignment in law or otherwise.) This Agreement shall be for the sole and exclusive benefit of the Authority and the District and shall not be construed to confer any rights upon any third party, nor upon any customers of the District or the Authority. Nothing herein shall be construed to confer standing to sue upon any party who did not otherwise have such standing and it is expressly agreed that nothing herein shall be construed to create any duty or obligation on the part of the Authority to the customers of the District.

8. This Agreement, and the terms and conditions of water service to the District, shall be subject to all present and future laws, orders, rules and regulations of the United States of America, the State of Texas, any regulatory body having jurisdiction, and present and future orders (including, without limitation, the Authority's GRP and the Authority's Resolution Establishing Groundwater Reduction Plan Fee and Water Importation Fee) and any other regulations, resolutions, rules, requirements, fees, charges, remedies and penalties of the Authority, as any of same may be adopted and/or amended from time to time. The District's payment for water service from the Authority shall be governed by the terms and provisions of the Authority's orders, resolutions, rules, regulations and requirements generally applicable to similarly situated users of Authority services, all of which may be amended from time to time by the Authority. The Authority's Board of Directors shall not adopt any order, resolution, rule, regulation or requirement that intentionally reduces the Daily Commitment Amount, without first obtaining the written consent of the District.
9. The failure of either party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.
10. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not author this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and venue shall be in a court of competent jurisdiction in Harris County, Texas.
11. The District covenants and agrees that at all times it will establish and maintain, and from time to time adjust, the rates, fees, and charges for its services to its customers, to the end that the revenues and funds received from such rates, fees, and charges and any other lawfully available funds will be sufficient at all times to pay the amounts due from the District to the Authority pursuant to this Agreement.
12. It is not hereby intended to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all remedies existing at law or in equity, including specific performance and mandamus, may be availed of by any party and shall be cumulative.
13. In the event either party hereto is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure," as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States of America or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts,

drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or any other inabilities of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party when such settlement is unfavorable to it in the judgment of the party experiencing such difficulty.

14. The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.
15. Notwithstanding any provision of this Agreement, the Authority shall not be required to supply water to the District nor have any other obligations under this Agreement unless and until: (i) the Authority water lines to be constructed by the Authority to provide services to the District are complete and operational; (ii) any and all facilities, including, without limitation, chloramine disinfection facilities, to be constructed by the District to be able to receive water from the Authority are completed and operational; (iii) the District has complied with all TCEQ regulations and requirements of the Authority necessary for the District to be able to receive water from the Authority; and (iv) the TCEQ has approved the Authority's delivery of water to the District. After the Authority determines that the conditions of the preceding sentence have been satisfied, the Authority shall provide water to the District pursuant to this Agreement and the terms of its Groundwater Reduction Plan.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

Agreed to and executed by the Board of Directors of _____
_____ on _____, 20__.

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

(SEAL)

Agreed to and executed by the Board of Directors of Central Harris County Regional Water Authority on _____, 20__.

CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY

By: _____
Name: _____
President, Board of Directors

ATTEST:

By: _____
Name: _____
Secretary, Board of Directors

(SEAL)

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Samara Traylor on behalf of Drew Miller
Bar No. 786857
samara.traylor@kempsmith.com
Envelope ID: 48145981
Status as of 11/17/2020 8:23 AM CST

Associated Case Party: San Jacinto River Authority

Name	BarNumber	Email	TimestampSubmitted	Status
James Zucker	24060876	jzucker@yettercoleman.com	11/16/2020 7:10:20 PM	SENT
April Lynn Farris	24069702	afarris@yettercoleman.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: Quadvest, L.P. d/b/a Quadvest Water and Sewer Utility

Name	BarNumber	Email	TimestampSubmitted	Status
Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: Woodland Oaks Utility, L.P.

Name	BarNumber	Email	TimestampSubmitted	Status
Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: Everett Square, Inc.

Name	BarNumber	Email	TimestampSubmitted	Status
Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: E.S. Water Consolidators, Inc.

Name	BarNumber	Email	TimestampSubmitted	Status
Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: Utilities Investment Co., Inc.

Name

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Samara Traylor on behalf of Drew Miller
Bar No. 786857
samara.traylor@kempsmith.com
Envelope ID: 48145981
Status as of 11/17/2020 8:23 AM CST

Associated Case Party: Utilities Investment Co., Inc.

Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT
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Associated Case Party: T&W Water Service Company

Name	BarNumber	Email	TimestampSubmitted	Status
Marvin Jones	10929100	marty.jones@sprouselaw.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: City of Conroe, Texas

Name	BarNumber	Email	TimestampSubmitted	Status
Michael V. Powell	16204400	mpowell@lockelord.com	11/16/2020 7:10:20 PM	SENT
Ramon G. Viada	20559350	rayviada@viadastrayer.com	11/16/2020 7:10:20 PM	SENT

Associated Case Party: City of Magnolia, Texas

Name	BarNumber	Email	TimestampSubmitted	Status
Michael V. Powell	16204400	mpowell@lockelord.com	11/16/2020 7:10:20 PM	SENT
Leonard V. Schneider	17792500	lschneider@liles Parker.com	11/16/2020 7:10:20 PM	SENT

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Brantley Jones		brantley.jones@sprouselaw.com	11/16/2020 7:10:20 PM	ERROR
Drew Miller		drew.miller@kempsmith.com	11/16/2020 7:10:20 PM	SENT