

December 15, 2023

Ms. Veronica R. Osegueda, Deputy General Manager
Harris Galveston Subsidence District
1660 West Bay Area Boulevard
Friendswood, Texas 77546

RE: Lago Bello Municipal Utility District No. 1A (LB MUD 1A)
Groundwater Reduction Plan (GRP)
OEG Job No. 19-048-401

Dear Ms. Osegueda,

Lago Bello Municipal Utility District is pleased to submit the following groundwater reduction plan for approval by your board of directors for the Lago Bello MUD No. 1A Service Area.

The following is a recap of the comments and responses made to date and more specifically the comments received from your office on October 18, 2023 and those previously addressed in a letter to your office dated October 10, 2023 by Megan L. Crutcher.

- *To ensure conservation rates will be maintained while the GRP is in place, please include the rate order as part of the GRP. If the rate order is amended, this will be considered a major amendment to the GRP itself and the amended GRP will require board approval. Additionally, the rate order should be amended so that it can more effectively incentivize conservation. A comparison of water rates conducted by HGSD staff indicates that LBMUD's rates are below those of surrounding districts.*
 - The District's Rate Order has been included in the last two iterations of the proposed GRP. After a review of the LB MUD 1A current rates, we proposed an increase to the rates and we trust these will more effectively incentivize conservation. Attached is a redlined copy of the proposed revised rate structure. LB MUD 1A will amend its rate order to include this revised rate structure at its January Board meeting on January 9, 2024. We will provide a copy of the amended rate order after approval by LB MUD 1A.
 - As previously discussed, there is much more in the District's Rate Order other than the rate structure for water consumption and not all parts of the rate order are applicable to the HGSD's mission and goals. We propose that the referenced major amendment to the GRP be triggered only by changes to the rate structure and not by any other amendment to the LB MUD 1A's rate order.
- *To ensure that the developers will honor their commitment regarding the implementation of specified water conservation measures in the GRP, please include the signed commitment letters from the developers and builders in the GRP. This will be a condition of the GRP, and GRP can be canceled for non-compliance. Activities will be evaluated during the annual permit renewal process.*




- Texas state law allows special purpose districts to enforce regulations to prevent waste and unauthorized use of water. Additionally, developers are required to abide by all adopted rules and regulations of the District, including the approved GRP. The District does not control or always know which Developers and/or home builders are in the District. The items included in the GRP are intended to be implementable regardless of who the builder is and penalties for not abiding by the GRP are controlled by the rate order.
- *Please include in the GRP that Lago will submit water loss audit information as required by the TWDB. This information will be utilized as one of the criteria of GRP progress.*
 - LB MUD 1A will comply with all regulatory requirements by all state and local governing agencies, including TWDB water loss audits and an annual report to HGSD that details population growth and demands, water production and accountability, and all education and conservation activities undertaken with LB MUD 1A residents. Please see the newly added *Section 3.7*.
- *Please include in the GRP that Lago will not have any make-up wells.*
 - LB MUD 1A has written into the Rate Order that no well shall be developed for the sole purpose of maintaining permanent pool water surface elevations, there will be no make-up wells to maintain water levels in the districts amenity lakes. A calculation of estimated water savings as a result of no make up wells is included in *Section 3.2*
- *Please provide a copy of any existing deed restrictions, restrictive covenants, property owners' agreement or homeowners' agreements.*
 - LBMUD 1A does not have jurisdiction over homeowner's deed restrictions or restrictive covenants and does not enter into agreements with homeowners or property owners on related matters. Homeowners and property owners are required to follow LB MUD 1A's rate order as it relates to water and sewer services.

Included with this cover letter are the two (2) previous response letters that include issues previously raised by HGSD and their response discussions.

We hope that with the coordination and collaboration included in each of these responses, the Board will be able to approve the revised GRP for Lago Bello MUD 1A Service Area.

Sincerely,



Jennifer L. Elms, P.E.
Senior Project Manager

October 10, 2023

Ms. Veronica R. Osegueda, Deputy General Manager
Harris Galveston Subsidence District
1660 West Bay Area Boulevard
Friendswood Texas 77546

RE: Lago Bello Municipal Utility District No. 1A
Groundwater Reduction Plan
OEG Job No. 19-048-401

Dear Ms. Osegueda,

We received your correspondence of September 26, 2023 for the Lago Bello MUD 1A (District) Groundwater Report (GRP) that was submitted August 23, 2024 and we had a follow-up conference call on October 5, 2023 to review the comments provided. Below are compiled responses to the response letter and clarification items stemming from the conference call.

Response 1: “Demand Quantity,” under the Water Supply Contract, is the amount of water SJRA is required to actually deliver to Lago MUD 1A (not just reserve). We are currently projecting that we will begin our “test” surface water plant in 2036 which will require some SJRA water initially, which coincides with the 413,500 gallons of water per day Demand Quantity in 2036. It is anticipated that the surface water plant will be operational and will distribute water beginning in 2038.

Pursuant to Section 1.3 of the Water Supply Contract, Lago MUD 1A can adjust the Demand Quantity upwards at its discretion to the amount needed to meet its 80% alternative water needs. The District’s combined Reserved Water and Demand Quantities will always be of a quantity to satisfy the 80% alternative water requirement. No change is needed to the Water Supply Contract as the contract provides for Lago to receive 80% of the total water demand in any given year.

Section 3.6 Surface Water of the GRP has been updated as follows:

The SJRA agreement includes a Demand Quantity to begin in 2036 and this Demand Quantity will be used to begin the testing phase of the surface water plant design only. Once the surface water plant is online the Demand Quantity will be adjusted to match 80% alternative water requirements for the active average daily demand for the District.

Response 2a: All Development within the District is required to adhere to the District’s rate order. As we have discussed previously, the District can only enforce/penalize using the rate order and the adopted tiered rate structure reflects this. The penalties are outlined in Section 12.01 Enforcement of the District’s rate order which is included as Exhibit No. 7 in the GRP. Exhibit “B” to the rate order “Rules and Regulations Governing Water and



Sanitary Sewer Facilities, Service Leads and Connections” includes Section IX (F), prohibiting the waste or unreasonable use of water in the District. The conservation efforts start with the builder but ultimately reside with the homeowners and the District for its communal locations. The GRP states the public education plan to be distributed to residents.

The District’s rate order has been included as Exhibit No. 7 in the GRP. The rate order was established by gathering existing rate orders from nearby other municipalities in the area and staying above the average established rates. Rate orders for HCMUD 213A, which buys its water wholesale from Baytown and for Lake MUD which is located south of the District in the Highlands area. In addition, the rate order allows the District to impose fines/penalties on customers that are in non-compliance with any of the District’s adopted documents, including but not limited to the Drought Contingency Plan and the Water Conservation Plan.

Response 2b: Section 11. Implementation and Enforcement of the District’s conservation plan allows the District to assess fines using the District’s rate order, as outlined above.

Response 3: The District will provide this information in conjunction with the annual GRP submittal to the HGSD.

The following responses are provided following a conference call between HGSD and the District on October 5, 2023.

Comment 4: The rate order can be amended at any time. How will HGSD be notified when this occurs?

Response 4: Section 3.1 of the GRP has been updated to include the following language.

In the event the rate order is amended, the District commits to providing it to the HGSD within sixty (60) days of adoption.

Comment 5: What are some additional conservation techniques being utilized?

Response 5: The GRP does outline a variety of community wide commitments targeted towards conservation, besides builder commitments for individual lots. Section 3.1 of the GRP outlines that communal parks, right-of-ways and esplanades will have landscaping that requires minimum irrigation needs. In addition, Section 3.1 also includes the following language regarding irrigation controls for communal locations:

Irrigation for the esplanades, right-of-ways and public areas will be fitted with Smart Irrigation controllers which meet EPA’s WaterSense criteria. These systems include characteristics of:

- *Soil moisture and weather based sensors to assist in irrigation*



- scheduling*
- *Micro drip irrigation to avoid over spray. Micro drip irrigation can be 20-40% more efficient than pop up sprinklers.*
 - *Using pressure regulators in the sprinkler bodies providing a consistent flow rate to reduce water waste.*
 - *Irrigation operations during morning hours to reduce evapotranspiration*
 - *Irrigation operations at off-peak hours*
 - *Irrigation heads strategically placed for head to head coverage, avoiding overspray on to paved areas*

In addition, the Developers has committed to not constructing make-up wells for the amenity detention basins that are existing and planned throughout the community which is a significant step in support for conservation.

We appreciate your time and attention to this matter. Should you have any questions, or require additional information, I can be contacted at 281.306.0240 Ext 101 or by email at mcrutcher@odysseyeg.com

Thank you,

Megan L. Crutcher, P.E., CFM

Enclosures

CC: Lago Bello MUD No. 1A – c/o Coats Rose
Sergio Handal, P.E. – Odyssey Engineering Group
Jennifer L. Elms, P.E. – Odyssey Engineering Group

Attachments:

District Rate Order Effective October 10, 2023
Lake MUD Rate Order for Comparison
Harris MUD 213A Rate Order for Comparison

August 2, 2023

Ms. Veronica R. Osegueda, Deputy General Manager
Harris Galveston Subsidence District
1660 West Bay Area Boulevard
Friendswood Texas 77546

RE: Lago Bello Municipal Utility District No. 1A
Groundwater Reduction Plan
OEG Job No. 19-048-401

Dear Ms. Osegueda,

As you are aware, representatives from Lago Bello Municipal Utility District No. 1A (LBMUD 1A) have been working diligently with your office to obtain approval of a Groundwater Reduction Plan for the new development. We received your correspondence of April 20, 2023 and we met with your team on May 11 to discuss the comments and offer the following responses.

- *Will smart meters be used?* At this point in time, no. Smart meters will not be installed in the original construction of the residential home within the districts. However, all irrigation systems for landscaped common areas (esplanades, rights-of-way, and areas around detention basins) will consist of smart controllers, flow sensors, and advanced weather station sensors. These systems will conserve water through the use of smart controllers that calculate and adjust for evapotranspiration and temperature, hydrozoning the landscape beds to prevent overwatering and underwatering, and flow sensors that will shut the system down in case of a leak. In addition, the irrigation system will apply water to each landscape bed through drip irrigation, low precipitation rate nozzles to allow the water to soak between run times, and tree root zone kits.
- *Will irrigation meters be required for customers with irrigation systems?* No. Homebuilders within the community will not install irrigation systems with new home builds. For homeowners that install irrigation systems on their own, a tiered, conservation-based Rate Order is in place to discourage wasteful use of water. The Rate Order is structured such that large volume users pay higher rates for higher usage.
- *Why will reuse not be an option for single family irrigation?* In order for reclaimed wastewater effluent to be used inside the residential portion of the development, one, purple pipe, reuse lines, would have to be constructed alongside the newly installed potable water distributions lines and two, there would need to be sufficient reuse supplies and adequate facilities to meet an inconsistent demand. Neither of which is currently economically feasible or practical.



- *Can surface water be incorporated in earlier phases rather than at the end?* The planning, design, and construction of a surface water treatment facility will be initiated when there is sufficient assessed value on the ground to fund such an undertaking. The GRP specifically states and illustrates that the surface water conversion will begin when it becomes economically feasible. As soon as the AV supports the planning, engineering, and construction of such a facility, the process will be initiated.

In addition to these responses, the GRP includes an executed contract with the San Jacinto River Authority for a reservation of 1,549,000 gallons of water per day. This amount represents raw water sufficient for 80% of the average daily usage for the Lago Bello 1A Service Area.

Also included within the GRP is the Lago Bello MUD 1A Rate Order, Drought Contingency Plan and Water Conservation Plan.

We believe that with these clarifications and the enclosed GRP, the HGSD will be able to provide approval of the plan as it meets the requirements of HGSD Area 2.

We appreciate your time and attention to this matter. Should you have any questions, or require additional information, I can be contacted at 281.306.0240 Ext 124 or by email at jelms@odysseyeg.com.

Cordially,



Jennifer L. Elms, P.E.
Senior Project Manager

Enclosures

CC: Lago Bello MUD No. 1A – c/o Coats Rose
Sergio Handal, P.E. – District Engineer, LBMUD 1A
Megan L. Crutcher, P.E. – Principal, Odyssey Engineering Group



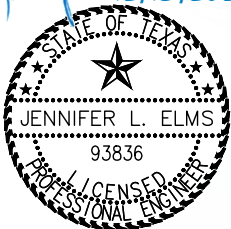
GROUNDWATER REDUCTION PLAN

**LAGO BELLO MUNICIPAL
UTILITY DISTRICT NO. 1A**



**HARRIS-GALVESTON
SUBSIDENCE DISTRICT**

Jennifer L. Elms
12/13/2023



Prepared by

ODYSSEY
ENGINEERING GROUP

TBPE No. F-17637 | December 2023



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Exhibit 5 – Preliminary Cost Estimate	
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ACRONYMS

LBMUD1A	Lago Bello Municipal Utility District No. 1A
LBMUD	Lago Bello Municipal Utility District
LBMUD1B	Lago Bello Municipal Utility District No. 1B
HGSD	Harris-Galveston Subsidence District
ETJ	Extra-Territorial Jurisdiction
GRP	Groundwater Reduction Plan
ESFC	Equivalent Single-Family Connection
WUG	Water User Group
TWDB	Texas Water Development Board
GPCD	Gallons per Capita Day
GPM	Gallons per Minute
GPD	Gallons per Day
MGD	Million Gallons per Day
SJRA	San Jacinto River Authority
MGY	Million Gallons per Year
AC-FT/Y	Acre-Feet per Year
TCEQ	Texas Commission on Environmental Quality
RWP	Regional Water Plan
WWTP	Wastewater Treatment Plant



1.0 INTRODUCTION

Lago Bello Municipal Utility District No. 1A (LBMUD 1A) is submitting this Groundwater Reduction Plan (GRP) in compliance with the Harris Galveston Subsidence District (HGSD) Regulatory Plan 2013 (most recently amended April 2021) for conversion from groundwater usage to alternative water supplies, such as surface water. The LBMUD 1A service area is in HGSD Area 2 (see **Exhibit No. 2**) which is required to limit groundwater withdrawal to no more than 20% of the annual total water demand.

Recent amendments to the HGSD Regulatory Plan allow for water systems within Area 2 to submit a GRP as a bridge in water use planning until alternative water supplies are available. These entities must:

- Submit a GRP to be certified by the HGSD;
- Outline strategies to limit groundwater withdrawals to the greatest extent practicable;
- Identify other water conservation measures; and
- No later than 15 years from the original certification, reduce and maintain their groundwater withdrawals to comprise no more than 20% of the total water demand.

This GRP is developed to demonstrate LBMUD 1A's commitment to meeting the groundwater conversion requirements of the HGSD.

1.1 Description of Lago Bello

Lago Bello Municipal Utility District No. 1 (Lago Bello) was created by the 85th Texas Legislature in Regular Session (House Bill 2687). The originally proposed master planned single-family development is approximately 1,045 acres located southeast of the intersection of FM 1942 and FM 2100 in eastern Harris County. Lago Bello is not located in either the corporate limits or extraterritorial jurisdiction (ETJ) of any municipality.

At a special meeting of the Lago Bello Board of Directors, the Board unanimously voted to split Lago Bello into two (2) districts hereafter referred to as Lago Bello Municipal Utility District No. 1A (LBMUD 1A) and Lago Bello Municipal Utility District No. 1B (LBMUD 1B). Each district will be of mixed use, with a primary use of single-family residential.

Further, LBMUD 1A is designated as the Master District and will own, operate, and maintain the joint facilities, namely Water Plant No. 1, Lago Bello Wastewater Treatment Plant and any future water supply facilities. Upon activation, LBMUD 1B will enter into a contract with LBMUD 1A to purchase water.

Both LBMUD 1A and LBMUD 1B are included in the LBMUD 1A Master District GRP Service Area described herein (LBMUD 1A Service Area). A District Boundary Map/Service Area map is provided as **Exhibit No. 1**.



2.0 POPULATION AND WATER DEMAND PROJECTIONS

2.1 Service Area

The LBMUD 1A Service Area is bounded on the north by FM 1942, the northwest by Barrett Station, on the west by Crosby Lynchburg Road, on the east by Sralla Road, and on the south by the City of Baytown's ETJ boundary. A vicinity map showing the location of the development is shown in *Exhibit No. 2*.

The LBMUD 1A Service Area will be comprised of single-family homes with some light commercial tracts (gas station, convenience store, etc.). At ultimate buildout, the LBMUD 1A Service Area anticipates 3,500 equivalent single-family connections (ESFC) will be served by the water system.

2.2 Population Projections

The base data for the population projections used herein are the Region H 2016 and 2021 Regional Water Plans. The Region H Water Plan provides population and water demand projections for each county in the region which is then broken into Water User Groups (WUG), undeveloped acreage (denoted as County-Other) and non-residential flow, such as irrigation and mining.

For purposes of this report, the Harris County, County-Other, Harris County Municipal Utility District No. 50 (HC MUD 50) and Crosby Municipal Utility District (Crosby MUD) along with anticipated development growth are used for population and demand projections for LBMUD 1A Service Area.

For the 2021 plan, Texas Water Development Board (TWDB), the managing agency, implemented rule changes to streamline the criteria for municipal WUG categorization and to better align the WUG definition with active retail service areas, thus realigning the population and demand projections.

“Population projections for Brazoria, Fort Bend, Galveston, Harris, and Montgomery Counties were developed for the 2016 RWP through an outside study to examine population growth based on the 2010 United States Census and projected on the basis of an economically driven growth model. This five-county area accounts for almost 95 percent of the region's population. These projections were subsequently adapted by TWDB for the 2021 RWP. Population projections for other areas were developed based on a standard cohort-component methodology applied by TWDB.

Population-based demands were developed from these population projections based on recorded water use information compiled by TWDB and adjusted for future adoption of passive water conservation measures. It was observed that prior to adjustment for passive conservation, the mean and



median per-capita water use by municipal WUGs in the 2021 RWP are 153 and 129 gallons per-capita daily (gpcd). These values are similar to those in the 2016 RWP, for which mean and median per capita use were 154 and 127 gpcd. This change in gpcd is more heavily influenced by the way WUGs are defined in this 2021 round of planning rather than trends in per-capita use, since both plans rely heavily upon dry-year usage trends observed in 2011.”

– Excerpt taken from Region H 2021 Regional Water Plan – October 2020.

Below, **Table 1** shows the anticipated population projections for the area based on Region H criteria.

Table 1 – Population Projections – Region H

Entity	2020	2030	2040	2050	2060	2070
Harris County – County Other	119,216	153,737	166,386	171,634	202,121	231,034
Crosby MUD	2,969	3,158	3,220	3,282	3,344	3,408
HC MUD 50	3,165	3,197	3,265	3,311	3,321	3,333

Because the Population Projections for Region H are per decade, it is difficult to correlate the growth projections for the LBMUD 1A Service Area against the Region H projections. For instance, for the decade 2020 to 2030, the Region H only predicts increases of 189 and 32 residents, respectively for Crosby MUD and HC MUD 50, whereas the development within LBMUD 1A Service Area projects an increase of almost 6,500 residents over the same time period. The projected number of connections were provided by the developers for the current developments within the LBMUD 1A Service Area. Based on the anticipated build out and an assumption of 3.5 persons per ESFC, the Development will ultimately serve approximately 12,250 new residents. Below, **Table 2** shows the anticipated LBMUD 1A Service Area population projections.

Table 2 – Population Projections – LBMUD 1A Service Area

	2023	2024	2025	2026	2027	2028
LBMUD 1A Service Area	1,071	2,121	2,541	2,961	3,805	4,648
	2029	2030	2031	2032	2033	2034
LBMUD 1A Service Area	5,492	6,335	7,179	8,022	8,866	9,709
	2035	2036	2037			
LBMUD 1A Service Area	10,553	11,396	12,240			

Table 2 illustrates buildout projections based on active home sales of two independent builders selling 25 homes per month or 300 homes annually. These projections show the LBMUD 1A Service Area reaching full build out in 15 years.

If **Table 2** was modified to illustrate the complete buildout of the LBMUD 1A Service Area in seven (7) years, the population projections would be reflected as **Table 3**. This accelerated buildout projection correlates to 42 homes being sold every month or 500 homes annually.



Table 3 - Accelerated Growth Projections (7 Years)

	2023	2024	2025	2026	2027	2028	2029	2030-2038
LBMUD 1A Service Area	1,750	3,500	5,250	7,000	8,750	10,500	12,250	12,250

Table 4 illustrates a moderate growth projection, defining full LBMUD 1A Service Area development occurring in ten (10) years.

Table 4 - Moderate Growth Projections (10 Years)

	2023	2024	2025	2026	2027	2028	2029	2030
LBMUD 1A Service Area	1,225	2,450	3,675	4,900	6,125	7,350	8,575	9,800
	2031	2032	2033 - 2038					
LBMUD 1A Service Area	11,025	12,250	12,250					

The trends in growth shown in **Table 3 and Table 4** are comparable to growth patterns seen on the west side of Houston due to the extreme influx of persons on the north and west sides of the Houston Metropolitan Area, much of which is due to the completion of the Grand Parkway from Interstate 10 on the west to Interstate 45 on the north. However, development and growth on the east side of the metropolitan area has not seen this influx of growth and therefore a seven-year or ten-year buildout of the LBMUD 1A Service Area **does not** seem reasonable.

2.3 Water Demand Projections

There is very little current development in the LBMUD 1A Service Area, therefore, no historical data exists. As a result, known and industry accepted standards (Region H 2021 planning data and Texas Commission on Environmental Quality (TCEQ) baselines) will be used to estimate water demands and then compared. This comparison is academic in nature. TCEQ minimum design standards will be used in the design of all water production and storage facilities.

Using the Region H 2021 planning data of a mean per capita daily usage of 153 gpcd, the LBMUD 1A Service Area projected usage for the 15-year, 7-year and 10-year builds outs would be as follows:



Table 5 - Demand Projections Based on 2021 Region H Mean Per Capita Usage (Correlates to Table 2)

Year	Projected Population	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1,071	0.164	60 (184)
2025	2,541	0.389	142 (436)
2027	3,805	0.582	212 (652)
2029	5,492	0.840	307 (941)
2031	7,179	1.098	401 (1,230)
2033	8,866	1.356	495 (1,519)
2035	10,553	1.615	589 (1,809)
2037	12,240	1.873	684 (2,098)

Table 6 - Demand Projections Based on 2021 Region H Mean Per Capita Usage (Correlates to Table 3 - Accelerated 7-year Build Out)

Year	Projected Population	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1,750	0.268	97 (300)
2025	5,250	0.803	293 (900)
2027	8,750	1.339	489 (1,500)
2029	12,250	1.874	684 (2,100)
2031	12,250	1.874	684 (2,100)

Table 7 - Demand Projections Based on 2021 Region H Mean Per Capita Usage (Correlates to Table 4 - Moderate 10-year Build Out)

Year	Projected Population	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1,225	0.187	68 (210)
2025	3,675	0.562	205 (630)
2027	6,125	0.937	342 (1,049)
2029	8,575	1.312	478 (1,470)
2031	11,025	1.687	615 (1,889)
2033	12,250	1.874	684 (2,100)

Demand projections in **Table 5** correlate to the anticipated buildout for the LBMUD 1A Service Area. **Table 6** and **Table 7** correlate to the (accelerated and moderate) potential buildout schedules of seven (7) and ten (10) years, however as previously discussed, these accelerated build outs are not realistic for this area.

The LBMUD 1A Service Area is also under the jurisdiction of TCEQ and is required to follow industry standards and minimum design criteria established by the TCEQ. Minimum design standards are codified in 30 Texas Administrative Code Chapter 290 – *Rules and Regulations for Public Water Systems*. Using the TCEQ standards, the minimum requirement for source water supply is 0.6 gpm/ESFC.



LBMUD 1A Service Area projected usage for the 15-year, 7-year and 10-year build outs are as follows:

Table 8 – Demand Projections Based on TCEQ Minimum Design Standards (Correlates to Table 2)

Year	Projected Population	ESFC	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1,071	306	0.264	96 (296)
2025	2,541	726	0.627	229 (703)
2027	3,805	1,087	0.939	343 (1,052)
2029	5,492	1,569	1.356	495 (1,518)
2031	7,179	2,051	1.772	647 (1,985)
2033	8,866	2,533	2.188	798(2,451)
2035	10,553	3,015	2.605	950 (2,918)
2037	12,240	3,497	3.021	1,103 (3,384)

Table 8 demonstrates that the TCEQ factors determining minimum design criteria are very conservative compared to the demands presented in **Table 5** which were calculated using Region H information. It should also be noted that the TCEQ design criteria, in addition to average daily demands, takes into consideration peak day demands and peak hour demands.

Table 9 – Demand Projections Based on TCEQ Minimum Design Standards (Correlates to Table 3 – Accelerated 7-year Build Out)

Year	Projected Population	ESFC	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1750	500	0.432	158 (484)
2024	3,500	1,000	0.864	315 (968)
2025	5,250	1,500	1.296	473 (1,452)
2026	7,000	2,000	1.728	631 (1,936)
2027	8,750	2,500	2.16	788 (2,420)
2028	10,500	3,000	2.592	946 (2,903)
2029	12,250	3,500	3.024	1,104 (3,387)
2030	12,250	3,500	3.024	1,104 (3,387)



Table 10 – Demand Projections Based on TCEQ Minimum Design Standards (Correlates to Table 4 – Moderate 10-year Build Out)

Year	Projected Population	ESFC	Projected Daily Water Demand, MGD	Projected Yearly Water Demand, MGY (ac-ft/y)
2023	1,225	350	0.302	110(338)
2024	2,450	700	0.605	221(678)
2025	3,675	1,050	0.907	331(1,016)
2026	4,900	1,400	1.23	449(1,378)
2027	6,125	1,750	1.512	552(1,694)
2028	7,350	2,100	1.814	662(2,032)
2029	8,575	2,450	2.117	773(2,371)
2030	9,800	2,800	2.42	883(2,711)
2031	11,025	3,150	2.72	993(3,047)
2032	12,250	3,500	3.024	1,102(3,383)

3.0 GROUND WATER REDUCTION

LBMUD 1A Service Area is included in Area 2 of the HGSD Regulatory Plan, which mandates the combined water system must convert 80% of their overall water demand to an alternative source. Typically, this is the conversion to surface water, but it also entails various conservation strategies to lower the overall usage and demand. LBMUD 1A Service Area will utilize multiple conservation strategies in combination with using surface water, to achieve the intended goal of the Area 2 HGSD Regulatory Plan. The proposed conservation strategies are outlined below.

3.1 Conservation Strategies

The original Subsidence District conversion requirements were conservation focused for both production and usage, with the goal of reducing or slowing the growth of average daily usage for an existing development. The associated groundwater reduction plans were designed for existing systems that have the historical average daily usage data needed to provide a baseline for measuring the effectiveness of conservation activities.

When considering the addition of new GRPs in Area 2, the criteria for evaluating the effectiveness of the GRP will be different for two primary reasons. First, there have been advancements in construction and product standards with regard to water conservation. Second, as a new development, there is no historical average daily usage data for LBMUD 1A that can be used to establish a baseline.

Utilizing proven, responsible building practices, water conservation standards will be integrated into the building standards for new construction in the LBMUD 1A. The following specifications for new home construction will be implemented to ensure a water conservation mindset is literally "built into" the development.



- Provide water efficient faucets and shower heads;
- Provide water efficient toilets; and
- Provide water efficient dish washers and clothes washers.

Outdoor usage of potable water, irrigation, makes up the largest percentage of the household water usage. Builders and homeowners will be instructed to use the following guidelines to the maximum extent practicable:

- Planting Bermuda sod or other water efficient ground cover, which requires less than half the amount of water as does St. Augustine; and
- Provide homeowners with information and resources to incorporate native and adaptive plants into their landscaping schemes.

