

CERTIFICATE FOR
RATE ORDER

I, the undersigned Secretary of the Board of Directors (the "Board") of Central Harris County Regional Water Authority (the "Authority"), hereby certify as follows:

1. The Board, composed as follows:

Margaret L. Cox, President
Julian F. Boddy, Vice President
David Granadino, Secretary
Tom Gower, Assistant Secretary
Richard C. Meek, Assistant Secretary

met in regular session, open to the public, on February 7, 2018, at 13430 Northwest Freeway, Suite 700, Houston, Harris County, Texas, and all of the members of the Board were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting: A written

RATE ORDER

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

AYES: 5

NOES: 0

2. A true, full and correct copy of the aforesaid Order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; such Order has been duly recorded in the Board's minutes of such meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of such meeting, and that such Order would be introduced and considered for adoption at such meeting; and such meeting was open to the public, and public notice of the time, place and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code, Vernon's Texas Civil Statutes, as amended, and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this 7th day of February, 2018.



David Granados
Secretary, Board of Directors

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)