As development continues, smart and responsible landscaping will be installed in public areas such as rights-of-way, esplanades, the perimeter of detention basins, pocket parks and the like. Below are the standards for landscaping these communal areas as established by the current development:

- Installation of native, drought tolerant plants and grasses;
- Installation of Bermuda Tifway in high traffic areas rather than St. Augustine;
- Installation of native grasses with “no mow” zones; and
- Xeriscaping, integrating aggregates (rock gardens) with native grasses and severe drought tolerant plants.

One of the hardest aspects of conservation is to change or bend people’s attitudes towards water use and their perception of conservation. No Mow zones do just that. With appropriate signage, these are areas that are allowed to grow and thrive on their own. These areas are not manicured, they do not have structured plantings, they are not irrigated, but they are strategically placed. Signage in these areas such as No Mow or Tall Grass Area lets the general public know that these areas are not being neglected or someone forgot to mow them, these areas are intentionally left to nature.

Irrigation systems for esplanades, rights-of-way and public areas will be fitted with Smart Irrigation controllers which meet EPA’s WaterSense criteria. These systems include characteristics of:

- Soil moisture and weather-based sensors to assist in irrigation scheduling;
- Micro drip irrigation to avoid over spray. Micro drip irrigation can be 20-40% more efficient than pop up sprinklers;
- Using pressure regulators in the sprinkler bodies providing a consistent flow rate to reduce water waste;
- Irrigation operations during morning hours to reduce evapotranspiration;



- Irrigation operations at off-peak hours; and
- Irrigation heads strategically placed for head-to-head coverage, avoiding overspray on to paved areas.

As development continues and the wastewater treatment plant is expanded (phasing much like that of the water plants), feasibility studies will be conducted to determine where reclaimed water systems would be appropriate, efficient, and useable throughout the LBMUD 1A Service Area. A reclaimed water system would allow the green spaces to be irrigated with treated effluent water. By transferring a known demand from groundwater/potable water to reuse, the overall demand for pumped water will be decreased.

Likewise, many districts provide make-up wells, or even use potable water, to keep the water level of the amenity lakes at a level homeowners expect it to be such that it enhances their aesthetic. During dry years, these makeup wells can pump as much as 21,000,000 gallons for a 7 acre lake. Larger lakes may use double these amounts. Using information obtained from mature (totally built out) districts, on average, make up water for an amenity lake is about 500,000 gallons per year per acre of lake. The current Lago Bello 1A Service Area will have NO make up wells and will not use potable water to maintain lake levels in the multiple detention/amenity lakes within the development.

As LBMUD 1A Service Area continues to develop and become more mature, larger conservation impacts can be seen through conservation efforts implemented by homeowners. Conservation efforts focused on education and providing conservation tips will create informed users. Informed users will aide in modifying water usage patterns and ensure the value of water is understood. The following information will be provided to users in the LBMUD 1A Service Area on an annual basis:

- Water Conservation information with periodic inserts in water bills, and
- Identify high water users and provide educational materials on how to reduce water consumption (both residential and commercial).

The LBMUD 1A Service Area is comprised of two MUDs, LBMUD 1A and LBMUD 1B (Districts). Both Districts will structure their rate orders to favor water conservation. This will be accomplished by utilizing tiered water usage rates where the higher the water usage, the higher the fee for the water is. The Districts have explored other enforcement options, such as ordinances, however these other enforcement options are not legal. A copy of the Lago Bello MUD 1A Rate Order is part of this GRP.

During the initial years of development, water usage is expected to be above average while yards are being established, green spaces are being installed and established, construction activities are ongoing and other development activities being initiated. The rate order allows the districts some flexibility in the rate tiers. Initially the minimum tier is 0 to 5,000 gallons per month. Conservation pricing allows the low user to pay a lower monthly bill opposed the



user who may use 20,000+ gallons per month, those with pools or exceptionally manicured lawns, will have higher bills. The effective rate order for LBMUD 1A is included as **Exhibit 7**. In the event the rate structure is amended, the District commits to providing it to the HGSD within sixty (60) days of adoption. LBMUD 1B is currently inactive, so there is no adopted rate order, however upon activation it will adopt a rate order similar, if not the same, to LBMUD 1A. Any changes or updates to the rate order will maintain the consistency of a tiered structure aimed at encouraging conservation.

3.2 Quantifying Conservation Strategies

The conservation techniques utilized within LBMUD 1A Service Area can be quantified to show the results outlined below. As previously discussed, there is no historical water usage data within LBMUD 1A Service Area, so this GRP will compare the proposed conservation strategies against the 2021 Region H mean per capita daily usage of 153 gpcd.

The TWDB 2017 Statewide Water Conservation Quantification Project (Report) required TWDB to quantitatively determine the savings of municipal water conservation activities being implemented in relation to the conservation goals established in the 2017 State Water Plan. The published results of the Report enable a conservation quantity to be determined for each proposed conservation technique.

The Report differentiates between indoor and outdoor activities and also between system savings and individual “per capita” savings. The following conservation activities are those specifically identified above in *Section 3.1 Conservation Strategies*.

- **Conservation Pricing.** This strategy is incorporated into the LBMUD 1A Rate Order.
Percent Reduction Expected – 2.5% Annually
This strategy is annual and ongoing as the Rate Order is perpetual and applies to all customers.
- **Low Flow Toilets. Part of 1992 Texas Plumbing Efficiency Standards**
Annual Savings Estimate – 10,400 gallons per year per fixture
Based on a typical urban development – 2.2 fixtures per connection
 $10,400 \text{ gallons} \times 2.2 \text{ fixture} \times 3500 \text{ connection}$
 $= 80,080,000 \text{ gallons per year}$
- **Water Efficient Clothes Washer. Part of 1992 Texas Plumbing Efficiency Standards**
Annual Savings Estimate – 7,030 gallons per year per unit
Based on a typical urban development – 1 unit per connection
 $7,030 \text{ gallons} \times 1 \text{ unit} \times 3500 \text{ connection}$
 $= 24,605,000 \text{ gallons per year}$
- **Low flow Shower Heads**
Annual Savings Estimate – 2,050 gallons per year per fixture
Based on a typical urban development – 2 fixtures per connection
 $2,050 \text{ gallons} \times 2 \text{ fixture} \times 3500 \text{ connection}$
 $= 14,350,000 \text{ gallons per year}$



▪ **Outdoor Landscape Water Use Audit**

Annual Savings Estimate – 7,030 gallons per yard

Based on a typical urban development – 20% Participation

$7,030 \text{ gallons} \times 1 \text{ yard} \times (3500 \text{ connection} \times 20\% \text{ participation})$
= 5,600,000 gallons per year

▪ **Passive Savings**

Annual Savings Estimate 5%

- Average 2% decrease in managed water systems from general decreased indoor water use. Persons in this category are typically the other 80% not participating in the outdoor water use audit.
- Average 1% decrease due to natural replacement of inefficient water fixtures and appliances (ultra low flow toilets, for example)
- Average 2% decrease for public education and public participation in conservation efforts. Using an annual average since reduction allocated to education activities are sporadic and short lived. Lago Bello will engage in two (2) conservation campaigns per year plus various utility bill inserts.

These strategies would all be considered individual “per capita” savings as discussed in the 2017 TWDB report. The development as a whole has agreed that there shall be no make up wells to maintain permanent pool water surface elevations in the various amenity lakes. The savings/conservation of this decision results in a system savings, that is, not directly related to customer usage trends.

▪ **No make up wells for amenity lakes.** This strategy is incorporated into the LBMUD 1A Rate Order. Expected to save 500,000 gallons per year per acre of amenity lake.

Initial development	32 acres
Average year	500,000 gallons per acre per year
Average Savings	32 acres x 500,000 gal/acre/yr = 16,000,000 gal/yr

Ultimate Development	137 acres
Average year	500,000 gallons per acre per year
Average Savings	137 acres x 500,000 gal/acre/yr = 68,500,000 gal/yr

Combined, these strategies will have a synergistic effect and aide LBMUD 1A Service Area in its commitment to conservation.

Table 11 shows how these identified strategies will affect the overall demand within LBMUD 1A Service Area for the moderate build out (10 year) scenario compared to the 2021 Region H mean per capita usage of 153 gpcd. **The following proposed conservation strategies are expected to reduce the per capita daily usage in LBMUD 1A Service Area from 153 gpcd to 114 gpcd.**



Table 11 - Revised Yearly Demand Based on Conservation Activities

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Projected Connections	350	700	1050	1400	1750	2100	2450	2800	3150	3500	3500
Projected Population	1225	2450	3675	4900	6125	7350	8575	9800	11025	12250	12250
<i>Per Capita Usage (Region H)</i>	153	153	153	153	153	153	153	153	153	153	153
Projected Daily Demand, (MGD)	0.19	0.37	0.56	0.75	0.94	1.12	1.31	1.50	1.69	1.87	1.87
Projected Yearly Demand¹ (MGY)	68.41	136.82	205.23	273.64	342.05	410.46	478.87	547.28	615.69	684.10	684.10
Rate Order Conservation Pricing ² Yearly Savings, MGY	1.71	3.42	5.13	6.84	8.55	10.26	11.97	13.68	15.39	17.10	17.10
Low Flow Toilets ³ Yearly Savings, MGY	8.01	16.02	24.02	32.03	40.04	48.05	56.06	64.06	72.07	80.08	80.08
Water Efficient Clothes Washer ⁴ Yearly Savings, MGY	2.46	4.92	7.38	9.84	12.30	14.76	17.22	19.68	22.14	24.61	24.61
Low Flow Shower Heads ⁵ Yearly Savings, MGY	1.44	2.87	4.31	5.74	7.18	8.61	10.05	11.48	12.92	14.35	14.35
Outdoor Water Audit ⁶ Yearly Savings, MGY	0.56	1.12	1.68	2.24	2.80	3.36	3.92	4.48	5.04	5.60	5.60
Passive Savings ⁷ Yearly Savings, MGY	3.42	6.84	10.26	13.68	17.10	20.52	23.94	27.36	30.78	34.21	34.21
Conservation Based Yearly Demand⁸, MG	50.82	101.63	152.45	203.26	254.08	304.90	355.71	406.53	457.34	508.16	508.16
<i>Per Capita Usage with Conservation⁹, gal</i>	114	114	114	114	114	114	114	114	114	114	114

¹Projected Yearly Demand = 153 gpcd x Projected Population x 365 d/yr

²Rate Order Conservation Pricing (2% savings) = Projected Yearly Demand x 0.025

³Low Flow Toilets (10,400 gal per year per fixture; assume 2.2 fixtures per connection) = 10,400 gpy x Projected Connections x 2.2

⁴Water Efficient Clothes Washer (7,030 gal per year per fixture; assume 1 unit per connection) = 7,030 gpy x 1 x Projected Connections

⁵Low Flow Shower Heads (2,050 gal per year per fixture; assume 2 fixtures per connection) = 2,050 gpy x 2 x Projected Connections

⁶Outdoor Water Audit (8,000 gal per year, assume 20% participation) = 8,000 gpy x (Projected Connections x 0.2)

⁷Passive Savings (2% decrease in indoor use; 1% Decrease natural replacement of appliances and fixtures

2% decrease from Public Education) = Projected Yearly Demand x 0.05

⁸Conservation Based Yearly Demand = Projected Yearly Demand - Rate Order savings - Low Flow Toilet savings - Water Efficient Clothes Washer savings -

Low Flow Shower Head savings - Outdoor Water Audit savings - Passive Savings

⁹Per Capita Usage with Conservation = Conservation Based Yearly Demand ÷ 365 d/yr ÷ Projected Population



3.3 Implementation

As previously stated, efficient household fixtures have become the norm. Since 1992, new plumbing codes require efficient fixtures and appliances. Therefore, all homes in the LBMUD 1A Service Area will have water efficient fixtures and most will have water efficient appliances also.

The Districts Rate Order, which was developed with conservation pricing and usage tiers is in place and enforced.

If deemed feasible, reuse of treated effluent will be used to irrigate green spaces and esplanades. The first phase of the wastewater treatment plant (WWTP) has been constructed. Construction of the WWTP included a non-potable water system which will be used inside the plant for washdown water and miscellaneous plant operations and maintenance. The initial phasing of the WWTP was planned such that the majority of the plant components are constructed in Phase 1 and Phase 2 is a minor expansion of aeration and digester capacity. Phase 2 takes the WWTP to 0.30 MGD (1,000 connections, conceptually through 2025). As the District prepares for Phase 3, tertiary filters can be added to the design to allow for full scale reuse of effluent in the public areas.

In Year 2 of development, the District's operator will prepare water bill inserts which address water conservation and tips for common water conservation activities. The various water authorities and other wholesale suppliers have developed numerous educational materials that are available to LBMUD 1A and LBMUD 1B. The inserts will be conservation driven and be timely to the season and yearly activities.

3.4 Conversion to Surface Water

LBMUD 1A originally requested raw water capacity from the San Jacinto River Authority (SJRA) in January 2022 with a revised request in July 2023. LBMUD 1A requested 1,548,288 gallons per day to serve 3,500 ESFC, which encompasses all planned development within the LBMUD 1A Service Area. The Water Supply Contract by and between SJRA and LBMUD 1A is a take-or-pay contract. The contract acknowledges that LBMUD 1A will not take any of the water until such time as the initial construction of the new surface water treatment plant is completed. A copy of the agreement is included as **Exhibit 6**.

LBMUD 1A has planned to dedicate sufficient land for the construction of a surface water treatment plant to serve the LBMUD 1A Service Area. Preliminary designs call for withdrawal of raw water from the SRJA Highlands System.

The following is a discussion on the sequencing of infrastructure implementation based on current conditions.



3.5 Infrastructure

Previous sections (2.3 – *Water Demand Projections*) present various scenarios for the proposed build-out of the service area. Regardless of the timeline (7 years, 10 years or 15 years), the ultimate water demand is approximately 1,103 MGY or 3,380 ac-ft/year. The only difference is how quickly the LBMUD 1A Service Area reaches that level.

The Water Demand Projections also illustrate the significant difference between actual historical data obtained by Region H for the Houston Area and the conservative design approach the TCEQ takes in regulating the design of public water systems (153 gpcd and 684 MGY vs 0.6 gpm per connection and 1,103 MGY).

Regardless of per capita water use, the LBMUD 1A Service Area will be required to follow and adhere to the regulations enforced by the TCEQ. As such, the facilities will be designed based on Chapter 290 - *Rules and Regulations for Public Water Systems* which govern water plant component sizing and establish sound engineering practice.

The discussion below of design and construction of water facilities loosely refers to anticipated dates, but it strictly adheres to the concept that once 75% of the capacity is consistently in use, design phase will begin, and construction activities will begin no later than such time as 90% of the capacity is consistently in use. Following this approach, planning and construction of a surface water treatment plant, and ultimately conversion to an alternative water supply, will be dictated by growth. The anticipated development schedule for LBMUD 1A Service Area shows this conversion just prior to 2037, while the accelerated development schedules, 7- year and 10-Year, illustrate conversion dates of 2030 and 2032, respectively. The anticipated water plant phasing and associated construction costs are outlined below and are relative to the rate of development.

During the initial development, LBMUD 1A constructed a water plant with two groundwater wells as its primary supplies. This facility will provide capacity for 750 ESFC or a population of approximately 2,600. In conjunction with the water plant, the LBMUD 1A will install and construct a distribution system that will serve additional phases of development. The distribution system is sized to accommodate 1,600 connections. Construction and engineering costs for the system are below.

Phase 1

Timeline	Initial Construction, 2023
Water Plant Capacity	750 ESFC
Distribution System Capacity	1,600 ESFC
Water Plant No. 1 Phase 1	
Engineering	\$210,000
Construction	\$3,750,000



Water Distribution System	
Engineering	\$276,000
Construction	\$3,450,000

Construction of Phase 1 of the water plant includes two (2) 500 gpm wells, thus meeting the minimum system requirements of two water sources. Phase 2 of the water plant will include the addition of a second pressure tank and ground storage tank. The second phase of construction will begin as development nears 675 ESFC, in accordance with standard practice to begin planning at 75% usage and construction at 90% usage.

Phase 2

Timeline	As Build-out approaches 675 ESFC, (2025)
Water Plant Capacity	1,667 ESFC
Distribution System Capacity	1,600 ESFC
Water Plant No. 1 Phase 2	Rolled into Phase 1

Phases 1 and 2 take the plant to a capacity capable of serving 1,667 ESFC, with the limiting factor being well capacity. With the addition of ground storage and another pressure vessel, the plant components will serve up to 2,500 connections (criteria for storage capacity change at 2,500 connections based on pressure facilities). For development occurring between 1,600 connections (roughly 2028) and 2,500 connections (roughly 2032), additional supply will have to be developed, namely an additional well. It is anticipated that by (2028) an additional well will be needed, in the form of a remote well. The well will be constructed under the rational that the main source will be the new well (between 1,500 and 2,100 gpm). The two existing wells will serve as emergency backup and supplemental for extreme events. Phase 3 of the water system will be the addition of a remote well and transmission line.

Phase 3

Timeline	As Build-out approaches 1,600 ESFC, (2028)
Water Plant Capacity	2,500 ESFC
Distribution System Capacity	2,500 ESFC
Water Plant No. 1 Phase 3	
Remote Well and 12-inch Transmission Line	\$235,000
Engineering	\$200,000
Construction	\$2,300,000

Once Phase 3 of the system is constructed, LBMUD 1A will apply to the TCEQ for an Alternative Capacity Variance (ACV) in order to prove that LBMUD 1A can maintain the pressure within system without the need for the construction of an elevated storage tank. At that time, LBMUD 1A will re-evaluate the facility and what is required for Phase 4. Typically,



the ACV will show that the system is running more efficiently than the original design indicated, specifically that the design values required by the TCEQ cause the facilities to be oversized. It is anticipated that Phase 4 of the system would require adjustment to the booster pump capacity and the associated upgrade of electrical equipment, an additional GST, and any maintenance that the plant needed, such as recoating plant components and piping or any rehabilitation of the existing wells.

Phase 4

Timeline	As Development approaches 2,500 ESFC, (2031)
Water Plant Capacity	2,500 ESFC
Distribution System Capacity	2,500 ESFC
Water Plant No. 1 Phase 4	
AVC Application and Water Plant Expansion	
Engineering	\$130,000
Construction	\$1,000,000
Water Distribution System	
Engineering	\$120,000
Construction	\$1,450,000

The above sequencing of water plant expansions and proposed build out schedule, takes the development through (2037). At this point, per the HGSD regulations, 80% of the total demand must be supplied by sources other than ground water. Preliminary planning shows that LBMUD 1A would be financially positioned to start the planning and design of a surface water plant in (2033). This timeframe allows for preliminary design, pilot studies and then final design and construction of a surface water plant to be completed by the (2037) deadline.

**Dates within the discussion of 3.3.1 *Initial Infrastructure – Ground Water* are relative. Water plant expansions will be based on growth.

3.6 Surface Water

LBMUD 1A has entered into an agreement with the SJRA for receipt of raw water for an initial take of 1.55 million gallons per day. This represents 80% of the projected average daily demand. By mutual agreement of SJRA and LBMUD 1A this represents raw water for the entire LBMUD 1A Service Area. The SJRA agreement includes a Demand Quantity to begin in 2036 and this Demand Quantity will be used to begin the testing phase of the surface water plant design only. Once the surface water plant is online the Demand Quantity will be adjusted to match 80% alternative water requirements for the active average daily demand for the District.



In preparation for treatment and equipment selection for the new Surface Water Treatment Plant, LBMUD 1A will undertake a raw water study to determine the concentrations of different parameters which affect water quality and their seasonality. Thereafter, LBMUD 1A will determine which treatment technologies best treat the raw water quality. LBMUD 1A will also determine the extent of treatment based on a finished water that is aesthetically pleasing to the residents (taste, odor, color, clarity, etc.).

At this point in the planning process, treatment will include:

- Coagulation, flash mixing, and flocculation
- Clarification
- Sedimentation
- Filtration
- Taste and Odor treatment
- Disinfection
- Storage and Distribution

Finished water will then be pumped to Water Plant No. 1 for distribution to the combined water system.

3.7 Tracking and Reporting

As previously discussed, there is no baseline usage for the LB MUD 1A Service Area to make yearly comparisons against. In order to track conservation efforts and report findings, the District will prepare annual reports for local and state governing agencies. Examples of annual reports include Water Loss Audits for TWBD, an annual report to HGSD that details population growth and demands, water production and accountability, and all education and conservation activities undertaken with LB MUD 1A residents and others.

As these reports are prepared and reviewed, the District will make any necessary changes to the the GRP as warranted. This review will also include an annual review of the Rate Order to ensure that the conservation tiered rate structure is functioning as anticipated.

4.0 INFRASTRUCTURE FINANCING

LBMUD 1A and LBMUD 1B plan to finance the surface water treatment plant through the sale of bonds. Both LBMUD 1A and LBMUD 1B have taxing authority and collect ad valorem taxes. The taxes collected are categorized as Debt Service and Operations and Maintenance. While the bonds are repaid from the Debt Service fund, the Operations and Maintenance fund will be used as needed to supplement the cost of the surface water plant. In addition, it is anticipated that the facility will become a regional source of treated surface water and will have contractual partners outside of LBMUD 1A and LBMUD 1B to assist the financing of the facility.

As previously discussed, the anticipated water plant phasing and associated construction costs are relative to the rate of development. Construction will advance or slow down to



meet the demand of LBMUD 1A Service Area. Similarly, the issuance of bonds will coincide with the rate of development.

The following table illustrates the cost summary for the anticipated bond sales and associated costs.

Table 12 – Cost Summary of Anticipated Bond Issue Requirement

Construction Costs

District Water Items:

1. Water Plant Phase 1	\$4,336,000
2. Water Distribution System	\$5,530,000
3. Water Plant Phase 2	\$940,000
4. Remote Water Well and Transmission Line	\$2,145,000
5. Water Plant Phase 3	\$940,000
6. Water Plant Phase 4	\$1,000,000
7. Water Distribution System	\$2,370,000
8. Surface Water Plant	\$19,185,000
9. Contingencies (10%)	\$3,645,000
10. Engineering (11%)	\$4,411,000
11. Facility Land Acquisition	<u>\$300,000</u>
Total District Items	\$44,802,000

Non-Construction Costs

A. Legal Fees (3%)	\$2,210,000
B. Financial Advisory Fees (2%)	\$1,473,000
C. Capitalized Interest Costs (2 yr. @ 6.5%)	\$5,825,000
D. Developer Interest (5 yr. @ 6.5%)	\$14,561,000
E. Underwriter's Discount (3%)	\$2,210,000
F. Developer Advances	\$1,000,000
G. Administration and Organization Expenses	\$297,000
H. Creation Costs	\$100,000
I. TCEQ Bond Issuance Fee (0.25%)	\$185,000
J. Bond Application Report Costs	\$250,000
K. Attorney General (0.1%)	<u>\$737,000</u>
Total Non-Construction Costs	\$28,848,000

Total Estimated Bond Issue Requirements **\$73,650,000**



The total taxable value within the two districts is estimated to be \$766,000,000, which is calculated as follows:

- Residential Value: 3,000 units @ \$250,000/unit = \$750,000,000
 - Commercial Value: Two (2) gas stations @ \$2,000,000 in value each
 - Four (4) Retail shopping strips @ \$3,000,000 each
- TOTAL Residential and Commercial Value = \$766,000,000

As noted in the previous section, the total cost of development of the LBMUD 1A Service Area without the required developer participation is \$73,650,000 and includes reimbursable construction costs of \$44,802,000 and non-construction costs of \$28,848,000.

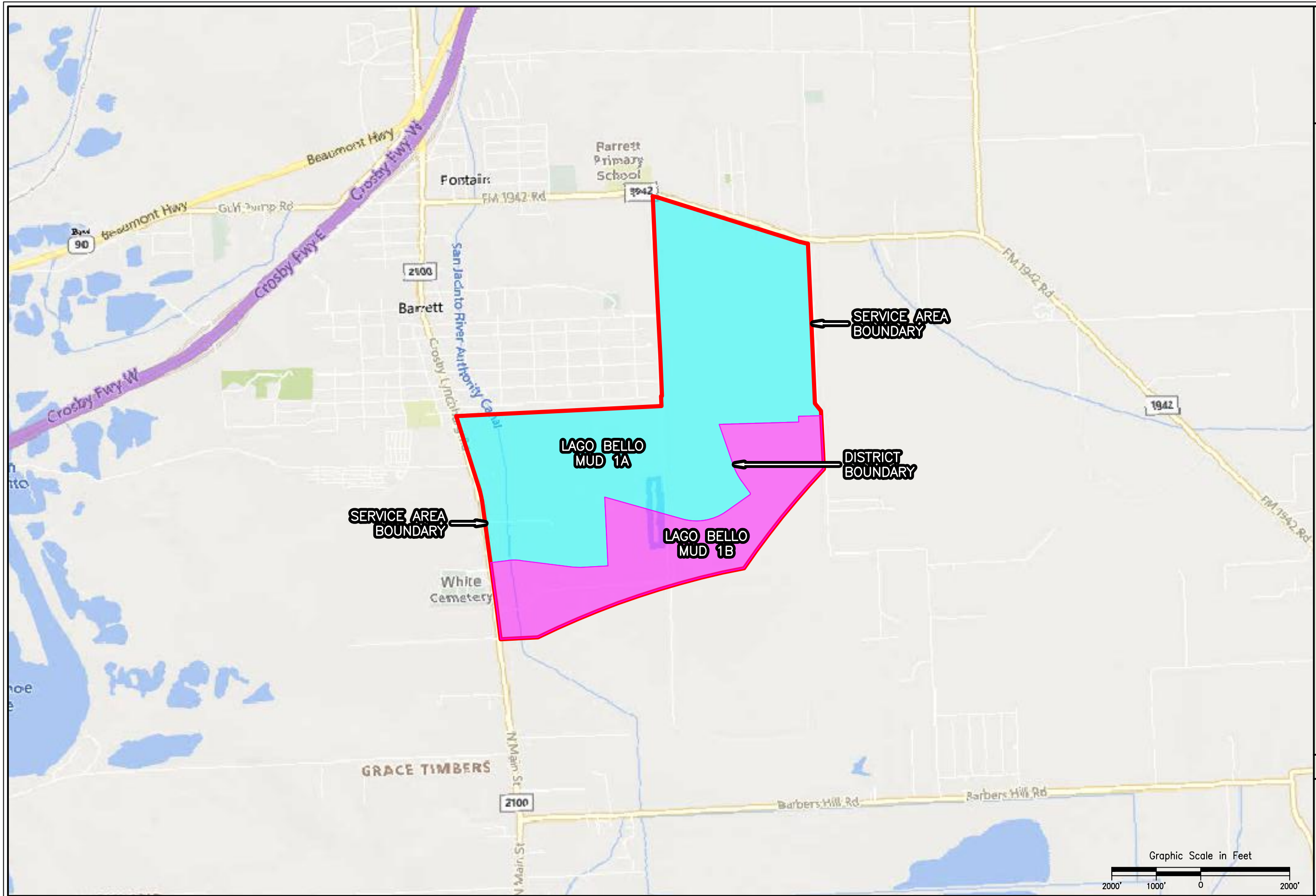
The ratio of value to debt for the water facilities based on the above estimates is 9.61 to 1. The average annual debt service is based upon a 4.00% interest rate and a 25-year amortization is projected to be \$4,714,481. The projected tax rate (per \$100 of Appraised Value) based upon a 95% collection rate is \$0.648 per \$100 in valuation. This rate does not include maintenance tax rate estimated at \$0.75 per \$100 in valuation. Adding the necessary tax rate for maintenance results in a required tax rate of \$1.398 per \$100 in valuation, which is below the maximum feasible tax rate of \$1.50 per \$100 valuation as set by the TCEQ.

5.0 CONCLUSION

This GRP meets the HGSD Regulatory Plan for Area 2. LBMUD 1A has developed this comprehensive GRP that meets current regulatory requirements through:

- A phased facility construction plan and associated bond financing that aligns with the rate of development.
- Contractual agreements with SJRA to supply 1.58 MGD of raw water which meets the required capacity for 80% conversion.
- A preliminary engineering report for the proposed facilities to be constructed.

This GRP is based on established methods for estimating population growth, water requirements and funding models. In addition, this GRP is phased to meet the expected growth needs for LBMUD 1A while simultaneously making the transition from groundwater to surface water.



LAGO BELLO
MUNICIPAL UTILITY DISTRICT 1A & 1B

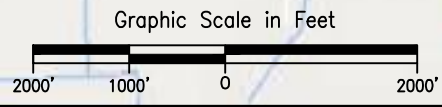
EXHIBIT 1 - BOUNDARY AND WATER SERVICE AREA

OCT. 2021

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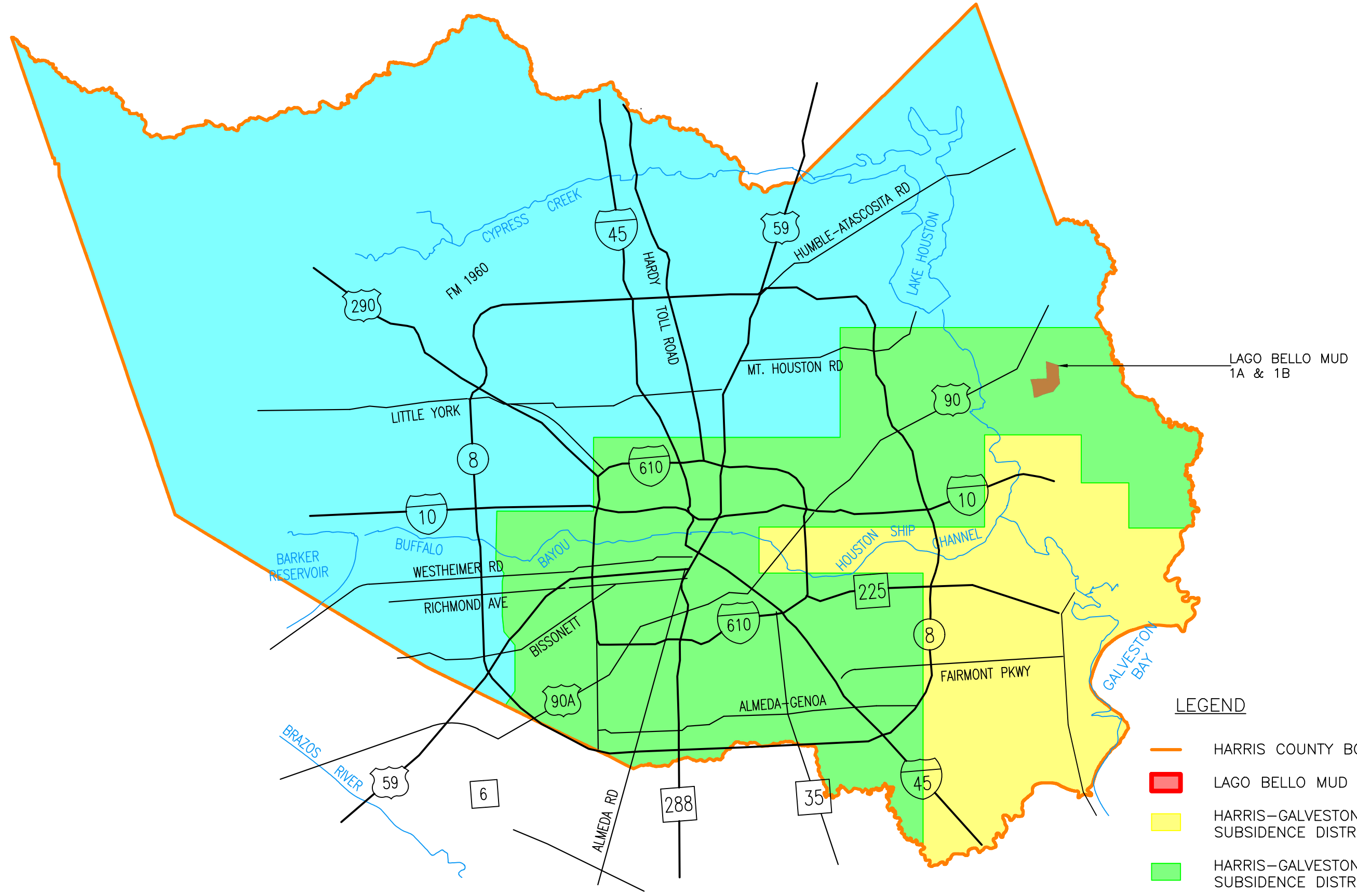







LAGO BELLO
MUNICIPAL UTILITY DISTRICT 1A & 1B
EXHIBIT 2 - LOCATION MAP

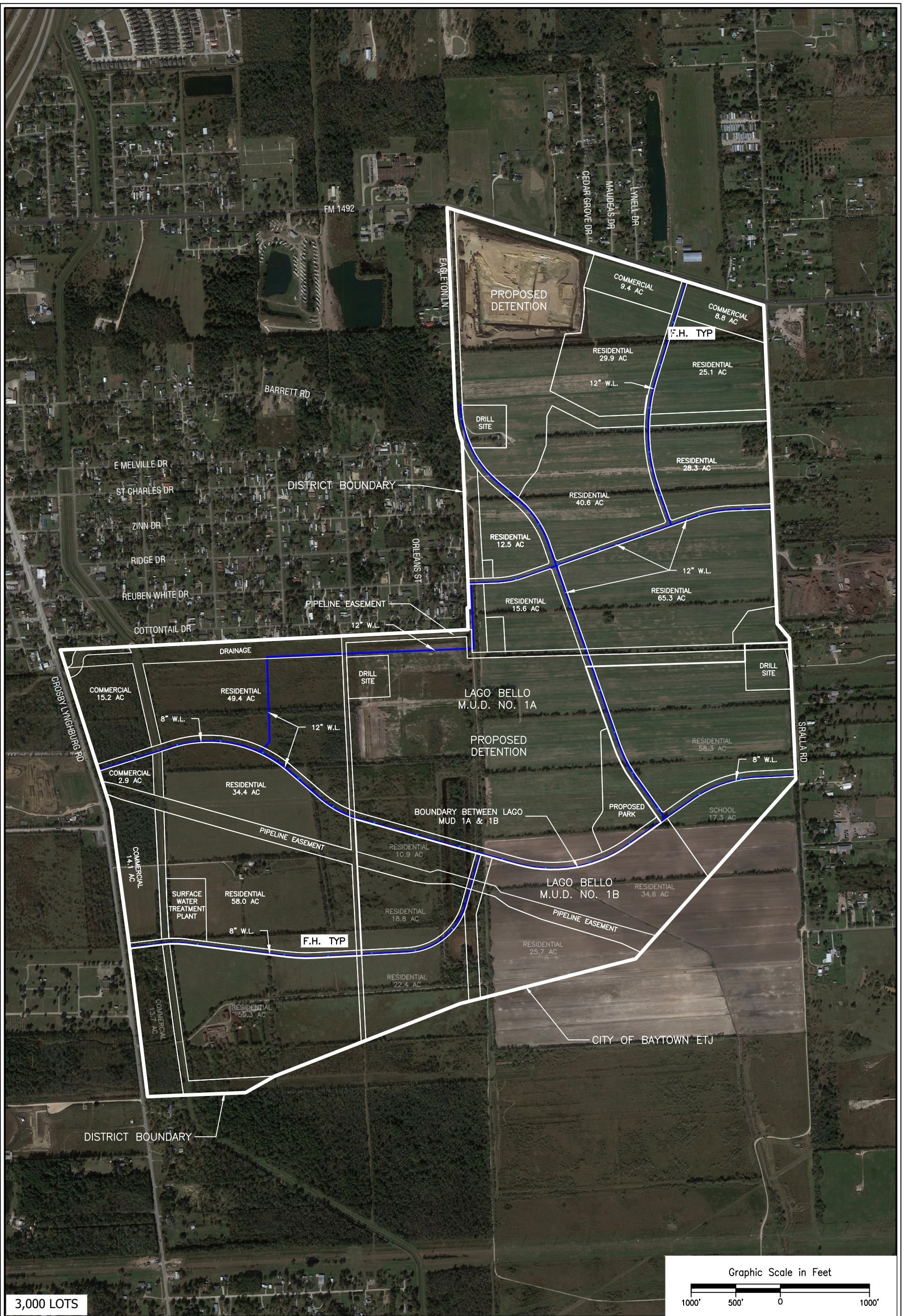
OCT. 2021

ODYSSEY
ENGINEERING GROUP
2500 Tanglewilde Street, Suite 480
Houston, Texas 77063
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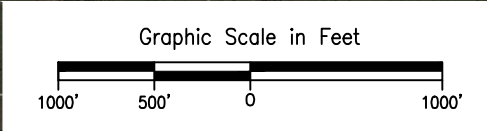
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- LEGEND**
-  HARRIS COUNTY BOUNDARY
 -  LAGO BELLO MUD 1A & 1B
 -  HARRIS-GALVESTON SUBSIDENCE DISTRICT 1
 -  HARRIS-GALVESTON SUBSIDENCE DISTRICT 2
 -  HARRIS-GALVESTON SUBSIDENCE DISTRICT 3



3,000 LOTS



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**PROPOSED LAGO BELLO
MUNICIPAL UTILITY DISTRICT NO. 1A**



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EXHIBIT 3 - WATER DISTRIBUTION LAYOUT

JUNE 2021

Conceptual Engineering Report

Raw Water Quality Assumptions

The proposed source for the Lago Bello Surface Water is the San Jacinto River Authority Canal out of Lake Houston. This canal is part of the Highlands Division of the SJRA and supplies many downstream industries. As this report is being prepared well in advance of design or treatment selections, water quality data is not available. Once data is available, the following parameters will be pertinent to treatment selection.

Parameter	Unit	Average	Maximum
Turbidity	NTU		
Color	CPU		
Total Organic Carbon	mg/l		
Alkalinity (as CaCO ₃)	mg/l		
Hardness (as CaCO ₃)	mg/l		
Cryptosporidium	Oocysts/liter		
Iron	mg/l		
Manganese	mg/l		

NTU - Nephelometric Turbidity Units

CPU - Cobalt/Platinum Units

mg/l - milligram per liter

CaCo₃ - Alkalinity and hardness measured as calcium carbonate

Treated Water Quality Goals

The treated water quality goals for the new surface water plant will be established based on the Long Term 2 Enhanced Surface Water Treatment Rule (LT 2 Rule) and Stage 2 Disinfection By-Products Rule (Stage 2 DBPR). For most parameters, the treated water quality goals will be kept the same as the primary or secondary maximum contaminant levels (MCLs) established by the US Environmental Protection Agency.

The proposed goals for finished water leaving the treatment plant are based on:

- Compliance with the existing and anticipated future drinking water regulations including the new regulations that are based on distribution system sampling,
- Achieving finished water that is aesthetically pleasing to customers, and
- Minimizing water quality impacts on the distribution system.

Sizing Criteria and Design Assumptions

1. Canal Connection and Pump Station

It is assumed that the water treatment facility will provide at least 80% of the total water demand of the two Districts (LB MUD 1A and LB MUD 1B). Ultimate buildout is approximately 3,500 connections. Using the TCEQ minimum capacity for community water systems of 0.6 gallons per minute (gpm), 80% of which is 1,680 gpm or 2.42 million gallons per day (MGD). The Lago Bello service area is surrounded by a great deal of undeveloped land, it is anticipated that future area participants may be added to the GRP and served by

this facility. A typical start-up district has 500 connections, which equates to 300 gpm, therefore, for this report, the treatment plant is assumed to be 3.0 MGD (or 2,100 gpm)

The proposed raw water pump station will have three raw water pumps. Two for firm capacity on one to serve as an emergency backup (per TCEQ rules). Each of the pumps will be rated for 1,100 gpm.

Intake connection will be a 22-inch diameter pipe with a velocity of 2.0 feet per second (fps).

Total Design Flow	3.0 MGD
Connection Pipe, in	24
Pipe Velocity, fps	2.0
Pumps, gpm/each	1,100
Number of Pumps	2 duty + 1 standby
Raw Water Feed Pump, in	15

Included in the raw water collection, the facility will have two (2) 1.5 MG ground storage tanks equal to one day treatment capacity storage.

2. Treatment Process

- A. In an effort to reduce costs and footprint of facility, preliminary equipment selection includes the Superpulsator® high rate clarification modular system, which includes flash mixing and clarification. This is proposed in lieu of a traditional clarifiers and sedimentation basin.

The rapid mix / flocculation basin will be sized for a 20 minute detention time resulting in a total volume of 45,000 gallons. The Superpulsator® will be equipped with plate settlers which allows for a loading rate of 2.0 gpm per square foot, for a total minimum area of 1,050 square feet

- B. Clarified water will then travel to the filtration basin composed of four (4) cells, each with inlet and backwash siphons and hydraulic self-backwashing weirs to maximize space. With a filtration rate of 3.6 gpm/ft² and a backwash flow rate of 18 gpm/ft². Filter media will be composed of 3" of gravel, 12" of sand and 24" of anthracite.
- C. Filtered water will enter five (5) granular activated carbon vessels, each tank being approximately 10-feet in diameter and 12 foot in height. Each vessel will have a design capacity of 0.75 MGD which allows for one to be offline for cleaning purposes but still meets the firm capacity of the plant. Filter backwash will be sent to the raw water tanks and cycled back through the treatment process. Waste from the backwash process will be sent to a thickener and dewatered via belt press.

This process will address any taste and odor issues resulting from organics in the raw water. Should the District determine that taste and odor are not an issue, other treatments may be selected or deleted altogether.

- D. Once water is filtered it will be disinfected per TCEQ requirements. Disinfection will be achieved by chlorine dioxide. This is a powerful disinfection and limits the formation of TTHMs and HHAs. Chlorine dioxide also presents less of a hazard to the public should an accidental release occur. Liquid ammonia sulfate will this be added to maintain a disinfection residual as required by state regulations.
- E. The facility will be equipped with a baffled clear well to meet the contact time (CT) required for disinfection and a 2-log removal of Cryptosporidium oocysts, a 3-log giardia CT and a 4-log virus removal (CT).

Clear well will be sized for 5% of treatment capacity (150,000 gallons per TCEQ requirements).

- F. High service pump station will pump water from the clearwell to the existing ground storage tanks at Water Plant No. 1

Total Design Flow	3.0 MGD
Transmission Pipe, in	14
Pipe Velocity, fps	4.0
Pumps, gpm/each	1,100
Number of Pumps	2 duty + 1 standby

Solids Disposal

- A. Solids generated by the clarification process will be thickened and dewatered via belt press. Supernatant decant flow from the belt press, along with filter backwash water, will be returned to the raw water tanks. A 2-meter belt press with an operation of approximately 30 hours per week is proposed.
- B. Solids will be hauled by registered sludge hauler for either land application or disposal at permitted landfill.

Emergency/Backup Power

The onsite diesel generator is not sized to accommodate treatment units. Potable water during emergencies and power outages will be supplied by Water Plant No. 1, ground storage tanks, booster pumps and well. The onsite generator will supply limited power for SCADA systems to operate the whole system, security, and limited lighting.

Instrumentation

The instrumentation and control system for the plant will include automatic controls and remote monitoring. SCADA systems will be used for communication between plants



Exhibit 5

Lago Bello Surface Water Supply Plant Preliminary Cost Estimate Groundwater Reduction Plan

Item	Description	Quantity	Unit	Unit Cost	Cost
1.	Insurance and Bonds	1	LS	\$ 900,000	\$ 900,000
2.	Site Fencing and Access Gate	1	LS	\$ 59,000	\$ 59,000
3.	Access Roads and Paving	1	LS	\$ 316,000	\$ 316,000
4.	Operations/Membrane Building	1	LS	\$ 706,000	\$ 706,000
5.	Site Grading, Drainage and Utilities	1	LS	\$ 474,000	\$ 474,000
6.	Intake Structure, Pump Station and Raw Water Storage	1	LS	\$ 3,870,000	\$ 3,870,000
7.	Superpulsator® Rapid Settler	1	LS	\$ 1,105,000	\$ 1,105,000
8.	Filters	1	LS	\$ 545,000	\$ 545,000
9.	GAC Filters	1	LS	\$ 1,502,000	\$ 1,502,000
10.	Disinfection System and Clearwell	1	LS	\$ 995,000	\$ 995,000
11.	Backwash Clarifier and Pump Station	1	LS	\$ 439,000	\$ 439,000
12.	Chemical and Polymer Feed Systems	1	LS	\$ 486,000	\$ 486,000
13.	Plant Process Piping	1	LS	\$ 1,140,000	\$ 1,140,000
14.	Sludge Thickening and Dewatering	1	LS	\$ 1,930,000	\$ 1,930,000
15.	Emergency Generator	1	LS	\$ 225,000	\$ 225,000
16.	Finished Water Pumps and Piping	1	LS	\$ 693,000	\$ 693,000
17.	Electrical and Instrumentation	1	LS	\$ 3,800,000	\$ 3,800,000
	Construction Costs				\$ 19,185,000
	Contingencies (15%)				\$ 2,878,000
	Total Construction Costs				\$ 22,063,000
	Engineering/Geeotech/CMS				\$ 3,309,000
	Total Proejct Costs				\$ 25,372,000

WATER SUPPLY CONTRACT
BY AND BETWEEN
SAN JACINTO RIVER AUTHORITY
AND
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY

EFFECTIVE: August 1, 2023

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WATER SUPPLY CONTRACT

THIS WATER SUPPLY CONTRACT ("Contract") is made and entered into and effective as of August 1, 2023 (the "Effective Date"), by and between the SAN JACINTO RIVER AUTHORITY (the "Authority"), a conservation and reclamation district and a governmental agency and political subdivision of the State of Texas, created and operating under the provisions of a series of statutes compiled as Article 8280-121, Vernon's Texas Civil Statutes Annotated, enacted pursuant to Article XVI, Section 59 of the Constitution of Texas, with offices in Montgomery County and Harris County, Texas, and LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY ("Buyer"), a conservation and reclamation district and a governmental agency and political subdivision of the State of Texas, operating under the provisions of Chapter 7990, Texas Special District Local Laws Code, Chapter 49 and Chapter 54, Texas Water Code, and Article XVI, Section 59, Texas Constitution.

RECITALS

WHEREAS, the Authority is a governmental agency of the State of Texas created for the purpose, among others, of conserving, controlling, and utilizing for beneficial purposes the waters of the State of Texas; and

WHEREAS, the Authority holds water rights issued by the Texas Commission on Environmental Quality, and its predecessor agencies (collectively, the "TCEQ"), that authorize the diversion of water from the San Jacinto River and Trinity River basins; and

WHEREAS, the Authority owns and operates, among other water supply facilities, a pump station at the Lake Houston Reservoir where the Authority is authorized to divert water from the San Jacinto River to the Authority's main canal system (the "Main Canal"), which water is conveyed to the south and east by the Main Canal to the Highlands Reservoir, and then from the

Highlands Reservoir to the eastern portion of the Authority's canal system (the "East Canal") and/or to the southern portion of the Authority's canal system (the "South Canal"), which facilities are collectively known as the "Highlands System"; and

WHEREAS, the Authority is also authorized to divert water from the Trinity River and has certain contract rights to convey such water, through facilities owned and operated by the Coastal Water Authority ("CWA") and the Authority, to the East Canal and/or to the South Canal; and

WHEREAS, the Authority also owns an interest in and operates the Lake Conroe Dam and Reservoir located in Montgomery and Walker Counties, Texas, upstream of the Highlands System on the San Jacinto River from the Lake Houston Reservoir, and has related contract rights and certain water rights issued by the TCEQ, to divert or release and use water from the Lake Conroe Dam and Reservoir, all of which water is under contract to other customers of the Authority and not available for release or for sale to or use by Buyer; and

WHEREAS, Buyer is not obligated to purchase water from the Authority and the Authority is not obligated to sell water to Buyer, other than pursuant to that certain Water Supply Contract by and between Buyer and the Authority effective as of May 1, 2023 (the "Prior Contract"); and

WHEREAS, Buyer desires to purchase, and the Authority desires to sell, water from the Highlands System for use by Buyer for treatment and ultimately retail purposes on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the adequacy and sufficiency of which is hereby acknowledged, the Authority and Buyer contract and agree as follows:

1.0. Quantities.

- 1.1. Subject only to the remaining provisions hereof, the Authority shall make available for delivery and sell to Buyer, during the term of this Contract, at the Point of Delivery (hereinafter defined), up to 1,549,000 gallons of water per day (the "Total Quantity"), for the sole use of Buyer as a source of raw surface water supply for municipal purposes in connection with the operation of the water supply, treatment, and distribution facilities owned or to be constructed or acquired by Buyer for serving the area within its existing boundaries.
- 1.2. The Authority and Buyer acknowledge that (a) pending completion of the initial construction of Buyer's water supply, treatment, and distribution facilities, tentatively estimated to occur in the year 2038, Buyer will not require the Total Quantity, and (b) Buyer seeks to contract for the Total Quantity in order to assure that sufficient water is available to Buyer upon completion of such facilities. Accordingly, the Authority and Buyer agree that a portion of the Total Quantity shall be made available for actual delivery by the Authority to Buyer (the "Demand Quantity"), and the remaining portion of the Total Quantity shall be reserved by the Authority for future delivery to Buyer (the "Reserved Quantity"), subject to the terms and conditions hereinafter specified.
- 1.3. Commencing on the effective date of this Contract and continuing through December 31, 2035, the Demand Quantity shall equal zero (-0-) gallons of water per day and the Reserved Quantity shall equal 1,549,000 gallons of water per day. Commencing on January 1, 2036 and continuing through December 31, 2040, the Demand Quantity shall equal 413,500 gallons of water per day, and the Reserved Quantity shall equal 1,135,500 gallons of water per day; provided, however, the Total Quantity, the Demand Quantity and the Reserved

Quantity are subject to adjustment as provided in the following subsection (a), and become fixed as of January 1, 2041 for the remainder of the Contract term as provided in the following subsection (b).

- a. During the period beginning on January 1, 2035 and ending on December 31, 2040 (the “Adjustment Period”), Buyer shall have the right to (i) increase (but not decrease) the then-current Demand Quantity by all or part of the then-current Reserved Quantity, in which case the Reserved Quantity shall be reduced by the amount of the increase in the Demand Quantity for the remainder of the Adjustment Period; or (ii) decrease the then-current Reserved Quantity. Buyer may exercise such right from time to time at its discretion during the Adjustment Period; provided, however, that Buyer may not exercise such right more frequently than once every six billing months unless approved by the Authority. Each exercise of such right by Buyer shall be evidenced by, and contingent upon, Buyer’s delivery of written notice to the Authority specifying, as applicable, the amount (expressed in gallons of water per day) by which (i) the Demand Quantity shall be increased, up to but not in excess of the then-current Reserved Quantity; and/or (ii) the then-current Reserved Quantity shall be reduced. The notice shall specify the billing month for which the increase of the Demand Quantity and/or the decrease of the Reserved Quantity shall be effective, but in no event later than the billing month commencing January 1, 2041, unless otherwise approved by the Authority.
- b. Effective as of January 1, 2041, and continuing for the remaining Term of this Contract, the Demand Quantity and the Total Quantity shall be one and the same amount, equal to the Demand Quantity in effect as of January 1, 2041 (i.e., 413,500

gallons per day plus any increases thereto requested by Buyer pursuant to subsection (a), above), and the Reserved Quantity shall be reduced to zero (-0-) gallons of water per day.

- c. Notwithstanding anything to the contrary herein, Buyer may terminate this Agreement with or without cause at any time prior to January 1, 2041 by providing the Authority three hundred sixty (360) days advance written notice.
- 1.4. Subject only to the provisions of Sections 11, 12, 14 and 16 hereof, the Authority shall continuously hold itself ready, willing and able to provide delivery capability sufficient to supply Buyer with a daily amount of water equal to the Total Quantity. The Authority shall be under no obligation to deliver to Buyer on any day more than the Demand Quantity; however, in the event Buyer shall request deliveries at a rate in excess of the Demand Quantity, and to the extent that the Authority can physically deliver such additional water, and if the Authority determines it is feasible do so in consideration of its obligations to other customers, and without assuming any legal obligation to continue to do so, the Authority agrees to use reasonable efforts to furnish such additional water to Buyer in quantities up to, but not in excess of, 110% of the Demand Quantity. Buyer recognizes that, due to the Authority's contractual obligations to Buyer and other customers, substantial lead time is required for the Authority to meet requests by its customers for deliveries of water in quantities in excess of contracted amounts and agrees that it will advise the Authority of variations in water demands in excess of the Demand Quantity as soon as practicable in order to maximize the amount of time within which the Authority may attempt to adjust its operations to address such needs. In the event that Buyer and other customers of the Authority simultaneously desire to increase their take of water

beyond their contract quantities and the Authority is unable to meet all of such requests, any delivery capacity the Authority may have in excess of that necessary to meet its contractual and regulatory commitments and requirements, including regulatory releases and/or contractual, municipal, industrial and/or irrigation commitments, shall, subject to the priorities and limitations of applicable law, be apportioned among the customers making such requests in the Authority's sole discretion.

2.0. Source, Quality and Characteristics.

- 2.1. The water made available to Buyer hereunder shall consist of non-potable, raw water as it occurs in the Highlands System at the Point of Delivery, regardless of the sources of such water. Buyer has satisfied itself that the water to be made available hereunder is suitable for its purposes, and Buyer agrees to take such water "as is", and the Authority does not warrant that such water shall be or continue to be of any particular quality.
- 2.2. The Authority expressly reserves the right from time to time to divert, impound or mix waters from various sources, including, but not limited to, surface water from the San Jacinto River basin and the Trinity River basin, in various quantities in the Highlands System, both upstream and downstream of the Point of Delivery. The Authority cannot and shall have no obligation to prevent or impede the diversion, impoundment or mixing of water from other sources upstream of the Highlands System by other parties including, without limitation, the City of Houston, Texas, the Trinity River Authority, or CWA.
- 2.3. The Authority shall not be responsible for ascertaining or evaluating Buyer's municipal uses or proposed municipal uses of water delivered under this Contract, and the Authority makes no representations or warranties whatsoever as to the source, quality, or characteristics of such water, or as to the suitability or fitness of such water for any

particular purpose. The Buyer agrees that any variation in the source, quality or characteristics of water contemplated for sale hereunder shall not entitle the Buyer to avoid its obligation to make full and timely payments as provided herein.

2.4. The Authority agrees to use reasonable efforts to advise Buyer as soon as practicable under the circumstances of any known or reasonably foreseeable changes in water quality which the Authority has reason to believe may adversely affect Buyer's municipal water treatment processes.

2.5. It is agreed that the Authority may take such reasonable measures, if any, it considers necessary and appropriate from time to time to prevent the pollution or contamination, regardless of cause or potential cause, of water diverted into or otherwise conveyed by the Highlands System. Nothing herein shall limit or impair the right of Buyer to assert against any third party any claim it may have to protect against pollution or contamination of the quality of the water delivered or deliverable by the Authority hereunder, and the Authority agrees to cooperate with Buyer in any such effort if, and only to the extent that, the Authority determines that it is in its best interests to do so.

3.0. Point of Delivery; Title to Water.

3.1. Unless and until otherwise mutually agreed upon in writing by the parties, the water sold hereunder shall be delivered by the Authority to Buyer at a point on or about the Highlands System mutually acceptable to the parties (the "Point of Delivery"). The location of the Point of Delivery, if and when mutually agreed to by the parties, shall be depicted on and exhibit to be attached hereto as **Exhibit A**.

3.2. Title to and possession and control of the water to be delivered hereunder shall remain in the Authority upstream of and to the Point of Delivery, whereupon, title to and possession

and control of such water shall pass to and be assumed by Buyer subject, however, to the provisions of Section 13.0 related to the rights of the Authority to wastewater effluent and return flows.

4.0. Price.

- 4.1. The parties agree and acknowledge that, pursuant to Sections 4.2 and 4.3 hereof, this is a "take or pay" contract with respect to the Demand Quantity, with a reservation fee applicable only to the Reserved Quantity. Consequently, Buyer shall bear the risks of fluctuations in Buyer's demand for water, if any, actually delivered by the Authority under this Contract, subject to the remaining provisions hereof.
- 4.2. Buyer shall for each billing month during the term of this Contract pay the Authority for the right to take delivery of the applicable Demand Quantity as a minimum, whether actually taken by Buyer or not, but only to the extent that the Authority is ready, willing and able to deliver the Demand Quantity. Such minimum monthly payment shall be in an amount equal to the applicable Demand Quantity multiplied by the applicable rate per 1,000 gallons, multiplied by the number of days in the billing month; provided, however, that for any day during the billing month on which the Authority is unable to make delivery of the applicable Demand Quantity due to shortage of water, *force majeure*, or for any other reason, Buyer shall only be required to pay for the portion of the applicable Demand Quantity which the Authority was actually capable of delivering to Buyer on such day, at the applicable rate per 1,000 gallons. If Buyer's actual take of water under this Contract on any day during any billing month is more than the applicable Demand Quantity, payment shall also be made for such water actually delivered in excess of the applicable Demand Quantity on that day at two (2) times the applicable rate.

4.3. If and to the extent there remains an applicable Reserved Quantity during any billing month during the term of this Contract, Buyer shall for each such billing month pay the Authority for the right to take delivery of the such Reserved Quantity in the future. Such monthly payment shall be in an amount equal to the applicable Reserved Quantity multiplied by the applicable reservation rate per 1,000 gallons, multiplied by the number of days in the billing month; provided, however, that for any day during the billing month on which the Authority is unable to make delivery of the applicable Demand Quantity due to shortage of water, *force majeure*, or for any other reason, Buyer shall not be required to pay the applicable reservation rate on the Reserved Quantity on such day; provided, further, that if Buyer's actual take of water under this Contract on any day during any billing month is more than the applicable Demand Quantity, Buyer shall not be required to pay the reservation rate for the quantity of water actually delivered in excess of the applicable Demand Quantity on that day. Payments due under this Section, if any, are in addition to any payments due under Section 4.2 hereof.

4.4. As used in this Contract, "billing month" shall mean the period beginning at the time of the daily meter reading on the first day of the calendar month and extending to the daily meter reading on the first day of the following calendar month. The first billing month under this Contract shall begin on the Effective Date.

5.0. Payment.

5.1. On or before the tenth (10th) day of each calendar month, or as soon thereafter as practicable, the Authority shall render to Buyer, at the address designated by Buyer, an invoice for the amounts due hereunder for the preceding billing month, together with a

statement showing the amount of water delivered by the Authority to Buyer hereunder during such billing month.

- 5.2. If, within ten (10) calendar days after receipt of any invoice, Buyer questions the clerical, arithmetical or typographical correctness of any invoice or statement, it shall promptly give notice to the Authority of its objections, and any required adjustments or corrections shall be made by correction invoice or, at the discretion of the Authority, on the ensuing monthly invoice. Unless such notice is given to the Authority within such time period, the invoice of the Authority shall be deemed to be correct.
- 5.3. Within thirty (30) calendar days after the receipt of such invoice from the Authority for each billing month, Buyer shall make payment to the Authority of the amount shown thereon. Should the amount invoiced equal or exceed \$10,000, payment shall be by electronic wire transfer, at no expense to the Authority, if the invoice shall clearly and conspicuously provide instructions for payment by electronic wire transfer, including (a) the name of the receiving bank of the Authority, (b) the Authority's account number to which payment is to be credited, and (c) the ABA number, state, city and zip code of the receiving bank. Should the amount invoiced not exceed \$10,000, Buyer shall make payment, at its option, either by electronic wire transfer in accordance with instructions included on the invoice and at no expense to the Authority, or by check delivered by United States mail to the address set forth in Section 21.0 hereof, or at such other address as, from time to time, may be designated in writing by the Authority. If an invoice does not include instructions for payment by electronic wire transfer, then payment shall be made by check delivered by United States mail to the address set forth in Section 21.0 hereof, or at such other address as, from time to time, may be designated in writing by the Authority.

5.4. Should Buyer fail to pay any amount when the same is due, interest thereon shall accrue at the rate of twelve percent (12%) per annum until paid.

6.0. Current Rate; Rate Revision.

6.1. Under that certain Rate Order (Order No. 2022-O-03) passed and adopted by the Board of Directors of the Authority on September 22, 2022, said Rate Order being incorporated herein by reference for all purposes and made available to Buyer through the Authority's internet website, the current rate applicable to the Demand Quantity delivered on a "take or pay" basis is equal to \$177.59 per acre-foot (\$0.5450 per 1,000 gallons), and the current rate applicable to the Reserved Quantity is equal to 25% of said rate, or \$44.3975 per acre-foot (\$0.1363 per 1,000 gallons).

6.2. Although it is the desire of the parties that the price for water under this Contract shall be as stable as possible, it is recognized and agreed that the Board of Directors of the Authority has the obligation and duty and shall have the power from time to time to revise the applicable rates provided in this Contract as it considers necessary to provide the revenue required for the performance of the Authority's lawful functions; provided, however, any such increases in the applicable rates for water under this Contract shall not be discriminatory as between Buyer and other similarly situated municipal users of similar size and contracting with the Authority for water on substantially the same terms and conditions and from substantially the same sources, systems and facilities; provided, however, that notwithstanding the foregoing, the Authority, in its discretion, may establish a system of credits or discounts to facilitate or encourage water reuse projects. No such rate increase(s) shall be effective until the Authority shall have given Buyer at least sixty (60) days' advance written notice thereof.

7.0. Measuring Equipment.

- 7.1. Buyer shall, at its expense, install and maintain the necessary measuring equipment, including venturi or other standard type water meters, totalizers and recording devices, with such metering equipment to be installed and maintained at the Point of Delivery, or at such other point as approved by the Authority, in such manner as will accurately meter the quantity of water delivered to Buyer hereunder.
- 7.2. Meters shall be read daily by the employees or agents of Buyer, and the date, time and the amount of water taken each day shall be reported to the Authority monthly on or before the fifth (5th) business day of the following calendar month. Unless and until mutually agreed upon and confirmed in writing by the parties, Buyer agrees to provide to the Authority by electronic mail (a) current flow meter readings on a daily basis, at approximately (± 2 hours) the same time each day, and (b) current totalizer readings as of the last calendar day of each month.
- 7.3. Subject to Buyer's reasonable security and safety requirements, the Authority shall have access to and the right to inspect at all reasonable times Buyer's measuring equipment, appliances and all pertinent records and data for the purpose of verifying the quantity of water delivered hereunder.
- 7.4. The metering equipment installed and maintained by Buyer hereunder shall be checked by representatives of Buyer and the Authority jointly on an annual basis during the month of June or as otherwise mutually agreed upon by the parties, and more often at the reasonable request of either party (the "Inspection Date"), for the purpose of determining its accuracy. In the event a representative is not designated by either party for the purpose of making such test or calibration, or such representative fails to appear, then the test and calibration

made by the other party shall be binding upon the party who fails to designate a representative or whose representative fails to appear. Any required test or calibration of the metering equipment shall be done by the employees or agents of Buyer; provided, however, that the Authority shall be given not less than five (5) business days' notice of such testing and calibration and shall be permitted to have one or more representatives present to observe such testing and calibration. If any such test shows a deviation of more than two percent (2%) from the manufacturer's tolerances, standards or specifications, such meter shall be promptly recalibrated, as nearly as practicable, to such manufacturer's tolerances, standards or specifications, and the volume of water delivered during one-half (1/2) of the period extending back to the immediately preceding Inspection Date shall be adjusted accordingly for payment purposes.

- 7.5. The Authority may, at its option and expense, install and operate one or more check meters, but unless otherwise agreed in writing by the parties, or unless Buyer's measuring equipment is out of service or not registering accurately, measurement for purposes of this Contract shall be made by Buyer's measuring equipment. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by an employee or agent of Buyer, but the reading, calibration and adjustment of such check meters shall be made only by the Authority. Should the Authority enter upon Buyer's premises for the purposes permitted above, the Authority shall exercise due care and diligence while on Buyer's premises, and all of Buyer's security and safety rules shall be strictly observed.

[THE ABOVE SECTIONS 7.1 THROUGH 7.5 ARE SUBJECT TO
AMENDMENT AS PROVIDED IN SECTION 9.2 HEREOF.]

8.0. Intake and Diversion Facilities.

- 8.1. As between the parties, Buyer shall be responsible for the installation, operations and maintenance of all raw water intake and diversion facilities for Buyer to adequately take delivery of the Demand Quantity at the Point of Delivery under varying canal water levels, including drought conditions. The cost of the intake and diversion facilities and costs associated with the design, permitting, construction, replacement, repair, operation and maintenance thereof shall be borne solely by Buyer.
- 8.2. All intake and diversion facilities shall meet any applicable rules, regulations or criteria established by the Authority, which may be revised by the Authority from time to time at its sole discretion and without the obligation to notify or obtain approval from Buyer. Intake and diversion facilities located within the Highlands System or adjacent Authority property shall not pose a threat to public safety or pose an impediment to operations and maintenance of the Highlands System or any other systems or facilities of the Authority, as determined by the Authority in its sole discretion. Buyer shall be responsible for and promptly correct, to the reasonable satisfaction of the Authority, any damage to the Highlands System or other Authority property caused by Buyer, its employees, contractors, subcontractors, consultants, subconsultants, agents, or other persons or entities over which Buyer has control and which arise out of the operation and maintenance of Buyer's intake and diversion facilities. In that event that Buyer fails to commence action to correct any such damage within a reasonable time after receiving notice from the Authority requesting same, the Authority may correct that damage and Buyer shall be invoiced for and pay all associated costs and expenses incurred by the Authority, including reasonable staff time and overhead.

- 8.3. If Buyer's intake and diversion facilities are located within the Highlands System or upon other property owned or controlled by the Authority, Buyer shall secure, and keep current, comprehensive general liability insurance coverage in the minimum amount of \$1,000,000 per occurrence, or a greater amount if required by applicable Authority rules or regulations, at all times during the term of this Agreement. Such insurance policy shall name the Authority as an additional insured party and provide a waiver of subrogation in favor of the Authority. For the avoidance of doubt, the parties specifically agree and understand that no insurance carrier shall have the right to pay for a loss and seek to recover that payment by or through a subrogation action against the Authority. Such insurance shall also be primary and not in excess of any insurance otherwise available to the Authority. Buyer shall annually provide a certificate of insurance to the Authority confirming such insurance. Upon request of the Authority, Buyer shall provide a copy of its insurance policies to the Authority.
- 8.4. Prior to commencing construction of any new, modified, or rehabilitated intake and diversion facilities, Buyer shall submit detailed plans and specifications for such facilities for review and approval by the Authority prior to construction. A legal description of the Point of Diversion shall be provided for all new, existing, modified or rehabilitated intake and diversion facilities, including bearing and distance from a known permanent survey point, the latitude and longitude in degrees, minutes, and seconds, or some other method of documenting each and every Point of Diversion approved by the Authority.
- 8.5. The Authority may require Buyer to accept conveyance of an easement from the Authority, in a form reasonably acceptable to the Authority and without monetary compensation from

Buyer, for any intake facilities located on real property owned or controlled by the Authority.

- 8.6. Buyer shall notify the Authority of the scheduled startup of any new, modified or rehabilitated intake and diversion facilities at least ten (10) business days prior to placement of such facilities into service. The Authority reserves the right to inspect such facilities at any reasonable time and subject to reasonable safety and security precautions for conformity with such approved plans and specifications.
- 8.7. Buyer shall provide prior notice to the Authority before any intake and diversion facilities are permanently removed from service, and shall abandon or remove those facilities in a manner approved by the Authority.
- 8.8. This Contract shall not be construed to require the Authority to maintain any specific water level in the Highlands System to facilitate the diversion of water from Highlands System canals by Buyer.

9.0. Special Covenants; WAIVER OF IMMUNITY; INDEMNIFICATION.

- 9.1. Buyer represents and warrants to the Authority that (a) the water purchased hereunder is to be used by Buyer at all times for municipal purposes only and will be treated, disinfected, stored, and pressurized by Buyer and will be distributed by Buyer to customers of its waterworks system situated within Buyer's existing boundaries at Buyer's sole risk and expense, and (b) the water purchased hereunder is not to be used by Buyer for the generation of electricity. Buyer acknowledges and agrees that when receiving water pursuant to this Contract and supplying such water to its customers and users, Buyer shall act in the capacity of owner and operator of a "public water system", as that term is used in the Federal Safe Drinking Water Act and related federal and state laws and regulations

and, in that regard, Buyer solely responsible for complying and shall comply with all governmental rules, regulations and laws relating to the protection of the health and welfare of Buyer's customers and users, including, but not limited to, keeping all necessary records and performing all necessary testing, monitoring, treatment and pressurization, and the Authority shall have no responsibility with respect thereto.

- 9.2. The parties acknowledge that it may be beneficial to the Authority's operations, enhance the Authority's ability to account for water, facilitate the recordation of water delivered under this Contract, relieve Buyer of the burden of reading the measuring equipment at the Point of Delivery on a daily basis, and promote accurate and prompt invoicing by the Authority to the Buyer if, in the future, the Authority were to install, operate and maintain the necessary metering equipment at the Point of Delivery and, at the Authority's option and discretion, remotely read the measuring equipment and collect data through communication lines and facilities as an alternative or in addition to manual reading of the measuring equipment. Accordingly, the Authority may, at its sole option, provide notice to Buyer that Sections 7.1 through 7.5 hereinabove shall be amended, superseded and replaced in all respects for the remaining term of this Contract by Sections 7.1 through 7.6 as set forth in **Exhibit B** attached hereto, effective not earlier than sixty (60) calendar days after receipt of such notice by the Authority.
- 9.3. The Authority and Buyer agree that this Contract constitutes an agreement for the provision of goods and services, states all the essential terms relevant to the subject matter hereof, and has been properly executed by authorized representatives of the parties; therefore, the parties waive sovereign immunity and expressly consent to be sued and to be liable to the limited extent necessary for adjudicating any and all claims for breach of this Contract in

accordance with and subject to the provisions of the Subchapter I, Chapter 271, Texas Local Government Code, as amended, and any successor statute.

- 9.4. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, BUYER HEREBY AGREES THAT, TO THE EXTENT ALLOWED BY LAW, IT WILL WAIVE ALL CLAIMS AND INDEMNIFY, DEFEND, AND HOLD HARMLESS THE AUTHORITY, ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, LOSSES, DAMAGES, SUITS, LIABILITY, COSTS AND EXPENSES, INCLUDING EXPENSES OF LITIGATION, SUCH AS COURT COSTS AND ATTORNEY'S FEES, FOR LOSS OR DAMAGE TO ANY PROPERTY AND FOR INJURIES TO OR SICKNESS OR DEATH TO ANY PERSON, INCLUDING BUT NOT LIMITED TO, ANY OF THE BUYER'S BOARD OF DIRECTORS, EMPLOYEES OR INVITEES, OR ANY OF ITS CONTRACTOR'S OR SUBCONTRACTOR'S OFFICERS, EMPLOYEES OR INVITEES OF ANY OF THEM, OR ANY CUSTOMER OF BUYER, WHICH MAY BE CAUSED BY, ARISE OUT OF, OR RELATE, DIRECTLY OR INDIRECTLY, TO (I) ANY DEFECT IN OR THE CONDITION OF THE AUTHORITY'S PREMISES, INCLUDING BUT NOT LIMITED TO THE RAW WATER CANALS, SIPHON STRUCTURES, AND OTHER IMPROVEMENTS COMPRISING THE HIGHLANDS SYSTEM, OR TO ANY DEFECT IN OR THE CONDITION OF ANY FACILITIES, EQUIPMENT, TOOLS OR OTHER ITEMS WHICH MAY BE PROVIDED BY THE AUTHORITY HEREUNDER, WHETHER OR NOT SUCH DEFECT OR CONDITION WAS KNOWN BY THE AUTHORITY, OR (II)

THE QUALITY OR CONDITION OF ANY WATER SUPPLIED HEREUNDER BY THE AUTHORITY.

10.0. Resale, Exchange, Transfer, or Assignment.

10.1. The water furnished by the Authority to Buyer under this Contract shall be used for municipal purposes only in connection with the operation of the water supply, treatment, and distribution facilities owned or to be constructed or acquired by Buyer for serving the area within its existing boundaries. Buyer shall not directly or indirectly resell or exchange any water purchased under this Contract to any party, person, customer, or other user outside of its existing boundaries, nor shall it transfer or assign this Contract, in whole or in part, without the express written consent of the Authority, which consent may be given or withheld in the sole discretion of the Authority, and any such attempted resale, exchange, transfer, or assignment without such consent of the Authority shall be void; provided however, (i) Buyer may transfer or assign this Contract, in whole or in part, to Lago Bello Municipal Utility District No. 1B (“Lago 1B”), (ii) Buyer may resell or exchange water purchased hereunder to Lago 1B, and (iii) Lago 1B may resell or exchange water purchased hereunder to Buyer should Buyer transfer or assign its rights hereunder, in whole or in part, to Lago 1B.

11.0. Shortage of Water.

11.1. Buyer acknowledges that the Authority may be prevented, in whole or in part, from furnishing water to Buyer in accordance with the provisions of this Contract as a result of (a) drought conditions which restrict, prohibit or otherwise limit the ability of the Authority to divert water from the San Jacinto River or Trinity River basins or otherwise convey water through the Highlands System pursuant to its water rights and/or contract rights, (b)

action or inaction by third parties, including governmental agencies with jurisdiction, which may (i) restrict, prohibit or otherwise limit the ability of the Authority to divert water from the San Jacinto River or Trinity River basins or otherwise convey water through the Highlands System pursuant to its water rights and/or contract rights, or (ii) impact the implementation and/or enforcement of the Authority's water conservation and drought contingency plans, or (c) other causes beyond the Authority's reasonable control. The parties agree that such circumstances shall constitute *force majeure* under Section 14.1 of this Contract and that, in addition to the applicable provisions of Sections 14.1 and 14.2 of this Contract, and if and to the extent the Authority is reasonably capable of making such determination, the Authority will notify Buyer as soon as reasonably practicable that such circumstances are likely to occur in the foreseeable future.

11.2. Buyer acknowledges that prudent operations and maintenance practices may require the construction, reconstruction, rehabilitation, replacement, repair or other modification by the Authority of facilities comprising a part of the Highlands System. If and to the extent the Authority determines that such operations and maintenance will require a planned curtailment of the water to be delivered to Buyer under this Contract, the Authority shall notify Buyer as soon as reasonably practicable and make a good faith effort to coordinate with Buyer on a mutually acceptable time and manner of curtailing the delivery of water.

12.0. Water Conservation and Drought Contingency Plans.

12.1. Buyer shall develop and implement water conservation and drought contingency plans to conserve water resources and to promote practices that will reduce loss or waste of water, improve efficiency in the use of water, or increase the recycling and reuse of water. Buyer's water conservation plan and drought contingency plan shall be at least equal to or

more stringent than that adopted by the Authority, and Buyer shall comply with all requirements of the TCEQ, Texas Water Development Board, and any other federal, state or local regulatory agency with jurisdiction. Buyer shall forward its water conservation plan and drought contingency plan to the Authority for its review and approval within one hundred eighty (180) calendar days following the date the Authority adopts any revision to its existing water conservation and drought contingency plans.

- 12.2. Upon written request from the Authority, Buyer shall report progress made in implementation of its water conservation and drought contingency plans on an annual basis on or before February 1st of each year during the term of this Contract. Buyer shall amend its water conservation and drought contingency plans to reflect revisions to the Authority's plans, programs, and rules within one hundred eighty (180) calendar days after notice from the Authority of the adoption of such revisions.

13.0. Wastewater Effluent and Return Flows.

To the extent Buyer discharges wastewater effluent or return flows that result, directly or indirectly, from the water supplied by the Authority under this Contract, and as between the parties hereto, the Authority shall be exclusively entitled to the further use of or reuse of such water, without compensation, credit or offset to Buyer. Buyer further agrees to provide financial information and support, as necessary, for the Authority to obtain permit rights to such wastewater effluent or return flows from applicable agencies with jurisdiction over same.

14.0. Force Majeure.

- 14.1. If either party becomes unable to carry out its obligations under this Contract, other than accrued obligations to make payments, for reasons of *force majeure*, it is agreed that the

performance of such obligations shall be suspended until the cause of such *force majeure* shall be remedied; provided, however, that the party invoking *force majeure* shall use all reasonable efforts to remedy the cause with all due dispatch. For purposes of this Contract, the term "*force majeure*" shall include only acts of God, epidemics, pandemics, organized labor strikes, lockouts or other similar industrial disturbances, wars, explosions, fires, breakage or accidents to the Authority's machinery, canals or supply of water beyond the Authority's reasonable control, lightning, floods, tropical storms, hurricanes, tornados, droughts and other extreme weather conditions, washouts, acts of upstream appropriators or dischargers of effluent beyond the Authority's reasonable control, or other causes beyond the reasonable control of the party concerned and directly affecting the Authority's ability to perform its obligations hereunder or Buyer's or an Affiliate's municipal water treatment facilities utilizing the water herein sold and purchased, and such term shall also include the destruction or damage of such facilities of Buyer or its Affiliates to the extent that such facilities are inoperable. It is understood that the requirement for remedy with all reasonable dispatch shall not require settlement of strikes or lockouts by acceding to the demands of the opposing party. It is further understood and acknowledged that, notwithstanding the foregoing or any other provision of this Contract, the Authority shall have the right, but never the obligation, to release water from the Lake Conroe Dam and Reservoir to furnish water to Buyer in response to a *force majeure* event, including, but not limited to, a drought or shortage of water supply.

- 14.2. A party invoking the *force majeure* provisions under Section 14.1, above, shall give notice as soon as reasonably practicable to the other party. Such notice shall describe the cause of the *force majeure* in reasonable detail and, if reasonable under the circumstances,

provide an estimated date on or before which the cause of the *force majeure* is anticipated to be remedied.

- 14.3. Notwithstanding any other part or provision hereof, should Buyer invoke the *force majeure* provisions under Section 14.1, then it is agreed that (a) under no circumstances shall Buyer's obligations under this Contract be suspended for more than one year, commencing on the date of receipt by the Authority of the notice required under Section 14.2, and (b) if the *force majeure* event cannot reasonably be remedied by Buyer within thirty (30) calendar days of the date of receipt by the Authority of the notice required under Section 14.2, then while Buyer's obligations under this Contract are suspended due to *force majeure*, Buyer shall pay the Authority for water actually taken, if any, at the applicable rate per 1,000 gallons.

15.0. Term and Extension.

- 15.1. This Contract shall be in force and effect for a term of thirty (30) years, commencing on the Effective Date hereof; provided, however, unless Buyer provides written notice of its intent not to renew at least one (1) year in advance of the scheduled expiration of such term, this Contract shall be automatically extended on the same terms and conditions for (a) an additional term of ten (10) years from the scheduled expiration date; and (b) the same Demand Quantity. This Section shall not be construed to limit the right of the Authority to terminate this Contract under Section 17.2 hereof or the right of Buyer to terminate this Contract under Section 1.3(c) hereof.
- 15.2. Buyer hereby expressly acknowledges that it shall have no right or entitlement to purchase or receive water following the expiration of the term of this Contract, and that any rights the Buyer may have to water during the effectiveness of this Contract are derived solely

and exclusively from the provisions set forth herein, and not by any other legal or equitable source.

16.0. Laws and Regulations; Severability; Interpretation of Contract.

16.1. This Contract shall be construed in accordance with and governed by the laws of the State of Texas, and venue shall be in a court of competent jurisdiction located in Montgomery County, Texas.

16.2. This Contract shall be subject to all necessary approvals of the TCEQ, or its successors, and to all present and future valid laws, orders, rules and regulations of the United States of America and the State of Texas, and of any regulatory body of the United States or the State of Texas having jurisdiction over the subject matter hereof. In case of drought or severe shortages of water, the parties acknowledge and agree that the water available to the Authority and to Buyer hereunder may be apportioned as required by applicable law or regulation, notwithstanding any provision of this Contract.

16.3. If any part or provision of this Contract or the application of same to any circumstance shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, the illegality, invalidity or unenforceability of such provision or application shall not affect or impair any of the remaining provisions and applications hereof.

16.4. The titles assigned to the various Sections of this Contract are for convenience of reference only and shall not be restrictive of the subject matter of any such Section or otherwise affect the meaning, construction or effect of any part hereof.

17.0. Default and Remedies.

17.1. Notwithstanding anything herein to the contrary, no party shall be deemed to be in default hereunder until the passage of thirty (30) calendar days after receipt by such party of notice

of default from the other party. Upon the passage of thirty (30) calendar days without cure of the default, such party shall be deemed to have defaulted and breached this Contract.

17.2. Time is of the essence to this Contract. In the event of a payment default on the part of Buyer that shall continue for thirty (30) calendar days or more, the Authority shall have the right, but not the obligation, to suspend deliveries of water to Buyer hereunder. In the event of a payment default on the part of Buyer that shall continue for ninety (90) calendar days or more, the Authority shall have the right, but not the obligation, to terminate this Contract. The exercise of such rights shall be in addition to all other remedies available hereunder or at law or in equity.

17.3. The failure of any party hereto to insist in any one or more instances upon performance of any of the terms, covenants or conditions of this Contract shall not be construed as a waiver or relinquishment of the future performance of any 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.

17.4. All rights, powers, privileges and authority of the parties not governed, restricted or affected by the express terms and provisions of this Contract shall be and are hereby reserved by the parties and may be exercised and enforced from time to time and as often as may be deemed necessary and proper by the parties.

18.0. Limitation on Damages.

In no event shall either party be deemed liable to the other for incidental, indirect, consequential, exemplary or special damages resulting from or arising out of this Contract, including without limitation, loss of profits, anticipated profits or business interruptions, howsoever they may be caused.

19.0. Benefits; No Third-Party Beneficiaries; No Joint Venture.

19.1. This Contract shall be deemed to be for the sole and exclusive benefit of the Authority and Buyer, and their respective legal successors and permitted transferees or assignees, and shall not inure, directly or indirectly, to the benefit of any other person, firm or entity whatsoever. The Authority and Buyer agree that there are no third party beneficiaries, whether express or implied, to this Contract.

19.2. This Contract shall not be construed as in any way establishing a partnership or joint venture, express or implied agency, or employer-employee relationship between the parties. In particular, Buyer acknowledges and agrees that after receiving water pursuant to this Contract, Buyer shall be solely responsible for complying and shall comply with all governmental rules, regulations and laws relating to the use, re-use, loss, waste, evapotranspiration, conservation, testing, monitoring, discharge or other disposition thereof, and the Authority shall have no responsibility whatsoever with respect thereto, unless and to the extent required by applicable law or regulation as a result of the exercise of the Authority's rights to Buyer's wastewater effluent or return flows pursuant to Section 13.0 hereof or otherwise.

20.0. Modification.

Except as otherwise provided in Section 9.2 hereof, this Contract shall be subject to change or modification only with the mutual written consent of the Authority and Buyer.

21.0. Notices.

Unless otherwise provided in this Contract, any notice, communication, request, reply or advice herein provided or permitted to be given, made or accepted by any party must be in writing and shall be given (a) by telefax or e-mail to the other party at the telefax number

or e-mail address set forth below, with a hard copy of same mailed within forty-eight (48) hours by certified mail (return receipt requested), with proper postage affixed thereto and addressed to such party at the address set forth below, or (b) by the mailing of same by certified mail (return receipt requested), with proper postage affixed thereto and addressed to the other party at the address set forth below. Notice by telefax or e-mail shall be effective upon actual receipt, or in the event same cannot be determined, upon receipt of the hard copy sent by certified mail. Notice by certified mail shall be effective when actually received, as reflected on the corresponding return receipt. For the purpose of giving notice, the addresses of the parties shall be, until changed as hereafter provided, as follows:

If to the Authority:

General Manager
San Jacinto River Authority
P. O. Box 329
Conroe, Texas 77301
Telefax: (936) 588-3043
E-mail: legalnotices@sjra.net

If to Buyer:

Lago Bello Municipal Utility District No. 1A of Harris County
c/o Coats Rose
9 Greenway Plaza, Suite 1000
Houston, Texas 77046
Telefax: (713) 890-3958
E-mail: jcannon@coatsrose.com

Any party may change the address for notice or facsimile number by giving notice of the change to the other party at least ten (10) business days before the change becomes effective.

22.0. Conflicts of Interest.

No director, employee or agent of Authority shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Contract, or enter into any business arrangement with any director, employee or agent of Buyer or any Affiliate, other than as a representative of Buyer, without prior notification thereof to Buyer.

23.0. Effective Date.

This Contract shall be effective and binding upon the parties hereto from and after the Effective Date set forth hereinabove, once duly executed by and delivered to each of the parties.

24.0. Authority to Enter Into Contract.

Each party represents and warrants to the other party that it is authorized to enter into this Contract by the Constitution and laws of the State of Texas. Buyer further represents that this Contract has been approved by Buyer's Board of Directors and that the undersigned representative of Buyer has been duly authorized to execute this Contract on behalf of Buyer. The Authority further represents that this Contract has been approved by the Authority's Board of Directors and that its undersigned General Manager has been duly authorized to execute this Contract on behalf of the Authority.

25.0. Final Agreement.

The parties agree and acknowledge that this Contract constitutes the final and complete agreement between the parties related to the sale of water from the Highlands System to Buyer for the Facilities. This Contract supersedes and replaces all prior agreements (specifically including the Prior Contract referenced in the recitals hereinabove),


amendments and extensions between the parties related to the sale of water from the Highlands System to Buyer, whether written or oral, as of the Effective Date, except that any payment obligation accrued under any such prior agreements, amendments and extensions shall survive until satisfied in full.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed and effective as of the Effective Date in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute and be one and the same instrument, and the signature pages of which may be removed and aggregated to form one Contract reflecting execution by both parties. The parties hereby agree that each party may sign and deliver this Contract electronically or by electronic means and that an electronic transmittal of a signature, including but not limited to, a scanned signature page, will be as good, binding, and effective as an original signature.

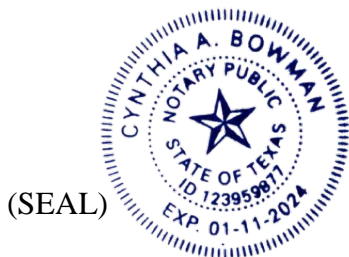


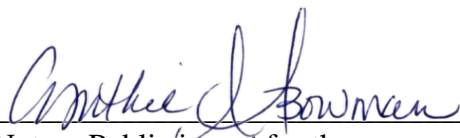
SAN JACINTO RIVER AUTHORITY

By: 
 Ed Shackelford, PE,
 Acting General Manager

THE STATE OF TEXAS §
 §
 COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on this 21st day of July, 2023, by Ed Shackelford, PE, Acting General Manager of the San Jacinto River Authority, a political subdivision of the State of Texas, on behalf of said political subdivision.




 Notary Public in and for the
 State of T E X A S

LAGO BELLO MUNICIPAL UTILITY DISTRICT
NO. 1A OF HARRIS COUNTY

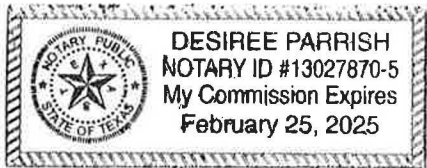
By: [Signature]
Name: JAVIER HERNANDEZ
Title: PRESIDENT



THE STATE OF TEXAS
COUNTY OF HARRIS

§
§
§

This instrument was acknowledged before me on this 11th day of July,
2023, by Javier Hernandez, President of Lago Bello
Municipal Utility District No. 1A of Harris County, a political subdivision of the State of Texas,
on behalf of said political subdivision.



(SEAL)

[Signature]
Notary Public in and for the
State of T E X A S

Exhibit A

Map of Point of Delivery

[To Be Determined. Reference Section 3.1.]



Exhibit B

Alternative Metering Provisions Available at Option of the Authority

[Reference Section 9.2]

7.1. Except as may be otherwise mutually agreed upon and confirmed in writing by the parties, the Authority shall, at its expense, install and maintain (a) the necessary measuring equipment, including venturi or other standard type water meters, totalizers and recording devices, with such metering equipment to be installed and maintained on Buyer's property at the Point of Delivery in such manner as will accurately meter the quantity of water delivered to Buyer hereunder, and (b) data communication lines and related facilities on Buyer's property so that the Authority may, at its option and discretion, remotely read such measuring equipment as an alternative or in addition to manual reading of such measuring equipment. At each such stage of completion of the draft design plans and specifications for the measuring equipment and communication facilities, Buyer shall review the plans and specifications submitted and provide the Authority with any comments within fifteen (15) calendar days of the Buyer's receipt of same. The Authority agrees to use good faith efforts to revise or modify the plans and specifications in response to the Buyer's comments as necessary and appropriate. To the extent such measuring equipment and communication facilities shall be located upon the Buyer's real property, Buyer shall convey an easement for such purposes to the Authority in a form reasonably acceptable to the Authority. Buyer shall not unreasonably withhold approval for the Authority's proposed facilities and conveyance of the easement. The Authority and its contractor for these facilities shall have access to and the rights to install, operate, maintain, repair and rehabilitate measuring equipment, recording devices and associated facilities within the easement area, in

accordance with the terms of the easement, and subject to the reasonable security and safety requirements of Buyer.

- 7.2. Notwithstanding Section 7.1 hereof, if any new, modified, or rehabilitated intake facilities constructed by Buyer shall require the Authority to install additional measuring equipment or communication facilities, or replace or modify existing measuring equipment or communication facilities under Section 7.1 hereof, Buyer shall be responsible for the costs of same and shall reimburse the Authority its reasonable costs to install, replace or modify such measuring equipment or communication facilities within thirty (30) calendar days of receipt of notice of such costs submitted by the Authority.
- 7.3. Meters shall be read at approximately (\pm 2 hours) the same time on a daily basis by the employees or agents of the Authority, and the date, time and the amount of water taken daily shall be reported on the Authority's monthly invoice to Buyer.
- 7.4. Buyer shall have access to and the right to inspect at all reasonable times the Authority's measuring equipment, communication facilities, appliances and all pertinent records and data for the purpose of determining the quantity of water delivered hereunder; provided, however, that the Authority shall be given not less than five (5) business days' notice of the inspection of measuring equipment, communication facilities or appliances, and related records and data, and shall be permitted to have one or more representatives present to observe such testing and calibration.
- 7.5. The metering equipment installed and maintained by the Authority hereunder shall be checked by representatives of Buyer and the Authority jointly on an annual basis during the month of June or as otherwise mutually agreed upon by the parties,, and more often at the reasonable request of either party (the "Inspection Date"), for the purpose of

determining its accuracy. In the event a representative is not designated by either party for the purpose of making such test or calibration, or such representative fails to appear, then the test and calibration made by the other party shall be binding upon the party who fails to designate a representative or whose representative fails to appear. Any required test or calibration of the metering equipment shall be done by the employees or agents of the Authority; provided, however, that Buyer shall be given not less than five (5) business days' notice of such testing and calibration and shall be permitted to have one or more representatives present to observe such testing and calibration. If any such test shows a deviation of more than two percent (2%) from the manufacturer's tolerances, standards or specifications, such meter shall be promptly recalibrated, as nearly as practicable, to such manufacturer's tolerances, standards or specifications, and the volume of water delivered during one-half (1/2) of the period extending back to the immediately preceding Inspection Date shall be adjusted accordingly for payment purposes.

- 7.6. Buyer may, at its option and expense, install and operate one or more check meters, but unless otherwise agreed in writing by the parties, or unless the Authority's measuring equipment is out of service or not registering accurately, measurement for purposes of this Contract shall be made by the Authority's measuring equipment. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by an employee or agent of the Authority, but the reading, calibration and adjustment of such check meters shall be made only by Buyer.

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
COUNTY OF HARRIS §
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY §

We, the undersigned officers of the Board of Directors (the "Board") of Lago Bello Municipal Utility District No. 1A of Harris County (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on the 10th day of October, 2023, at a designated meeting place outside the boundaries of the District, and the roll was called of the members of the Board, to-wit:

Javier Hernandez	-	President
Walt Krey	-	Vice President
Janet Baccus	-	Secretary
Robert John McClelland	-	Assistant Secretary
Jennifer Young	-	Assistant Secretary

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

ORDER ADOPTING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ESTABLISHING A DROUGHT CONTINGENCY PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF

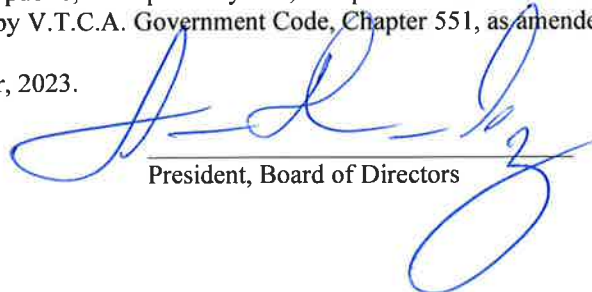
was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Order be adopted; and, after due discussion, such motion, carrying with it the adoption of said Order, prevailed and carried by the following vote:

AYES: All Present

NOES: None

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 said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; 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 each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by V.T.C.A. Government Code, Chapter 551, as amended.

SIGNED AND SEALED this 10th day of October, 2023.



President, Board of Directors



Secretary, Board of Directors



ORDER ADOPTING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS;
ESTABLISHING A DROUGHT CONTINGENCY PLAN; ESTABLISHING CERTAIN OTHER
POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF

THE STATE OF TEXAS §
COUNTY OF HARRIS §
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY §

WHEREAS, the Board of Directors (the “Board”) of Lago Bello Municipal Utility District No. 1A of Harris County (the “District”) desires to adopt an Order and Rules and Regulations establishing the rates and conditions under which water and sanitary sewer service will be provided (this “Order” or “Rate Order”); and

WHEREAS, the Board of the District has determined that it is in the best interest of the District to adopt this Rate Order;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY THAT:

Section 1. Definitions. For purposes of this Order, the following words or terms shall have the following meanings:

1.01. “Builder” shall mean an entity which is constructing a house on a lot for resale to the public.

1.02. “Commercial” shall mean and include any office building, hotel, retail store, clubhouse, warehouse, service station, or other establishment rendering a service or offering a product for sale to the public, and any establishment not generally considered a single-family residence.

1.03. “Commercial Waste” shall mean liquid carried sanitary sewage discharged from Commercial Customer Connections which is properly shredded and amenable to biological treatment and which may contain trace amounts of sand, grit, lubricants and establishments such as service stations and car wash facilities.

1.04. “Community Association” shall mean a private, non-governmental entity that is organized as “not-for-profit” under Texas law as a homeowner or property owner association.

1.05 “Customer” shall mean the person, firm, corporation or other entity which receives District services for a Residential, Commercial, Multi-family, or other structure, whether the owner, renter, Builder or lessee thereof. Inasmuch as this Order hereinafter makes it mandatory for each such structure to be connected to the District’s System as soon as the District’s System becomes operable, the term “Customer” shall mean and include the person, firm, corporation or other entity which requests District services for such structure at the time service becomes available to said structure.

1.06. “Customer Connection” shall mean each separately metered Residential, Commercial or Multi-family structure that is physically connected to the District's System, whether occupied or not, and where appropriate, shall refer to the point of physical connection of such facility to the District's System.

1.07. “Customer Service Inspection Certification” shall mean the inspection and subsequent certification required to be provided to the District in the instances and in the manner set forth in this Order, and which shall be evidenced by the completion of a form in substantially the form attached to this Order as Appendix “1” to Exhibit “B”.

1.08. “Delinquent Bill” shall mean a bill for water and/or sanitary sewer service and/or other services, penalties and/or other charges of any nature hereunder imposed by the District, whether hereunder or pursuant to the District's Wastewater Control Order, which has not been paid by the due date printed on the bill.

1.09. “District's Engineer” shall mean the person, firm or corporation which the District has engaged to provide engineering services for the District.

1.10. “District's Operator” shall mean the person, firm, corporation, municipal corporation or political subdivision with which the District has contracted for operation and maintenance of the District's System.

1.11. “Domestic Waste” shall mean liquid carried sanitary sewage discharged from Residential Customer Connections which is properly shredded and amenable to biological treatment, which is normally discharged from Residential food preparation and bathroom facilities, and which has biological oxygen demand (5-day) and total suspended solids concentrations not exceeding 200 milligrams per liter.

1.12. “Equivalent Single-Family Connection” or “ESFC” shall mean the amount of capacity allocated to a commercial customer expressed in terms of the amount of capacity used by a single-family residence, based on the volume and type of wastewater discharge as determined by the District Engineer.

1.13. “Governmental and Non-Profit Entity” as used in reference to “initial connection to the System,” shall mean the owner of any property within the District that is exempt from the payment of ad valorem taxes levied by the District and is a customer who is a political subdivision of the State of Texas, or a private, non-governmental entity that is organized as “not-for-profit” under Texas law and is not a homeowner or property owner association.

1.14. “Health Hazard” shall mean a cross-connection, potential cross-connection, or other situation involving any substance that could, in the opinion of the District, cause death, illness, or spread of disease, or which has a high probability of causing such effects if introduced into the District's potable drinking water supply.

1.15. “Industrial Waste” shall mean waste other than Commercial Waste and Domestic Waste.

1.16. “Multi-family” shall mean the individual dwelling units served through the Multi-family Residential Connection's master meter and all individual dwelling units served by a master meter.

1.17. “Multi-family Residential Connection” shall mean all multiplex, residential connections which are served by a master meter, including apartments, motels, hotels, townhouses, and condominiums.

1.18. “Public Space User” shall mean any user of the District’s system to serve areas open to all members of the public, all residents of the District including, but not limited to esplanades, lakes, recreational areas or green spaces (“Public Spaces”).

1.19. “Rate Schedule” shall mean the schedule of rates set by the District for water and sanitary sewer services as well as any and all necessary services provided by the Districts' consultants on behalf of or for the benefit of the District's Customers, whether in-District or out-of-District, residential, commercial, governmental or charitable organizations, as set forth on Exhibit “A” attached hereto, which rates may be amended from time to time by the District's Board of Directors.

1.20. “Residential” shall mean and include only single family residences.

1.21. “State Approved Plumbing Code” is a set of rules governing plumbing practices which are at least as stringent and comprehensive as one of the following nationally recognized codes:

- a. Southern Standard Plumbing Code.
- b. Uniform Plumbing Code.
- c. National Standard Plumbing Code.

1.22. “System” as used herein, shall mean the water and/or sanitary sewer and/or storm sewer facilities of the District and all extensions and additions thereto, whether now in place or hereafter constructed.

Section 2. Initial Connections to the District's System (“Taps”).

2.01. Requirement to Connect to the District's System. Each structure within the District requiring water and/or sanitary sewer services shall be physically connected to the District's System as soon as the District has made water and sanitary sewer services available to such structure pursuant to the provisions contained herein. It is the policy of the District that all properties within the District shall be physically connected to both the sanitary sewer System and water System of the District. In the event that both water and sanitary sewer services are not available to a property at the time a Customer Connection is applied for, the Board of Directors, in its sole discretion, may permit connection to the water System or sanitary sewer System upon determination by the District that an acceptable alternative water source or wastewater treatment source is available to such property. If both water and sanitary sewer services do not become available at the same time, and if the District permits connection to the water System or sanitary sewer System without requiring connection to both, the water connection must be made at the time water service becomes available and the sanitary sewer connection must be made at the time sanitary sewer service becomes available.

2.02. Application for Water and Sanitary Sewer Connections. Each person desiring initial water and sanitary sewer service connections to the District's System shall notify the District's Operator and sign and complete an application for such service and pay such fees as established by this Rate Order. The application form may be amended by the District from time to time, as deemed appropriate, without the necessity of an amendment to this Rate Order. No physical connection to the District's System shall be made until such application has been completed and such fees have been paid.

2.03. Tap Fees. Tap fees shall be collected from the applicant by the District's Operator before physical connection is made to the District's System (which fees shall include the meter and meter box and installation thereof) as set forth on the Rate Schedule attached hereto as Exhibit "A".

2.04. Policies Governing Initial Connections.

(a) Certification. Subject to the provisions of Section 2.01 hereof, physical connection shall not be made to the District's System until the District's Engineer has certified that the System is operational. Continuous water service shall not be provided to any Customer until (i) an acceptable sanitary sewer connection (except as to water service only Customers) has been made; (ii) all inspections required pursuant to Section 2.05 hereof have been performed; (iii) any deficiencies or damages noted during said inspections have been corrected and/or paid for; and (iv) a properly completed Customer Service Inspection Certification has been provided to the District.

(b) Availability of Access. Upon application for Customer Connection, the applicant shall grant an easement of ingress and egress to and from the water meter for such installation, maintenance and repair as the District, in its judgment, may deem necessary. Physical connection will not be made when, in the opinion of the District's Engineer or the District's Operator, the work area is obstructed by building materials and debris or the work area is not completed to finished grade. When sidewalks, driveways or other improvements have been constructed prior to application for Customer Connection, such application shall be construed and accepted as a waiver of any claim for damages to such improvements resulting from the reasonable actions of the District's Operator relative to the installation of the Customer's connection to the District's System.

(c) Property of District. All meters, fittings, boxes, valves and appurtenances installed shall remain the property of the District.

(d) Connections by District Operator. Physical connection to the District's water System shall be made by the District's Operator unless specified otherwise by the Board of Directors of the District. Physical connection to the District's sanitary sewer System shall be made in accordance with the District's Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections and in accordance with Section 2.05 hereof. No person, other than the properly authorized agents of the District, shall be permitted to make any connection to the District's water System, except for emergency fire-fighting purposes, or make any repairs or additions to our alterations in any meter, box, tap, pipe, cock or other fixture or appurtenance connected with the water service, or any manhole, main, truck or appurtenance of the District's sanitary sewer or storm sewer System except by the written permission of the Board of Directors of the District.

(e) Submission of Plans for Connections. Each applicant for a Customer Connection, other than a Residential Customer Connection, shall, not less than thirty (30) days prior to the requested connection date, submit to the District's Engineer or other party designated by the Board of Directors of the District, the following information:

(1) Water, sanitary sewer, and drainage plans and specifications for the property for which the connection is sought signed and sealed by a Registered Professional Engineer of the State of Texas indicating estimated volumes of water or effluent, details of building plumbing, materials to be used and the location, size and number of proposed connections to the District's System;

(2) The legal description of the land to be served by the District's System and a copy of the recorded plat of same; and

(3) A general description of the type of proposed establishment and, if applicable, a description of the special measures taken in order to prevent any possible Industrial Waste and/or unauthorized Commercial Waste from entering the District's sanitary sewer System.

In recognition of the District's obligation to protect and maintain public health, the District's Engineer or other party designated by the Board of Directors of the District shall review the information presented and may approve or reject the application, request that further information be submitted prior to approval of the application, or require modifications to be made to the plans, including without limitation, requiring the installation of backflow preventers, grease traps, grinders, sampling wells, and/or pretreatment units as may be deemed necessary or appropriate for the protection of the District's System. The Customer shall be responsible for payment of all costs in connection with the review of said information. Simultaneously with submitting plans and specifications for review and approval, the applicant shall submit an initial deposit of \$1,500.00 to the District's bookkeeper. If the District's costs exceed the initial additional deposit amount of \$1,500.00, review of the plans will be discontinued until an additional deposit of \$1,500.00 is submitted to the District's bookkeeper. Any funds remaining on deposit after completion of review and approval of the plans will be returned at the District's next following Board meeting. Customer shall be notified in writing as to the basis for rejection of its application. Failure to construct the facilities in accordance with approved drawings shall constitute a basis for denial of District services. If the application information is not timely provided, the District shall not be held responsible for delays in the installation of water and sanitary sewer connections or the provision of District services. Payment of tap fees to the District's Operator prior to the approval of plans shall not be considered approval of said plans or approval for connection to the District's System. Any unauthorized physical connection to the District's System may be removed without notice at the expense of the person or firm causing such connection to be made. A copy of approved plans and specifications, with the District's engineer's approval indicated thereon, shall be submitted to the District's Operator. Any modification of such plans shall require re-approval by the District's engineer.

(f) Builder Deposit. Upon first application for a Customer Connection, the applicant (whether property owner, Builder or other) (the "Applicant") shall pay a security deposit in the amount specified on the Rate Schedule attached hereto as Exhibit "A", (which deposit shall apply to all connections of such Applicant, whether one or more) (the "Builder Deposit"). The Builder Deposit is solely to secure the payment of costs to repair any District facilities damaged by the Applicant or other parties during the construction of the house, building or other improvement on the applicable property ("Builder Damages"). The Applicant shall be held responsible for any Builder Damages and shall reimburse the District for all costs incurred in repairing the Builder Damages.

After inspection by the District's Operator, the District may utilize the Builder Deposit to pay for any repairs to the District facilities made necessary by the Applicant's construction activities. If the Builder Deposit is not sufficient to pay for such Builder Damages, the Applicant shall pay such outstanding balance due. No additional connections to the District's System shall be permitted relative to any Applicant who has outstanding Builder Damages. If Applicant is building more than one house, building or other improvement within the District, the Builder Deposit shall remain at the level set forth on the Rate Schedule attached hereto as Exhibit "A", at all times, and if the District utilizes a portion or all of the Builder Deposit to repair Builder Damages, the Applicant shall pay to the District the amount(s) necessary to maintain the Builder Deposit as set forth on the Rate Schedule attached hereto as Exhibit "A".

The District shall refund the Builder Deposit upon completion of the last house, building or other improvement to be constructed within the District by the Applicant and final inspection by the District's Operator. No interest will be paid by the District on the Builder Deposit.

2.05. Inspections.

(a) Sanitary Sewer Inspections. A sanitary sewer inspection fee shall be charged to each Residential, Commercial, Multi-family, Governmental, Non-Profit, and Community Association Entity, payable at the time of application for connection to the District's System, shall be charged by the District for inspection of each sanitary sewer physical connection and service line. Sanitary sewer connections and service lines shall be inspected for strict compliance with the District's "Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections." Customer shall notify the District's Operator prior to any such connection being made. Customer shall again notify the District's Operator after the physical connection has been made and such District's Operator shall inspect and approve the connection prior to backfilling of the area and prior to the commencement of sanitary sewer service. Installations which fail to conform to said rules will be denied. Customer shall be notified in writing as to the basis for such denial. After noted deficiencies have been corrected, a sanitary sewer connection reinspection shall be made upon payment to the District of a reinspection fee. If subsequent reinspections are required before the sanitary sewer connection and service lines are found in compliance with the District's rules, an additional sanitary sewer reinspection fee shall be charged for each such reinspection.

(b) Customer Service Inspection Certification. Prior to the District providing continuous water service to (i) any new construction; (ii) any existing Customer Connection when the District, in its sole discretion, has reason to believe that a cross-connection or other unacceptable plumbing practice exists; or (iii) any existing Customer Connection after any material improvement, correction or addition to the private plumbing facilities, a properly completed Customer Service Inspection Certification shall be provided by the Customer to the District. "Continuous" water service, with respect to new construction, shall be deemed to commence upon the transfer of service from the Builder of a building, residence, or other establishment to the initial occupant or user thereof.

For Residential Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee as set forth in the Rate Schedule attached hereto as Exhibit "A".

For Commercial (including Governmental, Non-Profit and Community Association Entities) and Multi-family Customer Connections, the District's Operator shall perform the inspection and provide the necessary certification, and the District shall charge the Customer a fee as set forth in the Rate Schedule attached hereto as Exhibit "A".

Should a Customer fail to provide to the District a properly completed Customer Service Inspection Certification, water service to such Customer will be terminated by the District and service shall not be restored by the District until the required Customer Service Inspection Certification form is provided.

(c) Final Inspection of District Facilities. In accordance with applicable rules of the Texas Commission on Environmental Quality, any person desiring water and sanitary sewer services from the District must notify the District's Operator prior to making any improvement or starting any construction on property within the District if such improvement, construction or equipment used in connection therewith will be within or in close proximity to easements, rights-of-way or property where District facilities are located. The District's Operator shall inspect each property or location at which the improvement or construction is to take place prior to commencement of same to verify the location and condition of District facilities on the property. Upon receipt of instructions from the contractor or Builder that construction of the facility or improvement is complete and prior to the transfer of the account to the subsequent Customer, the District's Operator shall make a final inspection of the water tap, meters and all

other District facilities located on or around the property in question to verify the condition of such facilities. If damage to any District facilities is found, the District's Operator will repair such facilities and the Builder or contractor will be responsible for payment of all costs incurred prior to the initiation of services to the property. A fee as shown on the Rate Schedule attached hereto as Exhibit "A", shall be charged by the District to cover the costs of such inspections, which fee will be due and payable at the time the tap fee is paid.

(d) Swimming Pool Inspections and Fee. Any Customer planning to construct or install a swimming pool within the District shall notify the District's Operator in writing prior to commencing construction and pay an inspection fee as set forth in the Rate Schedule attached hereto as Exhibit "A". The District's Operator shall ensure proper backflow prevention devices are installed and require all drains and backwash from the swimming pool, and related equipment and facilities, are connected to the sanitary sewer system in accordance with a State Approved Plumbing Code. Service shall not be authorized for a swimming pool until the District's Operator has inspected all drains and backflow prevention devices and verified proper connection. The District may discontinue service to any Customer failing to follow the requirements of this subsection.

(e) Water Softener Inspection and Fee. Any Customer planning to install a water softener within the District shall notify the District's Operator in writing prior to commencing installation and pay an inspection fee as set forth in the Rate Schedule attached hereto as Exhibit "A". The District's Operator shall ensure proper backflow prevention devices are installed and require all drains are connected to the sanitary sewer system in accordance with a State Approved Plumbing Code. Service shall not be authorized for a water softener until the District's Operator has inspected all drains and backflow prevention devices and verified proper connection. The District may discontinue service to any Customer failing to follow the requirements of this subsection.

(f) Grease Trap Inspections and Fee. Commercial users shall install a sampling well and a grease trap with sampling port when required by the District's Engineer and Operator. Each customer requiring a grease trap shall: (1) install such grease trap with approval by the District's Operator and Engineer, at the sole expense of the customer; (2) provide the District, prior to receiving service, with a copy of an effective and continuing contract between the customer and a licensed hauler, said contract to be for regular routine pumping and disposal; and (3) provide the District's Operator with a copy of a hauler's manifest to evidence regular pumping and disposal within ten (10) days after receipt by the customer. In addition, no less often than once per month, the District's Operator shall inspect the grease trap, the cost of which inspection is set forth in the Rate Schedule attached hereto as Exhibit "A". In the event the customer fails to have the grease trap cleaned on a timely basis, following ten (10) days written notice, the District shall be authorized to clean the customer's grease trap and such cost shall be billed to customer with the next monthly water bill. Failure to pay any charges described in this Section 2.05(f) shall result in the termination of water service in accordance with Article IV of this Rate Order.

2.06. Temporary Water Service. Withdrawal of water from flushing valves or fire hydrants or other appurtenances of the District's System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited. The District's Operator shall be authorized to make a temporary connection to any fire hydrant or flushing valve upon request for temporary water service within the area of the District. Such temporary service shall be provided only through a District meter installed by the District's Operator. The applicant for temporary water service shall be required to post a deposit to secure the payment for water supplied by the District, the installation fee, the safe return of the District's meter and fire hydrant wrench, and the cost of repair of any damage by a user of the hydrant. In addition to the deposit required herein above, a fee for temporary water service shall be charged for water delivered through the meter at the rate set forth in the Rate Schedule attached hereto as Exhibit "A". Temporary

water service may be supplied outside the area of the District only with the express authorization of the Board of Directors of the District.

Section 3. Rates and Fees for Water and Sanitary Sewer Services. Each prospective Customer desiring water and sanitary sewer service shall be required to provide appropriate information in order to obtain such service and shall pay an application fee.

3.01. Application Fee and Security Deposit. A non-refundable application fee shall be charged for each Customer. Each Residential and Commercial Customer shall pay a security deposit; and each Multi-family Customer for Multi-family units served by a master meter, shall pay a security deposit, as set forth on the Rate Schedule attached hereto as Exhibit "A". Upon final termination of service, such deposit shall be credited against amounts owed to the District and any balance refunded to the Customer within forty-five (45) days after termination of service. The District shall not be required to pay interest to the Customer on such security deposit. Further, any Customer whose service is terminated pursuant to Section 4.02 hereof shall pay such deposit (if such Customer has not previously paid a security deposit) before Customer's service is restored.

3.02. Monthly Rates for Residential Water and Sewer Service.

(a) In-District Customers. The District shall charge a rate per month, or any part thereof, to each Customer Connection for Residential water and sewer service in every instance in which a different charge is not expressly and clearly provided for herein, as set forth on the Rate Schedule attached hereto as Exhibit "A".

(b) Out-of-District Customers. The District, at its discretion, may provide water and sanitary sewer service to out-of-District Customers. Such out-of-District Customers shall be governed by the same rules and regulations of the District as the District's residents and shall be governed by the rates shown on the Rate Schedule for out-of-District Customers, attached hereto as Exhibit "A".

3.03. Monthly Water and Sanitary Sewer Service Rates for Commercial, Governmental and Non-Profit Entities. The District shall charge a rate per month, or any part thereof, to each Commercial, Governmental and Non-Profit Customer Connection for water and sanitary sewer service in every instance in which a different charge is not expressly and clearly provided for herein, as set forth on the Rate Schedule attached hereto as Exhibit "A".

3.04. Monthly Water and Sanitary Sewer Service Rates for Multi-family Residential Connections. The District shall charge a rate per month, or any part thereof, for water and sanitary sewer service to Multi-family units served by a master meter as set forth in the Rate Schedule attached hereto as Exhibit "A".

The District shall charge the minimum base water and sewer charge for each unit served by a master meter. Notwithstanding the foregoing, during the first three (3) months after the date of initial connection to the District's System of Multi-family units serviced by a master meter, the customer shall be charged for water usage at the rate of \$2.00/1,000 gallons and sanitary sewer service at the rate of \$25.00 per month. Beginning the first day of the next billing period after the third month, the following percentage of Multi-family units planned ultimately to be served by such meter will conclusively be deemed to be completed and habitable, and billing will be in accordance with the rates set forth on the Rate Schedule attached hereto as Exhibit "A" with each unit deemed completed and habitable being considered as one unit:

Phase-In Schedule

Months After Tap	Percentage Habitable
3	40%
4	55%
5	70%
6	85%
7 and thereafter	100%

3.05 Community Associations. Nonprofit Community or Civic Associations using water for the beautification and maintenance of public or common areas within the boundaries of the District may be charged as set forth on the Rate Schedule attached hereto as Exhibit "A" upon application and approval by the District's Board. This rate shall not include swimming pools, clubhouses, and other similar facilities. The Board reserves the right to terminate services for those entities paying for water as provided in this subsection if the Board finds their usage to be excessive, or if their system is found to be in need of repair.

3.06. Bulk Rates. The water and sanitary sewer service rates set forth above shall not be construed to prevent the District from furnishing water and/or sanitary sewer service to any Customer at a bulk rate if deemed advisable by the District, with such rate to be determined on a case by case basis.

3.07. Policies Governing Services.

(a) No Reduced Rates or Free Service. All Customers receiving services from the District shall be subject to the provisions of this Order and shall be charged the rates established in this Order, and no reduced rate or free service shall be furnished to any Customer; provided, however, this provision shall not prohibit the District, upon good cause shown, from establishing reasonable classifications of Customers for which rates differing from the rates stated herein may be adopted.

(b) Entitlement. Customers are not guaranteed a specific quantity or pressure of water or specific capacity in sewer facilities for any purpose whatever; in no instance shall the District be liable for failure or refusal to furnish water or any particular amount or pressure of water or to provide capacity in sewer facilities.

(c) Unauthorized and Extraordinary Waste. The water and sewer service rates established herein are applicable for ordinary Domestic Waste normally considered to have a biological oxygen demand (five day) and total suspended solids of 200 milligrams per liter. Customers discharging, whether intentionally or unintentionally, non-Domestic Waste into the District's System will be assessed additional charges as established by District based on the volume and concentration of the proposed waste, as well as costs of remediation and/or repairs to the System occasioned as a consequence of such discharge. Customers proposing to discharge or discharging certain Commercial Waste, including Commercial Waste from food processing or other food handling establishments, will be required to install garbage grinders and may be required to install grease traps or pretreatment units when so ordered by the District following the evaluation of the effects of high concentrations of organics on the System. Customers which are required to install garbage grinders, grease traps or other types of pretreatment units shall maintain same in good working condition, which shall include, but not be limited to, regular cleaning. The District shall have the right to inspect such pretreatment units, and, in order to protect the District's facilities, reserves the right, if Customer has failed to do so, to perform the required maintenance at Customer's expense and/or to discontinue service to Customer. The District's current waste discharge permit prohibits the introduction of Industrial Waste into the System. All Customers of the District's sanitary sewer System shall be subject to the terms and conditions of any waste order heretofore or hereafter adopted by the District,

rates and charges to produce revenues to pay such additional costs incurred by the District in connection with such Industrial Waste. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

(d) Plumbing Regulations. The following plumbing regulations are, pursuant to 30 Texas Administrative Code Chapter 290, applicable to all Customers of the District:

(i) No direct connection between the District's water System and a potential source of contamination shall be permitted; potential sources of contamination shall be isolated from the District's water System by an air gap or an appropriate backflow prevention device in accordance with the guidelines set forth in the American Water Works Association Manual of Cross Connection Control (Manual M-14) and/or as otherwise required by the District in its reasonable discretion;

(ii) No cross connection between the District's water System and any private water system shall be permitted, and any potential threat of cross connection shall be eliminated at the service connection by the installation of an air gap or reduced pressure-zone backflow prevention device;

(iii) No connection which allows water used for condensing, cooling or industrial processes, or water from any other system of nonpotable usage over which the District does not have sanitary control to be returned to the District's water System shall be permitted;

(iv) The use of pipes and pipe fittings that contain more than 0.25 percent lead, or solders and flux that contain more than 0.2 percent lead is prohibited for installation or repair of the District's water supply System and for installation or repair of any plumbing in any Residential or Commercial facility providing water for human consumption and connected to the District's water supply System. This requirement may be waived for lead joints that are necessary for repairs to cast iron pipe;

(v) No new or replacement plumbing fixture which is not in compliance with a State-Approved Plumbing Code shall be permitted to be installed in any Residential or Commercial facility that is connected to the District's water supply System; and

(vi) Notwithstanding anything to the contrary contained herein, the District reserves the right to inspect each Customer's property at any time for possible cross connections and other plumbing practices in violation of this Rate Order. The Customer shall, upon receipt of notice from the District, immediately correct any undesirable plumbing practice existing on his premises to prevent possible contamination of the District's water System. The existence of a serious threat to the integrity of the District's water System shall be considered sufficient grounds for immediate termination of water service. Water service will be restored only when the source of potential contamination no longer exists, or when sufficient additional safeguards have been taken to protect the District's water System from contamination, and a Customer Service Inspection Certification confirming the correction of a prohibited plumbing practice has been submitted to the District. The District shall not be required to follow the procedures set forth in Section 4.02 hereof when terminating water service to a Customer under this Section 3.07(d). However, the Customer shall be subject to the same charge for restoration of service terminated pursuant to this Section 3.07(d) as is set forth in Section 4.02 hereof.

(e) Backflow Prevention Requirements. The following backflow prevention requirements are applicable to all Customers of the District:

(i) Backflow prevention assemblies shall be installed, tested and maintained, at the Customer's expense, at any Customer Connection as required by 30 Texas Administrative Code Chapter 290, and pursuant to the guidelines set forth in the American Water Works Association Manual of Cross

Connection Control (Manual M-14) and/or as otherwise required by the District in its reasonable discretion. The use of a backflow prevention device at the service connection shall be considered additional backflow protection and shall not negate the use of backflow prevention on the internal hazards of any Customer Connection as outlined and enforced by State-approved plumbing codes and/or the American Water Works Association Manual of Cross Connection Control (Manual M-14).

(ii) All backflow prevention assemblies installed at any Customer Connection shall be tested upon installation by a recognized backflow prevention assembly tester (as defined in 30 Texas Administrative Code Chapter 290) and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against a Health Hazard must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester. The District will bill an administrative fee specified in Exhibit "B" to administer the annual testing program.

(iii) For each backflow prevention assembly required to be installed by a Residential Customer pursuant to this Order, it shall be the responsibility of the Residential Customer to have such assembly tested upon installation and periodically thereafter as required by Subsection (ii) above, and to submit to the District for record keeping purposes within seven (7) days after each such test a signed and dated original Backflow Prevention Assembly Test and Maintenance Report ("Test Report"), in the form attached to this Order as Appendix "2" to Exhibit "B", completed by a recognized backflow prevention assembly tester;

At the option of a non-Residential Customer, the non-Residential Customer or the District's Operator shall install any backflow prevention assembly required to be installed pursuant to this Order; provided that the District's Operator shall test any such backflow prevention assembly and shall complete and retain in the District's files for record keeping purposes an original Backflow Prevention Assembly Test and Maintenance Report ("Test Report"), in the form attached to this Order as Appendix "2" to Exhibit "B". The District shall charge the non-Residential Customer for the District's cost of the installation of the backflow prevention assembly and the initial test thereof and for each annual test performed on such assembly as set forth on the Rate Schedule attached hereto as Exhibit "A".

3.08. Garbage Collection. The District may contract with an independent contractor to provide for solid waste and trash collection within the District. If the Board of the District determines that it is in the best interest of the District to contract for solid waste and trash collection, the fee for such service, as established by contract, shall be included in the monthly sewer service bill. Failure to pay the solid waste and trash collection service on or before the due date indicated on the water and sewer service bill shall result in the assessment of a 10% penalty on the unpaid balance of the bill for solid waste and trash collection as well as termination of service under the provisions of Section 4 of this Order.

3.09. Regulatory Assessment. Pursuant to Section 5.701 Texas Water Code, as amended, and 30 T.A.C. 291.76, the District shall pay by January 31 of each year a regulatory assessment to the Texas Commission on Environmental Quality in the amount required by law based on the total charges for retail water and sewer service collected from its retail customers in the prior twelve months.

At the end of each calendar year, the District's Operator shall prepare a written statement indicating the (i) the total charges collected for retail water and sewer service for the year; and (ii) the regulatory assessment due and payable to the Texas Commission on Environmental Quality. The District's Operator shall deliver the written statement to the District's Bookkeeper for payment.

3.10. Harris Galveston Subsidence District. The District lies within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") and may be subject to fees imposed by the Subsidence District. In order to collect from the District's Customers sufficient funds to pay the Subsidence District's fees, if such fees are enforced on the District, the District shall add to each Customer's bill the Subsidence District's fee plus a ten (10) percent administrative fee. The Subsidence District fee may be subject to change, and the charge to each Customer shall automatically adjust therewith. Failure by a customer to pay such fees will result in the termination of water service as set forth in this Order.

3.11 Fire Protection Service and Fees. Reserved.

3.12. Law Enforcement Service and Fees. Reserved.

Section 4. Delinquency in Payment; Penalty; Discontinuation and Termination of Service.

4.01. Penalty for Failure to Pay Bill Before Delinquency. A charge of ten percent (10%) of the amount of the Customer's bill shall be added to the Customer's bill when such Customer has failed to pay any bill before it becomes a Delinquent Bill. A returned check charge in the amount shown on the Rate Schedule attached hereto as Exhibit "A" shall be imposed for each returned check notice forwarded to a Customer as a result of a Customer's check being returned by a bank for any reason.

4.02. Termination of Service For Failure to Pay Bills When Due. The District shall have the right to terminate service and cut off the supply of water to a Customer and/or a Customer's access to the District's sanitary sewer System fifty (50) days after its bill becomes a Delinquent Bill. The Customer shall, by written notice mailed to the Customer's address as reflected in the records of the District, be notified of the delinquency and the date on which service shall be terminated if the account (including delinquent charges and penalty) is not paid in full, which date shall not be less than five (5) days from the date such notice is sent. Such notice shall state the place and time at which the account may be paid, that any errors in the bill may be corrected by contacting the billing company, whose telephone number shall also be given in such notice, and that the Customer has the right to appeal such termination to the Board of Directors of the District. The cost incurred by the District to mail notice of a Delinquent Bill and the District's cost to place notice of a Delinquent Bill on the customer's front door shall be added to the customer's Delinquent Bill. If the delinquent account (including any non-delinquent portion thereof), including penalty and all other charges then due and owing, has not been paid in full by the proposed termination date, service shall then be discontinued unless otherwise agreed by the Board of Directors of the District. The District shall impose a charge as shown on the Rate Schedule attached hereto as Exhibit "A", for disconnection and restoration of service discontinued pursuant to this section. Payment of the unpaid account, including penalty and all other charges then due and owing, plus any required deposit, shall be paid by cashier's check or money order or a form of guaranteed funds (credit card) prior to restoration of water service where service has been terminated because of the Customer's failure to pay a bill before it became a Delinquent Bill.

4.03. Discontinuing Service Upon Request of a Customer. Whenever a Customer of the District requests that water and sewer service be temporarily discontinued, Customer shall notify the District's Operator at least two days prior to the time that such service discontinuation is desired. The District shall charge the Customer, as indicated on the Rate Schedule attached hereto as Exhibit "A", for restoring water service when such service is discontinued and restored at the request of the Customer and he/she is not delinquent in the payment of any bill at the time of either request.

Section 5. Damage to District Facilities.

5.01. Damage to Meters and Appurtenances. No person other than a duly authorized agent of the District shall open any meter box, repair, alter, adjust, remove, make connections or additions to or in any other way take any action which affects any meter, meter box, service line or other water and/or sewer System appurtenance. The District reserves the right to immediately and without notice remove the meter or disconnect water service to any Customer whose meter, meter box, service line or other System appurtenance has been tampered with or altered in any way, or who has reconnected service which was terminated by the District. The District shall assess repair costs to Customer plus a damage fee as shown on the Rate Schedule attached hereto as Exhibit "A".

5.02. Right to Repair. In recognition of the District's obligation to protect and maintain the public health, the District reserves the right to repair damage to the District's System and appurtenances without prior notice, and to assess against Customer such costs, including attorneys' fees, and such penalties as are provided in this Order or otherwise provided by law or legally available to the District, in addition to those charges necessary to repair the portion of the System so damaged.

5.03. Obstructions. After a water meter has been set, the Customer shall at all times keep the area in, around and upon the meter and box and District easements and property under Customer's control free from rubbish or obstructions of any kind. Failure to keep the meter and box and District easements and property under Customer's control free from rubbish or obstructions may result in disconnection of water services and/or the assessment of charges necessary to remove said obstructions. Customers are prohibited from introducing material into the District's sanitary sewer System which would cause obstruction of said System. In the event that an inspection by the District's Engineer or District's Operator reveals damage to the sanitary sewer System resulting from a Customer's failure to prevent obstructions from entering said System, the District reserves the right to immediately and without notice remove the obstruction. Any District costs for removal of obstructions, including the cleaning of grease traps, plus a District administration fee, shall be assessed to Customer. The District's Operator shall have rights of ingress and egress to Customer's property in order to carry out the provisions of this Section.

5.04. Storm Sewer System. The use of the District's storm sewer System is limited solely to storm waters. No other liquids or solids, including but not limited to, grass or yard clippings, trash, construction materials, oils or grease, shall be introduced into the District's storm sewer System. It shall be a violation of this Order to introduce unauthorized material, whether liquid or solid, into the District's storm sewer System and the District reserves the right to assess such penalties as provided in this Order to any person, corporation, or other entity who makes such unauthorized use of the District's storm sewer System.

Section 6. Penalties for Violation; Attorneys Fees and Court Costs. Any person, corporation or other entity who:

- (1) violates any section of this Order, including a waste order entered into by the District; or
- (2) makes unauthorized use of District services or facilities; or

(3) violates the District's Rules and Regulations Governing Sewer Lines and Sewer Connections or any other rules or regulations of the District;

shall be subject to a civil penalty of not less than \$200.00, and in no event to exceed \$5,000, for each breach of the foregoing provisions. Each day that a breach continues shall be considered a separate breach. The amount of any penalty levied by the District pursuant to this Section shall be established by

the District's Board of Directors after reasonable notice to the violator and a public hearing relative to such matter before the Board of Directors.

Penalties levied under this Section shall be in addition to such other penalties as are provided in this Rate Order, any other penalties provided under the laws of the State of Texas, and any other right of recovery that the District may have for damages or otherwise under applicable law. Notwithstanding the foregoing, in no event shall the District levy a penalty that is in excess of the jurisdictional limit of the justice court as provided by Section 27.031, Texas Government Code, as amended. In addition to the enforcement provisions set forth in this Order, the provisions of this Order, including any penalties levied hereunder, may be enforced by complaints filed in the appropriate court of jurisdiction in the County in which the District's principal office or meeting place is located. If the District prevails in any suit to enforce its rules, it may, in the same action, recover reasonable fees for attorneys, expert witnesses and other costs incurred by the District before the court. The amount of attorney's fees shall be fixed by the court.

Section 7. Appeal. Any determination by District's Operator or District's Engineer or authorized agent of the District or any dispute regarding the terms and provisions of this Order may be appealed to the Board of Directors of the District which shall conduct a hearing on the matter. All appeals shall either be submitted by Customer in writing or presented by Customer in person to the Board of Directors of the District at its regular meeting. In order to maintain service during the pendency of any such appeal in connection with fees or charges assessed hereunder, Customer shall pay all amounts, including service charges, penalties and other charges, due and payable to the District. Any amounts which are paid by the Customer and subsequently determined by the Board of Directors not to have been due shall be refunded to the Customer or credited against future bills, at the discretion of the District. The District's Operator and/or attorney shall provide Customer with information regarding appeals and hearing procedures upon Customer's request.

Section 8. Amendments. The District's Board of Directors has and specifically reserves the right to change, alter or amend any rate or provision of this Order at any time.

Section 9. Adoption of Rules and Regulations Concerning Waterworks and Sanitary Sewer System. To preserve the sanitary condition of all water controlled by the District, to prevent waste or the unauthorized use of water controlled by the District, and to secure and maintain safe, sanitary and adequate plumbing installation, connections and appurtenances, the Board of the District hereby adopts the Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections attached hereto as Exhibit "B" and incorporated herein for all purposes.

Section 10. Drought Contingency Plan. The Board of the District hereby adopts the Drought Contingency Plan attached hereto as Exhibit "C" and incorporated herein for all purposes.

Section 11. Wastewater Control Order. The Board of the District hereby adopts the Wastewater Control Order, attached hereto as Exhibit "D", and incorporated herein for all purposes.

Section 12. Enforcement/Civil Penalties.

12.01. Enforcement.

(a) Civil Penalties. The Board hereby imposes the following civil penalties for breach of any rule of the District: The violator shall pay the District the lesser of twice the costs the District has sustained due to the violation or an amount determined by the Board of Directors not to exceed \$5,000. A penalty under

this Section is in addition to any other penalty provided by the laws of this State and may be enforced by complaints filed in the appropriate court of jurisdiction in the County in which the District's principal office or meeting place is located. If the District prevails in any suit to enforce its rules, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court. The amount of the attorneys' fees shall be fixed by the court.

(b) Liability for Costs. Any person violating any of the provisions of this Order and/or the Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections shall become liable to the District for any expense, loss or damage occasioned by the District by reason of such violation, and enforcement thereof shall be in accordance with Section 10.01(a) of this Order and Article X of the Rules and Regulations.

12.02. Non-waiver. The failure on the part of the District to enforce any section, clause, sentence, or provision of this Order shall not constitute a waiver of the right of the District later to enforce any section, clause, sentence, or provision of this Order.

12.03. Appeal. Any determination by the District's Operator or the District's Engineer or any authorized agent of the District of any dispute regarding the terms and provisions of this Order may be appealed to the Board of the District, which shall conduct a hearing on the matter. The District's Operator and/or attorney shall provide the Customer with information regarding appeals and hearing procedures upon the Customer's request.

Section 13. Miscellaneous.

13.01. Amendments. The Board of the District has and specifically reserves the right to change, alter or amend any rate or provision of this Order at any time.

13.02. Severability. The provisions of this Order are severable, and if any provision or part of this Order 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 Order and application of such provision or part of this Order shall not be affected thereby.

13.03. Headings. The section and paragraph headings used herein are for reference only and are not to be construed as part of the text of the section or paragraph.

Section 14. Effective Date. This Order shall be effective as of the 10th day of October, 2023.

The President or Vice President is authorized to execute and the Secretary or any Assistant Secretary is authorized to attest this Order on behalf of the Board and to do all things necessary and proper to carry out the purpose and intent hereof.

PASSED, ADOPTED, ORDERED and APPROVED this 10th day of October, 2023.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)



EXHIBITS ATTACHED

EXHIBIT "A" – Rate and Fee Schedule

EXHIBIT "B" – Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections

EXHIBIT "C" – Drought Contingency Plan

EXHIBIT "D" – Wastewater Control Order

EXHIBIT "A"

RATE SCHEDULE

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Residential Tap 5/8"	\$1,000.00	Start of construction	\$600.00	§ 2.03
Residential Tap 3/4"	\$1,100.00	Start of construction	\$700.00	§ 2.03
Residential Tap 1"	\$1,600.00	Start of construction	\$1,000.00	§ 2.03
Residential Tap > 1"	Cost of installation + 200% of cost	Start of construction	Per quote	§ 2.03
Nonstandard Residential, Commercial, and Multi-Family Connections	Cost of installation + 200% of cost	Start of construction	Per quote	§ 2.03
Governmental and Non-Profit Entity Connections [Excluding Community Associations]	Cost of installation + cost to the District incl. cost of all facilities that are necessary to provide District services to such entity and that are financed or to be financed in whole or in part by tax supported bonds of the District	Start of construction	Per quote	§ 2.03
Community Association Connections	Cost of installation	Start of construction	Per quote	§ 2.03
Builder Security Deposit	\$1,500 deposit + \$200 per home thereafter	As necessary	N/A	§ 2.04(f)
Sanitary Sewer Inspection [Residential - New Construction]	\$95.00	Start of construction/ at reinspection	\$50.00	§ 2.05(a)
Sanitary Sewer Inspection [Residential - Existing Construction]	\$95.00	Start of construction/ at reinspection	\$50.00	§ 2.05(a)

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Sanitary Sewer Inspection [Commercial Customer Connections, Multi-Family Residential Connections, and Community Associations]	Cost + \$50.00	Start of construction/ at reinspection	Per quote	§ 2.05(a)
Grease Trap Inspection	\$150	At inspection	\$100	§ 2.05(f)
Swimming Pool Inspection [Residential]	Cost + \$50.00	At inspection	Per quote	§ 2.05(d)
Hot Tub Inspection [Residential]	Cost + \$50.00	At inspection	Per quote	§ 2.05(d)
Swimming Pool Connection Inspection [Commercial Customer Connections, Multi-Family Residential Connections, and Community Associations]	Cost + \$100.00	At inspection	Per quote	§ 2.05(d)
Water Softener Inspection	Cost + \$50.00	At inspection	Per quote	§ 2.05(e)
Customer Service Inspection Fee [Residential]	\$150.00	At inspection	\$60.00	§ 2.05(b)
Customer Service Inspection Fee [Commercial Customer Connections, Multi-Family Residential Connections, and Community Associations]	Cost + \$100.00	At inspection	Per quote	§ 2.05(b)

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Pre-Inspection of District Facilities [Residential]	\$75.00	Start of construction	\$50.00	§ 2.05(c)
Pre-Inspection of District Facilities [Commercial, Multi-Family, and Non-Taxable]	200% of cost	Start of construction	Per Quote	§ 2.05(c)
Pre-Inspection of District Facilities [Community Associations]	Cost	Start of construction	Per Quote	§ 2.05(c)
Final Inspection of District Facilities	\$75.00	Start of construction	\$50.00	§ 2.05(c)
Final Inspection of District Facilities [Commercial, Multi-Family, and Non-Taxable]	200% of cost	Start of construction	Per Quote	§ 2.05(c)
Final Inspection of District Facilities [Community Associations]	Cost	Start of construction	Per Quote	§ 2.05(c)
Temporary Water Service – Deposit	\$2,500.00	Time of request	N/A	§ 2.06
Temporary Water Service – Installation of Meter				
3/4" by 5/8" Meter	Cost + 10% w/ a minimum of \$50	Upon service	N/A	§ 2.06
1" Meter	Cost + 10% w/ a minimum of \$50		N/A	
2" Meter	Per Quote		Per quote	
Temporary Water Service Rate	\$2.00 per 1,000 gal. w/ \$1.50 per month rental charge	Monthly	Per quote	§ 2.06
Non-Refundable Application Fee	\$35.00	Time of request	Per quote	§ 3.01
Security Deposit [Residential Homeowner]	\$200.00	Time of request	N/A	§ 3.01
Security Deposit [Residential Non- Homeowner/Tenant]	\$250.00	Time of request	N/A	§ 3.01
Security Deposit [Multi-Family Customer and Commercial]	200% of estimated total monthly service charges	Time of request	N/A	§ 3.01
Additional Security Deposit (payable if service disconnected for nonpayment of account - all customers)	\$75 per disconnection (maximum \$400 deposit)	Prior to restoration of service	N/A	§ 3.01

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Residential and Builder Water and Sewer Service Base minimum monthly charge for water (incl. first 5,000 gallons of metered water) 5,001-10,000 gallons of metered water 10,001-20,000 gallons of metered water 20,001+ gallons of metered water Monthly charge for sewer	\$24.00 \$1.00/1,000 gal. \$1.50/1,000 gal. \$2.00/1,000 gal. \$20.00 + garbage collection rate	Monthly	N/A	§ 3.02(a) and 3.04
Multi-Family Water and Sewer Service Base minimum monthly charge for water (incl. first 5,000 gallons of metered water) +5,001 gallons of metered water Monthly charge for sewer	\$24.00* \$2.00/1,000 gal. \$20.00	Monthly	N/A	§ 3.04
*Minimum monthly charge per unit regardless of usage, except as otherwise provided in § 3.02.				
Commercial Water and Sewer Service per ESFC Base minimum monthly charge for water (incl. first 5,000 gal. of metered water) per ESFC 5,001-20,000 gallons of metered water 20,001+ gallons of metered water Base minimum monthly charge for sewer (incl. first 5,000 gallons of metered water) 5,001-20,000 gallons of metered water for sewer 20,001+ gallons of metered water for sewer	\$25.00 \$2.00/1,000 gal. \$2.50/1,000 gal. \$25.00 \$2.00/1,000 gal. \$2.50/1,000 gal.	Monthly	N/A	§ 3.03

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Governmental and Non-Taxable Water and Sewer Service	Billed at two times (2x) the commercial rate	Monthly	N/A	§ 3.03
Community Associations/Public Space Users: Water and Sewer Service Water Service Only	\$8.00 base + \$0.50/1,000 gal. \$5.00 base + \$0.50/1,000 gal.	Monthly	N/A	§ 3.05
Out-of-District Customer Water and Sewer Service	All requests for water and sewer service from parties located outside the boundaries of the District shall be considered on a case-by-case basis and governed by separate agreement.	Monthly	N/A	§ 3.02(b)
Backflow Prevention Device [Residential] Installation and Initial Test	\$125.00	Yearly	Per quote	§ 3.07(e)(iii)
Backflow Prevention Program Administration	\$100.00/per device			
Backflow Prevention Device [Commercial] Installation and Initial Test Annual Test	Cost + 20% Cost + 20%	Installation Yearly	Per quote	§ 3.07(e)(iii)

SERVICE DESCRIPTION	CUSTOMER CHARGE	BILLING FREQUENCY	OPERATOR'S CHARGE	APPLICABLE RATE SECTION
Penalty for Failure to Pay Bill Before Delinquency	10% of amount	Monthly	N/A	§ 4.01
Returned Check Charge	\$30.00	As necessary	\$30.00	§ 4.01
Disconnect Fee (resulting from non-payment of account)	\$50.00	As necessary	\$25.00	§ 4.02
Pulling and Reinstalling Meter	Cost + 10%	As necessary	\$50.00	§ 4.02
Reconnection of Water Service – Emergency Basis (after hours and holidays)	Cost + 10%	As necessary	Per quote	§ 4.02
Disconnect and Reconnection Fee (per customer's request)	Cost + 10%	As necessary	Per quote	§ 4.03
Damage to Meters and Appurtenances	Cost of repair + \$50 damage fee	As necessary	Per contract	§ 5.01
Curing Obstructions to District's System	Cost of removal + administrative fee of 50%	As necessary	Per contract	§ 5.03
Cost to Issue Delinquent Notice	\$17.00	As necessary	\$15.00	§ 4.02
Cost to Issue Door Hanger	\$10.50	As necessary	\$8.50	§ 4.02

EXHIBIT "B"

RULES AND REGULATIONS
GOVERNING WATER AND SANITARY SEWER FACILITIES,
SERVICE LINES, AND CONNECTIONS

THE STATE OF TEXAS §
COUNTY OF HARRIS §
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY §

ARTICLE I.
PURPOSE

The following Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections (the "Rules and Regulations") shall govern the design, installation and inspection of all connections and taps made to the District's water distribution system and sanitary sewer collection system, the limitations of the flow of waste into the sanitary sewer system, protection of all facilities which are part of the District's waterworks and sanitary sewer system, and the enforcement of these Rules and Regulations.

ARTICLE II.
GENERAL

Section 2.01. Definitions.

A. Customer is any person, partnership, corporation, non-profit corporation, trust or other legal entity served by the District with water and/or sewer services to a residence or business establishment.

B. District is Lago Bello Municipal Utility District No. 1A of Harris County, located in Harris County, Texas, a political subdivision of the State of Texas.

C. Engineer is the person, company or corporation which is under contract with the District to design the District's Water Supply System and Sanitary Sewer Collection System and performs any additional services as set forth in the contract with the District.

D. Health Hazard is a cross-connection, potential cross-connection, or any other situation involving any substance that can cause death, illness, spread of disease, or that has a high possibility of causing such effects if introduced into the District's Water Supply System.

E. Operator is the person, company or corporation which is under contract with the District to operate the District's Water Supply System and Sanitary Sewer Collection System, collect amounts owed to the District for such services, report monthly to the District on the operations of the District's Water Supply System and Sanitary Sewer Collection System and perform any additional services as set forth in the contract with the District.

F. Rate Order shall mean the District's Order Adopting Consolidated Rate Order and Rules and Regulations; Establishing Policy Regulating Water Use During Emergencies; Establishing a Wastewater Control Order; and Providing Penalties for Violation Thereof which may be amended from time to time.

G. Sanitary Sewer Collection System constitutes the underground sanitary sewer lines owned or leased and operated by the District. This system is composed of all interconnecting laterals, mains, and trunk lines with manholes, clean-outs, stacks, tees, and wyes located within the publicly dedicated utility easements owned or leased and operated by the District. This system is maintained by the District.

H. Sanitary Sewer Service Line is any line from a residential dwelling or commercial building which connects with the District's Sanitary Sewer Collection System, including any grease traps or other facilities constructed to prevent non-domestic waste from being introduced into the District's Sanitary Sewer Collection System. This service line is owned and maintained by the property owner of the residential dwelling or commercial building.

I. Sewer Tap is the physical connection between the Sanitary Sewer Service Line and the District's Sanitary Sewer Collection System.

J. Sewer Tap Inspection is the inspection performed by the District's Operator to assure that the proper materials and connections to the Sanitary Sewer Collection System have been accomplished in accordance with these Rules and Regulations.

K. State Approved Plumbing Code is a set of rules governing plumbing practices which are at least as stringent and comprehensive as one of the following nationally recognized codes:

1. Southern Standard Plumbing Code.
2. Uniform Plumbing Code.
3. National Standard Plumbing Code.

L. Tap Fee is the fee paid to the District to obtain a water meter and sewer inspection for any dwelling. The amount of the Tap Fee shall be established in the District's Rate Order and may be modified or changed at any time.

M. Utility Easement is an interest in land, granted by dedication, to public utility entities, including the District, to install and maintain utilities across, over, or under private land together with the right to enter thereon with machinery, other vehicles and personnel necessary for the maintenance, repair or construction of said utilities.

N. Water Supply System is composed of all water lines, valves, valve boxes, flushing valves, blowoff valves, water meters, water meter service lines, and meter boxes located within public rights-of-way or easements owned or leased and operated by the District. This system is maintained by the District.

O. Water Meter is the recording device that registers the amounts of water consumed by each Customer of the District. This meter is owned and maintained by the District.

P. Water Service Line is any line from a residential dwelling or commercial building, which connects to the District's Water Supply System. This service line is owned and maintained by the property owner of the residential dwelling or commercial structure.

Q. Water Tap is the physical connection of any Water Service Line to the District's Water Supply System. Such connection will be made only by the District's Operator.

Section 2.02. Platting Requirement. No connection shall be made to the District's Water Supply System or Sanitary Sewer Collection System unless the tract, parcel, or lot of land to be served by such connection:

A. was first connected to the District's Water Supply System or Sanitary Sewer Collection System prior to September 1, 1987, or

B. is part of an area covered by a development plat duly approved and recorded pursuant to Sections 212.0115 and 212.012 of the Local Government Code, as amended, or

C. is not required to be platted and written certification to that effect, in accordance with Section 212.0115(e) or from the District's attorney, has been presented to the District's Operator.

Section 2.03. Approval of Plans and Specifications. Prior to any non-residential connection to the District's Water Supply System or the Sanitary Sewer Collection System, the plans and specifications for the Sanitary Sewer Service Line and the Water Service Line must be submitted the District's Engineer for review and approval. Upon the Engineer's review and approval, the plans and specifications shall then be submitted to the District's Operator for review and approval. The cost of the review and approval of the plans and specification by the District's Engineer and Operator shall be paid by the Customer.

ARTICLE III. WATER CONNECTIONS

Section 3.01. Water Tap Materials. Only the following types of pipe and fitting materials shall be approved for the installation of Water Taps, including residential Water Taps and commercial Water Taps:

- A. Any meter approved by the City of Houston;
- B. Brass curb stops, corp stops, and related fittings manufactured by Ford, Hays or Muller;
- C. Polyethylene water service pipe, 3/4" to 2";
- D. Cast iron or vinyl iron (C-900) water service pipe, larger than 2";
- E. Water main pipe of the type originally installed;
- F. Plastic meter box up to 2" meter;
- G. Concrete meter box, where traffic use is specified; and
- H. Concrete meter vault per City of Houston specifications for 3" and larger meter.

Section 3.02. Plumbing Material Prohibitions.

- A. Prohibited Materials.

The use of the following materials are prohibited for the installation and repair of the District's Water Supply System and for the installation and repair of any private plumbing facilities:

1. any pipe or pipe fitting which contains more than 0.25% lead; and
2. any solder or flux which contains more than 0.2% lead.

This prohibition may be waived for lead joints that are necessary for repairs to cast iron pipe.

B. Certificate of Compliance.

All new connections to the District's Water Supply System shall be made by the District's Operator. The District's Operator shall inspect and certify as to whether the new connection complies with the plumbing material prohibition contained in Section 3.02(A) hereof.

Section 3.03. Installation.

A. An Application for Service must be obtained from and filed with the District's Operator. The Customer must pay to the District's Operator all Tap Fees, inspection fees and deposits, as described in the District's Rate Order.

B. All Water Taps to the District's Water Supply System shall be installed only by the District's Operator.

C. The District's Operator shall install Water Taps and set meters at a location on adjoining property lines, whenever possible, with the meter box being located in the easement adjacent to the property line and with two (2) meters per box, where appropriate.

D. The District's Operator shall be responsible for all repairs to the Water Taps.

E. After installation of the Water Tap, connection of the Water Service Line shall be made at the expense of the Customer. (Note: This line shall be tested for leaks since all water recorded through the meter will be charged to the Customer).

F. After connection to the District's Water Supply System, the Water Service Line should be thoroughly flushed as to prevent foreign matter from entering the household system.

Section 3.04. Customer Service Inspection Certifications.

A. A Customer Service Inspection Certification, as described in Appendix "1" to Exhibit "B" attached hereto, shall be completed prior to providing continuous water service to any new construction, on any existing service where the District has reason to believe that cross-connections or other unacceptable plumbing practices exist, and after any material improvement, correction, or addition to private plumbing facilities. Prior to the District initiating continuous service, a Customer shall provide a Customer Service Inspection Certification to the District. The Customer Service Inspection Certification may only be performed by those individuals described in Subsection B of this Section 3.04. For Customer Service Inspection Certifications performed by the District's Operator, the Customer must pay the District the Customer Service Inspection Fee prior to the District's Operator performing the inspection and certification. Copies of properly completed Customer Service Inspection Certifications shall be kept on file by the District's Operator and made available, upon request, for Texas Commission on

Environmental Quality (“TCEQ”) review. Inspection certifications shall be retained for a minimum of ten (10) years. Failure to provide a Customer Service Inspection Certification in accordance with this Section 3.04 shall constitute a violation of these Rules and Regulations and such violation shall be subject to the enforcement provisions set forth in Article X hereof.

B. Individuals with the following credentials shall be recognized as capable of conducting a Customer Service Inspection Certification:

1. Plumbing Inspectors and Water Supply Protection Specialists licensed by the Texas State Board of Plumbing Examiners; and

2. Certified Waterworks Operators and members of other water related professional groups who have completed a training course, passed an examination administered by the TCEQ or its designated agent, and hold an endorsement granted by the TCEQ or its designated agent.

C. Private plumbing facilities in violation of Article III hereof shall constitute an unacceptable plumbing practice and violation of these Rules and Regulations. If an unacceptable plumbing practice is discovered, the Customer shall eliminate the unacceptable plumbing practice within thirty (30) days from the date of discovery to prevent possible contamination of the District's Water Supply System. The existence of a serious threat to the integrity of the District's Water Supply System shall be considered sufficient grounds for immediate termination of water service. Service can be restored only when the source of potential contamination no longer exists, or when sufficient additional safeguards have been taken, and a Customer Service Inspection Certification confirming correction of unacceptable plumbing practices has been submitted to the District.

D. The Customer Service Inspection Certification shall certify that:

1. No direct connection between the District's Water Supply System and a potential source of contamination exists. Potential sources of contamination are isolated from the District's Water Supply System by an air gap or an appropriate backflow prevention assembly in accordance with state plumbing regulations. Additionally, all pressure relief valves and thermal expansion devices are in compliance with state plumbing regulations.

2. No cross-connection between the District's Water Supply System and a private water source exists. Where an actual air gap is not maintained between the District's Water Supply System and a private water supply, an approved reduced pressure-zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a recognized backflow prevention assembly tester.

3. No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the District's Water Supply System.

4. No pipe or pipe fitting which contains more than 0.25% lead exists in private plumbing facilities installed on or after July 1, 2015.

5. No solder or flux which contains more than 0.2% lead exists in private plumbing facilities installed on or after July 1, 1988.

6. No new or replacement plumbing fixture is installed which is not in compliance with a State Approved Plumbing Code.

Section 3.05. Prohibited Connections.

A. No water connection from the District's Water Supply System shall be made to any establishment where an actual or potential contamination or system hazard exists without an air gap separation between the drinking water supply and the source of potential contamination. Where a containment air gap is impractical, individual "internal" air gaps or mechanical backflow prevention devices shall be required at the meter in the form of a backflow prevention device (in accordance with AWWA Standards C510 and C511 and AWWA Manual M14) on those establishments handling substances deleterious or hazardous to the public health.

B. No water connection from the District's Water Supply System shall be made to any condensing, cooling, or industrial process or any other system of nonpotable usage over which the District does not have sanitary control, unless the said connection is made in accordance with the requirements of paragraph (A) of this section. Water from such systems cannot be returned to the District's Water Supply System.

C. Overhead bulk water dispensing stations must be provided with an air gap between the filling outlet hose and the receiving tank to protect against back siphonage and cross-contamination.

Section 3.06. Backflow Prevention Assemblies.

A. Backflow prevention assemblies shall be installed on any connection which poses a Health Hazard and any other connection which the District or the District's Operator reasonably believes poses a threat to the District's Water Supply System. Water service provided for lawn sprinklers, swimming pool supply, reflection pool supply or other such applications must incorporate a back flow prevention assembly in accordance with a State Approved Plumbing Code for the particular designated use. No permanent water service will be provided or continued to any new connection in the District which requires a backflow prevention assembly, unless the Customer provides the District with a Backflow Prevention Assembly Test and Maintenance Report (the "Test Report"), as described in Appendix "2" to Exhibit "B" attached hereto. At the request of the customer, the District's Operator may, on behalf of the District, install the backflow prevention assembly and complete the Test Report at the Customer's cost.

B. Effective January 1, 1996, all backflow prevention assemblies shall be tested upon installation by a Recognized Backflow Prevention Assembly Tester and certified to be operating within specifications. The Test Report, as described in Appendix "2" to Exhibit "B" attached hereto, shall be retained for a minimum of three (3) years. The District shall provide these records to the TCEQ for inspection upon request. Backflow prevention assemblies which are installed to provide protection against Health Hazards must also be tested and certified to be operating within specifications at least annually by a Recognized Backflow Prevention Device Tester.

C. Recognized Backflow Prevention Device Testers shall have completed a TCEQ approved course on cross-connection control and backflow prevention and passed an examination administered by the TCEQ or its designated agent. The accredited tester classification shall be broken down into two categories:

1. The "General Tester" is qualified to test and repair backflow prevention assemblies on any domestic, commercial, industrial or irrigation service.

2. The “Fireline Tester” is qualified to test and repair backflow prevention assemblies on firelines only. The State Fire Marshall's office requires that a person performing maintenance on firelines must be employed by an Approved Fireline Contractor.

D. Gauges used in the testing of backflow prevention assemblies shall be tested for accuracy annually in accordance with the University of Southern California's Foundation of Cross- Connection Control and Hydraulic Research and/or the American Water Works Association Manual of Cross Connection Control (Manual M-14). Test gauge serial numbers must be included on the Test Report and Recognized Backflow Prevention Device Testers shall have gauges tested for accuracy.

E. A Test Report must be completed by the Recognized Backflow Prevention Assembly Tester for each assembly tested. The signed and dated original must be submitted to the District's Operator for record keeping purposes.

F. Repairs to backflow prevention assemblies shall be performed by authorized individuals as recognized by the Texas State Board of Plumbing Examiners, the TCEQ, Texas Irrigators Advisory Council, or the Texas Commission on Fire Protection-State Fire Marshall's Office, depending upon application and use.

G. The use of a backflow prevention device at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by a State Approved Plumbing Code.

Section 3.07. Customer Service Agreements.

A. The District is responsible for protecting its Water Supply System from contamination or pollution which can result from unacceptable plumbing practices. To this end, the District has adopted plumbing restrictions to provide protection to the District's Water Supply System. To notify Customers of the plumbing restrictions which are in place, each Customer shall be required to sign a Customer Service Agreement, as described in Appendix “3” to Exhibit “B” attached hereto, before the District will begin service.

The District will maintain a copy of the Customer Service Agreement as long as the Customer and/or the premises is connected to the District.

B. The Customer shall allow his/her property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the District or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. Inspections shall be conducted during the District's normal business hours.

C. The District shall notify the Customer in writing of any cross-connection or other unacceptable plumbing practices which have been identified during the initial inspection or the periodic reinspection.

D. The Customer shall immediately correct any undesirable plumbing practice on his/her premises.

E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records shall be provided to the District.

F. If a Customer fails to comply with the terms of the Customer Service Agreement, the District shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention assembly at the service connection. Any expenses associated with the enforcement of the Customer Service Agreement shall be billed to the Customer.

ARTICLE IV.
SANITARY SEWER CONNECTIONS

Section 4.01. Sanitary Sewer Service Line Installation.

A. Only one Sanitary Sewer Service Line connection to the District's Sanitary Sewer Collection System is permitted for each residence or commercial building. The Sanitary Sewer Service Line shall remain fully within the boundaries of the lot until the line reaches a utility easement or street right-of-way.

B. No opening in the District's Sanitary Sewer Collection System will be allowed to remain overnight or during rain.

C. All Sanitary Sewer Service Lines must be constructed to true alignment and grade. Warped and/or sagging lines will not be permitted. Sanitary Sewer Service Lines must have continuous contact with firm trench bottom throughout their entire run. Lines placed in such manner as to increase the likelihood of being displaced during backfill will be rejected.

D. All Sanitary Sewer Service Lines should be run from wyes or stacks directly to the houses without meanders or bends.

Section 4.02. Sanitary Sewer Service Line Materials. Only the following types of pipe and fitting materials are approved for constructing Sanitary Sewer Service Lines. Pipe and fittings in each Sanitary Sewer Service Line must consist of the following material or other material approved by the District's Engineer:

A. Vitrified clay pipe conforming to ASTM Specification C700 with joint coupling conforming to ASTM Specifications C425 or C594 and installed according to ASTM C12.

B. Cast iron soil pipe, standard weight, conforming to ASTM Specification A74 with rubber gasket joint coupling conforming to ASTM Specification C564.

C. Poly-vinyl-chloride PSM (PVC) pipe conforming to ASTM Specification D3034 or ASTM specification F789 (with UL listing) and installed according to ASTM D2321.

D. Ductile Iron Pipe conforming to ANSI A21.51 with rubber gasket joints ANSI A21.11 and installed according to manufacturer's recommendations.

E. Acrylonitrile-butadiene-styrene (ABS) pipe material conforming to ASTM Specification D2751.

Section 4.03. Size and Grade of Sanitary Sewer Service Lines.

A. Minimum Sizes for Sanitary Sewer Service Lines shall be as follows:

1. Residential- - 4 inches in diameter; and

2. Commercial - - - 6 inches in diameter.
- B. The minimum grades for Sanitary Sewer Service Lines shall be as follows:
1. 4 inch pipe - - - 14 inch drop per hundred feet (1.2%);
 2. 6 inch pipe - - - 8 inch drop per hundred feet (0.7%); and
 3. 8 inch pipe - - - 5 inch drop per hundred feet (0.4%).
- C. The maximum grades for Sewer Service Lines shall be as follows:
1. 4 inch pipe - - - two and one-half feet drop per hundred feet (2.5%);
 2. 6 inch pipe - - - one and one-half feet drop per hundred feet (1.5%); and
 3. 8 inch pipe - - - one foot drop per hundred feet (1%).

Section 4.04. Connection of Building Sewer Outlet.

- A. On all building waste outlets, the building tie-on connections shall be made directly to the stub-out from the building plumbing at the foundation.
- B. Water-tight adapters of a type compatible with the materials being joined shall be used at the point of connection of a Sanitary Sewer Service Line to the building plumbing. No cement grout materials shall be permitted.
- C. Unless an exception is permitted by the District's Operator, existing wye and stack connections must be utilized for connection of a Sanitary Sewer Service Line to the District's Sanitary Sewer Collection System.
- D. Commercial users shall install a sampling well constructed to City of Houston standards and a grease trap with sampling port constructed to City of Houston standards when required by the District's Engineer and Operator.

Section 4.05. Fittings and Cleanouts.

- A. No bends or turns at any point will be greater than forty-five degrees (45°).
- B. Each horizontal Sanitary Sewer Service Line will be provided with a cleanout at its upper terminal; and each such run of piping which is more than ninety (90) feet in length will be provided with a cleanout for each ninety (90) feet or fraction thereof in the length of such piping.
- C. Each cleanout will be installed so that it opens in a direction opposite to the flow of the waste and, except in the case of wye branch and end-of-the-line cleanouts, cleanouts will be installed vertically above the flow line of the pipe.
- D. Cleanouts will be made with air-tight mechanical plug.

Section 4.06. Installation of Sewer Taps and Issuance of Permits.

A. Sanitary Sewer Service Lines must be at least 24 inches below (vertically) and at least 9 feet from (horizontally) any Water Service Line (far side or near side connection). If this is not possible, a cast iron casing over the Water Service Line must be installed by the Customer, which casing will be inspected by the District's Operator.

B. Excavation for Sewer Taps shall be water tamped in all areas within 5 feet (vertically or horizontally) of any existing sewer lines, sidewalks or driveways. Soil not suitable for water tamping (clay modules, organic material or silty soils) shall be removed and replaced with suitable backfill materials.

C. All stacks shall be installed in locations shown on the plans. Stacks shall be capped and the cap lightly cemented in place. Wyes will not be installed by the line contractor. Wye saddles will be paid for in the line contract, but will be delivered to the District's Operator. The District's Operator will furnish the Customer a saddle at the time of inspection.

D. An Application for Service (which may be obtained from the District's Operator) must be filed with the District's Operator prior to construction of any Sanitary Sewer Service Line, and the Tap Fee and/or Sewer Tap Inspection fee as established in the District's most current Rate Order should accompany the application. (Application forms are available from the District's Operator.) Construction of any Sanitary Sewer Service Line must not begin until the design of the Sanitary Sewer Service Line is approved by the District's Engineer and construction is authorized by the District's Operator.

E. When the Sanitary Sewer Service Line is complete, and prior to backfilling the pipe trench, the Customer shall request an inspection of the Sanitary Sewer Service Line. Requests for inspections (or reinspections) shall be made to the District's Operator at least twenty-four (24) hours in advance of the inspection.

F. The Sewer Tap shall be made only under the supervision of the District's Operator by use of an adapter of a type compatible with materials being joined. The Sewer Tap shall be watertight. No cement grout materials are permitted.

G. Any damage to the District's facility shall be repaired promptly by the Customer under the direction of the District's Operator. Major damage will be repaired by the District's Operator at the Customer's expense.

H. Backfilling of a Sanitary Sewer Service Line trench must be accomplished within twenty-four (24) hours of inspection and approval. Backfill material shall be sand or loam free of large lumps or clods. No debris will be permitted in the trench or backfill.

I. During inspection of the Sanitary Sewer Service Line, the District's Operator will examine all District facilities, such as manholes, valves, flush valves, and inlets on and adjacent to the lot. The connection permit will not be granted until any damage to these facilities has been repaired.

J. The District's Operator will complete the Inspection Form and file it for record with the Application.

K. A connection permit will be issued after the Sewer Tap Inspection is performed and the District's Operator confirms that all requirements of these Rules and Regulations have been met.

L. Connection permits which are rejected for any deficiency shall be promptly corrected and a reinspection requested. A reinspection fee as set forth in the District's Rate Order shall be paid at the time the reinspection is requested.

ARTICLE V.
FEES AND CHARGES

The District's fees and charges shall be as established by its Rate Order.

ARTICLE VI.
EXCLUDED FLOW AND WASTE

A. No waste material which is not biologically degradable will be permitted to discharge into the District's Sanitary Sewer Collection System, including mud and debris accumulated during service line installation. The Customer should refer to the District's Rate Order and Wastewater Control Order for specific information concerning acceptable discharges into the District's Sanitary Sewer Collection System. The Customer is to be fully responsible for cleaning and jetting lines of any dirt or debris permitted to enter during service construction.

B. No surface runoff water will be permitted to be discharged into the District's Sanitary Sewer Collection System, including but not limited to, downspouts and yard or area drains.

C. Swimming pool and/or spa connections will not be made to the District's Sanitary Sewer Collection System unless specifically approved by the District in writing.

ARTICLE VII.
PRIVATE WELLS/TANKS

The construction of water wells and/or the installation of septic tanks is prohibited without prior written approval by the Board of Directors. Said approval, if granted by the Board of Directors, will state the purpose for the construction of a water well and the intended use of the water.

ARTICLE VIII.
AVAILABILITY OF ACCESS/OBSTRUCTIONS

By application for connection to the District's Sanitary Sewer Collection System and/or Water Supply System, the Customer shall be deemed to be granting to the District and its representatives a right of ingress and egress to and from the meter or point of service for such installation, maintenance and repair as the District, in its judgment, may deem reasonably necessary. The Customer shall also be deemed to be granting to the District and its representatives a right of ingress and egress to the Customer's property, including the interior and exterior of the Customer's premises, for the purpose of performing the inspections and completing the Customer Service Inspection Certifications required by these Rules and Regulations. Taps and connections will not be made when, in the opinion of the District's Engineer or Operator, the work area is obstructed by building materials or other debris or the work area is not completed or finished to grade. When sidewalks, driveways or other improvements have been constructed prior to application for service, such application shall be construed and accepted as the Customer's waiver of a claim for any damages to such improvements resulting from the reasonable actions of the District's Operator in installation of the connection.

ARTICLE IX.
PROTECTION OF DISTRICT'S WATER SUPPLY SYSTEM AND
SANITARY SEWER COLLECTION SYSTEM

A. Damage to the District's Water Supply System or the Sanitary Sewer Collection System by the District's Customers, including developers and Builders' plumbers, will be repaired by the District at the Customer's expense.

B. After a water meter has been set or a fire hydrant installed, the Customer shall at all times keep the area in, around and upon such facilities and District easements and property under Customer's control free from rubbish or obstructions of any kind, including shrubbery. Failure to keep such facilities and District easements and property under Customer's control free from rubbish or obstructions of other kind, including shrubbery, shall result in disconnection of water service and/or the assessment of charges necessary to remove said obstructions. Customers are prohibited from introducing material into the District's Sanitary Sewer Collection System which could cause obstruction of said system. In the event that an inspection by the District's Engineer or Operator reveals foreseeable damage to the District's Sanitary Sewer Collection System resulting from a Customer's failure to prevent obstructions from entering said system, the District reserves the right to remove the obstruction immediately and without notice. Any costs incurred by the District for removal of an obstruction to the District's system, plus a District administration fee of 20% of said costs, shall be assessed to the Customer.

C. It shall be unlawful for any person, unless authorized in writing by the District's Operator, to tamper or interfere with, obstruct access to, or as a result of willful action injure, deface, or destroy any facilities that are a part of the District's Water Supply System or Sanitary Sewer Collection System, including, with respect to the waterworks system, water plants, flushing valves, valve boxes, and water lines up to the meter box and including meters; provided, however, that duly authorized members of the local fire department shall have the right to use such flushing valves for fire protection purposes.

D. It shall be unlawful for any person to connect any building to the District's Water Supply System without a meter or to have a straight line connection to a building without being metered. It shall also be unlawful for any person, other than the District's Operator or Engineer, to draw water from the District's Water Supply System (except for the use of water for firefighting purposes) without being metered, including the unauthorized use of a flushing valve or unmetered water taps.

E. It shall be unlawful for any person to deposit, throw, drain, discharge, or otherwise cause to be injected into any sewer, manhole, catch basin, flush tank, or other facility that is a part of the District's Water Supply System or Sanitary Sewer Collection System any debris or foreign substance that would interfere with the proper and routine functioning thereof.

F. The general welfare requires that the water resources available to the District be put to the maximum beneficial use and that the waste or unreasonable use of water be prevented, to avoid subsidence and conserve water for the public health, safety and welfare; therefore, it shall be unlawful for any person to waste water or use it unreasonably.

ARTICLE X.
ENFORCEMENT OF RULES AND REGULATIONS

Any and all of the following remedies may be employed by the District to abate and prevent any violation of the provisions of these Rules and Regulations:

A. Discontinuance of water service.

B. Disconnection and sealing of sanitary sewer connection.

C. The Board hereby imposes the following civil penalties for breach of any rule or regulation of the District: The violator shall pay the District the lesser of twice the costs the District has sustained due to the violation or an amount determined by the Board of Directors not to exceed \$5,000. A penalty under this Section is in addition to any other penalty provided by the laws of this State and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the District's principal office or meeting place is located. If the District prevails in any suit to enforce its rules, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court. The amount of the attorneys' fees shall be fixed by the court.

D. A Customer found in violation of these Rules and Regulations shall be liable to the District for all expenses borne by the District including laboratory fees, legal fees, engineering fees and other costs incurred by the District in establishing the violation and resolving the cause of the violation.

E. A Customer found in violation of these Rules and Regulations who causes or contributes to a violation by the District's Sanitary Sewer Collection System of effluent parameters shall be liable to the District for all expenses borne by the District, including legal and engineering fees related to any lawsuit filed by federal, state, or local authorities regarding violations by the District of effluent parameters applicable to the District's Sanitary Sewer Collection System.

ARTICLE XI.
EFFECTIVE DATE

These Rules and Regulations shall become effective immediately.

**APPENDIX "1"
TO EXHIBIT "B"**

**Texas Commission on Environmental Quality
Customer Service Inspection Certificate**

Name of PWS:	
PWS ID #:	
Location of Service:	

Reason for Inspection:	
New construction	<input type="checkbox"/>
Existing service where contaminant hazards are suspected	<input type="checkbox"/>
Material improvement, correction or expansion of distribution facilities	<input type="checkbox"/>

I _____, upon inspection of the private water distribution facilities connected to the aforementioned public water supply do hereby certify that, to the best of my knowledge

Compliance	Non-Compliance	
<input type="checkbox"/>	<input type="checkbox"/>	(1) No direct or indirect connection between the public drinking water supply and a potential source of contamination exists. Potential sources of contamination are isolated from the public water system by an air gap or an appropriate backflow prevention assembly in accordance with Commission regulations.
<input type="checkbox"/>	<input type="checkbox"/>	(2) No cross-connection between the public drinking water supply and a private water system exists. Where an actual air gap is not maintained between the public water supply and a private water supply, an approved reduced pressure principle backflow prevention assembly is properly installed.
<input type="checkbox"/>	<input type="checkbox"/>	(3) No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply.
<input type="checkbox"/>	<input type="checkbox"/>	(4) No pipe or pipe fitting which contains more than 8.0% lead exists in private water distribution facilities installed on or after July 1, 1988 and prior to January 4, 2014.
<input type="checkbox"/>	<input type="checkbox"/>	(5) Plumbing installed on or after January 4, 2014 bears the expected labeling indicating ≤0.25% lead content. If not properly labeled, please provide written comment.
<input type="checkbox"/>	<input type="checkbox"/>	(6) No solder or flux which contains more than 0.2% lead exists in private water distribution facilities installed on or after July 1, 1988.

I further certify that the following materials were used in the installation of the private water distribution facilities:

Service lines:	Lead <input type="checkbox"/>	Copper <input type="checkbox"/>	PVC <input type="checkbox"/>	Other <input type="checkbox"/>
Solder:	Lead <input type="checkbox"/>	Lead Free <input type="checkbox"/>	Solvent Weld <input type="checkbox"/>	Other <input type="checkbox"/>

Remarks:	

I recognize that this document shall be retained by the aforementioned Public Water System for a minimum of ten years and that I am legally responsible for the validity of the information I have provided.

Signature of Inspector:		License Type:	
Inspector Name(Print/Type):		License Number:	
Title of Inspector:		Date / Time of Insp.:	/

A Customer Service Inspection Certificate should be on file for each connection in a public water system to document compliance with 30 TAC § 290.44(h)/290.46(j).

**APPENDIX "2"
TO EXHIBIT "B"**

Texas Commission on Environmental Quality
BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

The following form must be completed for each assembly tested. A signed and dated original must be submitted to the public water supplier for recordkeeping *purposes:

NAME OF PWS:	
PWS ID#:	
PWS MAILING ADDRESS:	406 W Grand Parkway S, Suite 280, Katy, TX 77494
PWS CONTACT PERSON:	Municipal District Services, Bulder Services Department, 281-290-6503,option 2, bidrservices@mdswater.com
ADDRESS OF SERVICE:	

The backflow prevention assembly detailed below has been tested and maintained as required by commission regulations and is certified to be **operating within acceptable parameters.**

TYPE OF BACKFLOW PREVENTION ASSEMBLY (BPA):			
<input type="checkbox"/>	Reduced Pressure Principle (RPBA)	<input type="checkbox"/>	Reduced Pressure Principle-Detector (RPBA-D) Type II <input type="checkbox"/>
<input type="checkbox"/>	Double Check Valve (DCVA)	<input type="checkbox"/>	Double Check-Detector (DCVA-D) Type II <input type="checkbox"/>
<input type="checkbox"/>	Pressure Vacuum Breaker (PVB)	<input type="checkbox"/>	Spill-Resistant Pressure Vacuum Breaker (SVB)

Manufacturer:	Main:	Bypass:	Size:	Main:	Bypass:
Model Number:	Main:	Bypass:	BPA Location:		
Serial Number:	Main:	Bypass:	BPA Serves:		

Reason for test:	New <input type="checkbox"/>	Existing <input type="checkbox"/>	Replacement <input type="checkbox"/>	Old Model/Serial #
Is the assembly installed in accordance with manufacturer recommendations and/or local codes?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Is the assembly installed on a non-potable water supply (auxiliary)?	<input type="checkbox"/> Yes <input type="checkbox"/> No			

TEST RESULT PASS <input type="checkbox"/> FAIL <input type="checkbox"/>	Reduced Pressure Principle Assembly (RPBA)			Type II Assembly	PVB & SVB	
	DCVA		Relief Valve	Bypass Check	Air Inlet	Check Valve
	1 st Check	2 nd Check***				
Initial Test Date: Time:	Held at ____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Held at ____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at ____ psid Did not open <input type="checkbox"/>	Held at ____ psid Closed Tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at ____ psid Did not open <input type="checkbox"/> Did it fully open (Yes <input type="checkbox"/> /No <input type="checkbox"/>	Held at ____ psid Leaked <input type="checkbox"/>
Repairs and Materials Used**	Main: Bypass:					
Test After Repair Date: Time:	Held at ____ psid Closed Tight <input type="checkbox"/>	Held at ____ psid Closed Tight <input type="checkbox"/>	Opened at ____ psid	Held at ____ psid Closed Tight <input type="checkbox"/>	Opened at ____ psid	Held at ____ psid

*** 2nd check: numeric reading required for DCVA only

Differential pressure gauge used:	Potable: <input type="checkbox"/>	Non-Potable: <input type="checkbox"/>
Make/Model:	SN:	Date tested for accuracy:

Remarks:	

Company Name:	Licensed Tester Name (Print/Type):
Company Address:	Licensed Tester Name (Signature):
Company Phone #:	BPAT License #
	License Expiration Date:

The above is certified to be true at the time of testing.

* TEST RECORDS MUST BE KEPT FOR AT LEAST THREE YEARS [30 TAC §290.46(B)]

** USE ONLY MANUFACTURER'S REPLACEMENT PARTS

APPENDIX "3"
TO EXHIBIT "B"

CUSTOMER SERVICE AGREEMENT

SECTION I. PURPOSE. _____ (the "District") is responsible for protecting its Water Supply System from contamination or pollution which could result from unacceptable plumbing practices. The purpose of this Service Agreement is to notify each customer of the plumbing restrictions which are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each customer must sign this Customer Service Agreement before the District will begin service.

SECTION II. PLUMBING RESTRICTIONS. The following unacceptable plumbing practices are prohibited by State regulations:

- A. No direct connection between the District's Water Supply System and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air gap or an appropriate backflow prevention device.
- B. No cross-connection between the District's Water Supply System and a private water system is permitted. These potential threats to the District's Water Supply System shall be eliminated at the service connection by the installation of an air gap or a reduced pressure-zone backflow prevention device.
- C. No connection which allows water to be returned to the District's Water Supply System is permitted.
- D. No pipe or pipe fitting which contains more than 0.25% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
- E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

SECTION III. SERVICE AGREEMENT. The following are the terms of this Customer Service Agreement between _____ (the "District") and _____ (the "Customer"):

- A. The District will maintain a copy of this Customer Service Agreement as long as the Customer and/or the premises is connected to the District.
- B. The Customer shall allow his/her property to be inspected for possible cross-connections and other unacceptable plumbing practices. These inspections shall be conducted by the District or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other unacceptable plumbing practices exist; or after any major changes to the private plumbing facilities. Inspections shall be conducted during the District's normal business hours.
- C. The District shall notify the Customer in writing of any cross-connection or other unacceptable plumbing practices which have been identified during the initial inspection or the periodic reinspection.

- D. The Customer shall immediately correct any unacceptable plumbing practice on his/her premises.
- E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the District. Copies of all testing and maintenance records shall be provided to the District.

SECTION IV. ENFORCEMENT. If the Customer fails to comply with the terms of this Service Agreement, the District shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this Service Agreement shall be billed to the Customer.

NOTE: THE PURPOSE OF THE CUSTOMER SERVICE AGREEMENT IS TO NOTIFY CUSTOMERS OF THE PLUMBING RESTRICTIONS OF THE DISTRICT ADOPTED TO PROTECT THE DISTRICT'S WATER SUPPLY SYSTEM. INSPECTIONS CONDUCTED BY THE DISTRICT'S OPERATOR IN ACCORDANCE WITH THIS SERVICE AGREEMENT ARE FOR THE SOLE PURPOSE OF DISCOVERING AND ELIMINATING UNACCEPTABLE PLUMBING PRACTICES. THE DISTRICT OR THE DISTRICT'S OPERATOR MAKES NO REPRESENTATION AS TO THE ADEQUACY, QUALITY, OR FITNESS OF THE CUSTOMER'S PRIVATE PLUMBING FACILITIES.

Customer's
Signature: _____

Date: _____

Address: _____

EXHIBIT "C"
DROUGHT CONTINGENCY PLAN
FOR
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY

**ARTICLE I
POLICY AND PURPOSE**

Section 1.01: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety, and to minimize the adverse impacts of water supply shortage or other water supply emergency conditions, Lago Bello Municipal Utility District No. 1A of Harris County (the "District") hereby adopts the following regulations and restrictions on the delivery and consumption of water.

Water uses regulated or prohibited under this Drought Contingency Plan (the "Plan") are considered to be non-essential, and continuation of such uses during times of water shortage or other emergency water supply condition is deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Article VII of this Plan.

Section 1.02: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by the District by means of holding public hearings during regular meetings of the Board of Directors of the District during preparation of the Plan.

Section 1.03: Public Education

The District will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of letters to the residents, notices on the utility bills, placing of signs in the District, or other similar measures, as appropriate.

Section 1.04: Coordination with Regional Water Planning Groups

The service area of the District is located within Regional Water Planning Area H ("Region H") under the Texas Water Plan, and the District will provide a copy of this Plan to Region H.

Section 1.05: Authorization

The Board of Directors of the District, along with Municipal District Services, LLC (the "District's Operator"), is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The District's Operator shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section 1.06: Application

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the District. The terms “person” and “customer” as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

**ARTICLE II
DEFINITIONS**

For the purposes of this Plan, the following definitions shall apply in addition to the definitions from Article I of the Order Adopting Consolidated Rate Order and Rules and Regulations; Establishing Drought Contingency Plan; Establishing a Wastewater Control Order; Establishing Certain Other Policies; and Providing Penalties for Violation Thereof:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Beneficial use: the use of treated wastewater (reuse or recycled water), condensate water, or cooling tower blown down for a purpose not otherwise prohibited by city, state, or federal law or regulation, when such use is a reasonable viable alternative offering efficiency of use and economic benefits.

Commercial and institutional water use: water use which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants, and office buildings.

Conservation: those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer: any person, company, or organization using water supplied by the District.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8, and locations without addresses.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety, and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except as otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

Reuse or recycled water: domestic or municipal wastewater which has been treated to a quality suitable for a beneficial use in accordance with applicable law.

Waste: the use of water without obtaining maximum beneficial use thereof. Waste shall also include, but not be limited to, causing, suffering, or permitting a flow of water used for landscape watering to run into any river, creek, stream, or other natural water course or drain, superficial or underground channel, bayou, or until any sanitary or storm sewer, any street, road or highway or other impervious surface area, or upon the lands of another person or upon public land. Waste shall also include, but not be limited to, failure to repair any controllable leak on property owned by any registered water meter holder.

ARTICLE III DROUGHT RESPONSE STAGES

Section 3.01. Criteria for Initiation and Termination of Drought Response Stages

The District's Operator shall monitor water supply and/or demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified "triggers" are reached.

The triggering criteria described below are based on known system capacity limits. The District will adopt measures for each stage of the Plan as warranted by the triggers. The stages will not necessarily be adopted in consecutive order.

Section 3.02. Stage 1 Triggers -- Mild Water Shortage Conditions

A. Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the prescribed restrictions on certain non-essential water uses, defined in Article II hereof, when the following condition is reached:

When total daily water demand equals or exceeds 80% of the District's available water well capacity (e.g., based on the "safe" operating capacity of water supply facilities), or when the water supply facilities cannot meet or are in danger of not being capable of meeting water supply demand, as determined by the District's Operator.

B. Requirements for termination

Stage 1 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days.

Section 3.03. Stage 2 Triggers --- Moderate Water Shortage Conditions

A. Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 2 of this Plan when any of the following conditions occur:

When total daily water demand equals or exceeds 85% of the District's available water well capacity (e.g., based on the "safe" operating capacity of water supply facilities), or when the water supply facilities cannot meet or are in danger of not being capable of meeting water supply demand, as determined by the District's Operator.

B. Requirements for termination

Stage 2 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 2, Stage 1 becomes operative, unless otherwise notified.

Section 3.04. Stage 3 Triggers -- Severe Water Shortage Conditions

A. Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when any of the following conditions occur:

When total daily water demand equals or exceeds 90% of the District's available water well capacity (e.g., based on the "safe" operating capacity of water supply facilities), or when the water supply facilities cannot meet or are in danger of not being capable of meeting water supply demand, as determined by the District's Operator.

B. Requirements for termination

Stage 3 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 3, Stage 2 becomes operative, unless otherwise notified.

Section 3.05. Stage 4 Triggers -- Critical Water Shortage Conditions

A. Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when any of the following conditions occur:

When total daily water demand equals or exceeds 95% of the District's available water well capacity (e.g., based on the "safe" operating capacity of water supply facilities), or when the water supply facilities cannot meet or are in danger of not being capable of meeting water supply demand, as determined by the District's Operator.

B. Requirements for termination

Stage 4 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days. Upon termination of Stage 3, Stage 2 becomes operative, unless otherwise notified.

Section 3.06. Stage 5 Triggers -- Emergency Water Shortage Conditions

A. Requirements for initiation

Customers shall be required to comply with the requirements and restrictions for Stage 5 of this Plan when the District's Operator determines that a water supply emergency exists based on:

1. Major water line breaks, pump or system failures, or other events which cause unprecedented loss of capability to provide water service; or
2. Natural or man-made contamination of the water supply source(s).

B. Requirements for termination

Stage 5 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days.

Section 3.07. Stage 6 Triggers -- Water Allocation

A. Requirements for initiation

Customers shall be required to comply with the allocation plan prescribed in Article IV of this Plan and comply with the requirements and restrictions for Stage 5 when any of the following conditions occur:

When total daily water demand equals or exceeds 97% of the District's available water well capacity, or when the water supply facilities cannot meet or are in danger of not being capable of meeting water supply demand, as determined by the District's Operator.

B. Requirements for termination

Stage 6 of the Plan may be rescinded when the District's Operator determines that all of the conditions listed as triggering events have ceased to exist for a period of 3 consecutive days.

**ARTICLE IV
DROUGHT RESPONSE STAGES**

Section 4.01. Public Notification

The District's Operator shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section III of this Plan, shall determine when a mild to moderate, severe, critical, or emergency water shortage condition exists and shall implement the following notification procedures:

A. Notification

Before any notification of the public occurs, the District's Operator shall notify the Board of Directors of the need to evoke mandatory water conservation procedures.

The District's Operator shall notify the public by means of:

1. direct mail to each customer,
2. signs posted in public places, or
3. other measures that might be appropriate.

B. Additional Notification

The District's Operator shall notify directly, or cause to be notified directly, the following individuals and entities:

1. Texas Commission on Environmental Quality (required when mandatory restrictions are imposed),
2. Major water users,
3. Critical water users, i.e. hospitals.

Section 4.02. Stage 1 Response -- Mild Water Shortage Conditions

A. Goal

Achieve a 15 percent reduction in daily water demand to reduce the well motor run time from 18 hours to 14 hours or less.

B. Best Management Practices

1. Reduce flushing of water mains.

2. Notify customers of the implementation of the voluntary water use restrictions by sending the letter attached as Appendix 1.

C. Voluntary Water Use Restrictions for Reducing Water Demand

The following voluntary water use restrictions shall apply to all persons:

1. Customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

2. All operations of the District shall adhere to water use restrictions prescribed for Stage 2 of the Plan.

3. Customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

Section 4.03. Stage 2 Response -- Moderate Water Shortage Conditions

A. Goal

Achieve a 10 percent reduction in daily water demand.

B. Best Management Practices

1. Reduce flushing of water mains.

2. Notify customers of the implementation of the water use restrictions by sending the letter attached as Appendix 2.

C. Water Use Restrictions for Reducing Water Demand

Upon threat of penalty for violation, the following water use restrictions shall apply to all persons:

1. Irrigation of residential landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of residential landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

2. Irrigation of green belts, common areas, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight.

3. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

4. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.

5. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.

6. Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the District.

7. Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the District, the facility shall not be subject to these regulations.

8. All restaurants are prohibited from serving water to patrons except upon request of the patron.

9. The following uses of water are defined as non-essential and are prohibited:

- a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
- c. use of water for dust control;
- d. flushing gutters or permitting water to run or accumulate in any gutter or street; and
- e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Section 4.04. Stage 3 Response -- Severe Water Shortage Conditions

A. Goal

Achieve a 15 percent reduction in daily water demand.

B. Best Management Practices

1. Discontinue flushing of water mains.
2. Notify customers of the implementation of the mandatory water use restrictions by sending the letter attached as Appendix 3.

C. Water Use Restrictions

All requirements of Stage 2 shall remain in effect during Stage 3 except that except:

1. Irrigation of residential landscaped areas shall be limited to designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
2. Irrigation of green belts, common areas, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight
3. The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the District.
4. The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Section 4.05. Stage 4 Response -- Critical Water Shortage Conditions

A. Goal

Achieve a 20 percent reduction in daily water demand.

B. Best Management Practices

1. Discontinue flushing of water mains; discontinue irrigation of public landscaped areas.
2. Notify customers of the implementation of the water use restrictions by sending the letter attached as Appendix 4.

C. Water Use Restrictions

Under threat of penalty for violation, the water use restrictions of Stages 1, 2 and 3 shall be mandatory and shall remain in effect during Stage 4 except:

1. Irrigation of residential landscaped areas shall be limited to designated watering days between the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems is prohibited at all times.

2. Irrigation of green belts, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight

3. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited. Further, such vehicle washing at commercial car washes or service stations shall occur only between the hours of 6:00 am and 10:00 am and between 6:00 pm and 10:00 pm.

4. The filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools is prohibited.

5. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.

6. No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

Section 4.06. Stage 5 Response -- Emergency Water Shortage Conditions

A. Goal

Restore normal water supply as soon as possible.

B. Best Management Practices

1. Discontinue flushing of water mains; discontinue irrigation of public landscaped areas.

2. Notify customers of the implementation of the water use restrictions by sending the letter attached as Appendix 5.

C. Water Use Restrictions

All requirements of Stages 1, 2, 3 and 4 shall remain in effect during Stage 5 except (1) irrigation of landscaped areas and (2) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle are absolutely prohibited.

Section 4.07. Stage 6 Response - Water Allocation

In the event that water shortage conditions threaten public health, safety and welfare, the District's Operator is hereby authorized to allocate water according to the water allocation plan set forth

below. The District's Operator shall notify the Customers by placing signs at the entrances of all subdivisions in the District, and by sending the letter attached as Appendix 6.

A. Single Family Residential Customers

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

<u>Persons per Household</u>	<u>Gallons per Month</u>
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

"Household" means the residential premises served by the customer's meter. **"Persons per household"** includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a particular customer's household is comprised of two (2) persons unless the customer notifies the District's Operator of a greater number of persons per household. New customers may claim more persons per household at the time of applying for water service. When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify the District and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the District's Operator in writing within two (2) days. In prescribing the method for claiming more than two (2) persons per household, the District shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of persons in a household or fails to timely notify the District of a reduction in the number of person in a household shall be fined not less than \$250.00.

Residential water customers shall pay the following surcharges:

- \$3.00 for the first 1,000 gallons over allocation.
- \$4.00 for the next 1,000 gallons over allocation.
- \$5.00 for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

B. Master-Metered Multi-Family Residential Customers

The allocation to a customer billed from a master meter which jointly measures water to multiple permanent residential dwelling units shall be allocated 5,000 gallons per month for each dwelling unit. Customers billed from a master meter under this provision shall pay the following monthly surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

C. Commercial Customers

A monthly water allocation shall be established by the District or each nonresidential commercial customer other than an industrial customer who uses water for processing purposes. The commercial customer's allocation shall be approximately 70% percent of the customer's usage for the previous month. Provided, however, a customer, 70% percent of whose monthly usage is less than 5,000 gallons, shall be allocated 5,000 gallons. It shall be the customer's responsibility to contact the District's Operator to determine the allocation. Upon request of the customer or at the initiative of the District, the allocation may be reduced or increased if, (1) the designated period does not accurately reflect the customer's normal water usage, or (2) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the District. Nonresidential commercial customers shall pay the following surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

D. Industrial Customers

A monthly water allocation shall be established by the District for each industrial customer, which uses water for processing purposes. The industrial customer's allocation shall be approximately, 90% percent of the customer's previous month's water usage. It shall be the customer's responsibility to contact the District's Operator to determine the allocation, and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Upon request of the customer or at the initiative of the District, the allocation may be reduced or increased, (1) if the designated period does not accurately reflect the customer's normal water use because the customer had shutdown a major processing unit for repair or overhaul during the period, (2) the customer has added or is in the process of adding significant additional processing capacity, (3) the customer has shutdown or significantly reduced the production of a major processing unit, (4) the customer has previously implemented significant permanent water conservation measures such that the ability to further reduce water use is limited, or (6) if other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the District. Industrial customers shall pay the following surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

ARTICLE VII ENFORCEMENT

A. No person shall knowingly or intentionally allow the use of water from the District for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by the District's Operator in accordance with provisions of this Plan.

B. Any person who violates this Plan is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the in District discontinuing and re-connecting service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

C. Any person, including a person classified as a water customer of the District, in apparent control of the property where a violation occurs or originates shall be presumed to be the violator, and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he/she did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he/she proves that he/she had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.

D. The District's Operator, police officer, or other person(s) designated by the District, may issue a citation to a person he/she reasonably believes to be in violation of this Ordinance. The form of citation is attached hereto as Appendix 7. The citation shall be prepared in duplicate and shall contain the name and address of the alleged violator, if known, the offense charged, and shall direct him/her to appear in the Justice of the Peace Court on the date shown on the citation for which the date shall not be less than 3 days nor more than 5 days from the date the citation was issued. The alleged violator shall be served a copy of the citation. Service of the citation shall be complete upon delivery of the citation to the alleged violator, to an agent or employee of a violator, or to a person over 14 years of age who is a member of the violator's immediate family or is a resident of the violator's residence. The alleged violator shall appear in the Justice of the Peace Court to enter a plea of guilty or not guilty for the violation of this Plan. If the alleged violator fails to appear in the Justice of the Peace Court, a warrant for his/her arrest may be issued. A summons to appear may be issued in lieu of an arrest warrant. These cases shall be expedited and given preferential setting in the Justice of the Peace Court before all other cases.

ARTICLE VIII VARIANCES

A. The District's Operator, may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an

emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance and if one or more of the following conditions are met:

1. Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
2. Alternative methods can be implemented which will achieve the same level of reduction in water use.

B. Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with the District within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the District's Operator, and shall include the following:

1. Name and address of the petitioner(s).
2. Purpose of water use.
3. Specific provision(s) of the Plan from which the petitioner is requesting relief.
4. Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
5. Description of the relief requested.
6. Period of time for which the variance is sought.
7. Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
8. Other pertinent information.

C. Variances granted by the District's Operator on behalf the District shall be subject to the following conditions, unless waived or modified by the District's Operator:

1. Variances granted shall include a timetable for compliance.
2. Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

ARTICLE IX

END OF DROUGHT CONTINGENCY WATER USE RESTRICTIONS

When the District is able to return to normal water use, the District shall send out the letter attached as Appendix 8, or otherwise notify the customers of the District of the end of all water use restrictions.

PASSED AND APPROVED this ___ day of _____, 20__.

/s/

President, Board of Directors

ATTEST:

/s/

Secretary, Board of Directors

(DISTRICT SEAL)

**APPENDIX 1
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 1)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is unable to provide water at the customary levels or pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage One of the Drought Contingency Plan is now in effect. Stage One includes the following **VOLUNTARY** water use restrictions:

- (a) Irrigation of residential landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days.
- (b) Irrigation of green belts, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight.
- (c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- (d) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
- (e) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (f) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the District.

(g) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the District, the facility shall not be subject to these regulations.

(h) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(i) The following uses of water are defined as non-essential and are prohibited:

(1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

(2) use of water to wash down buildings or structures for purposes other than immediate fire protection;

(3) use of water for dust control;

(4) flushing gutters or permitting water to run or accumulate in any gutter or street; and

(5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

The Board of Directors appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 2
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 2)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is unable to provide water at the customary levels or pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 2 of the Drought Contingency Plan is now in effect. Stage 2 includes the **MANDATORY** water use restrictions set forth below. Any person who violates the water use restrictions set forth below is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the District in discontinuing and re-connecting service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

WATER USE RESTRICTIONS

- (a) Irrigation of residential landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, residential irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (b) Irrigation of green belts, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight
- (c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the

public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

(d) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.

(e) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.

(f) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special permit from the District.

(g) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the District, the facility shall not be subject to these regulations.

(h) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(i) The following uses of water are defined as non-essential and are prohibited:

(1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

(2) use of water to wash down buildings or structures for purposes other than immediate fire protection;

(3) use of water for dust control;

(4) flushing gutters or permitting water to run or accumulate in any gutter or street; and

(5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

The Board of Directors appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 3
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 3)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is experiencing severe water shortage conditions and is unable to provide water at the customary levels or pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 3 of the Drought Contingency Plan is now in effect and the **MANDATORY** restrictions set forth in below are now in effect. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. Any person who violates the water use restrictions set forth below is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the in discontinuing service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

WATER USE RESTRICTIONS

- (a) Irrigation of residential landscaped areas shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9). Irrigation of residential landscaped areas shall be limited to designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.
- (b) Irrigation of green belts, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight
- (c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash and commercial service stations and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 10:00 a.m. and 2:00 p.m. and between 10:00 p.m. and 6:00 a.m.

(d) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.

(e) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

(f) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare. The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

(g) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the District.

(h) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(i) The following uses of water are defined as non-essential and are prohibited:

(1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

(2) use of water to wash down buildings or structures for purposes other than immediate fire protection;

(3) use of water for dust control;

(4) flushing gutters or permitting water to run or accumulate in any gutter or street;
and

(5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

Failure to comply with the Water Use Restrictions is deemed a violation of the Drought Contingency Plan and may result in the termination of water and sewer service to your property. Water and sewer service will not be restored until noncompliance is discontinued and a reconnect fee of \$100 is paid.

The Board of Directors appreciates your cooperation and perseverance during this Drought Stage. Once the Drought Stage ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 4
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 4)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is experiencing critical water shortages conditions and is unable to provide water at the customary levels or pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 4 of the Drought Contingency Plan is now in effect and the **MANDATORY** restrictions set forth in below are now in effect. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. Any person who violates the water use restrictions set forth below is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the District in discontinuing and re-connecting service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

WATER USE RESTRICTIONS

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 4 of the Drought Contingency Plan is now in effect. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. The following **MANDATORY** restrictions are now in effect:

(a) Irrigation of residential areas shall be limited to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9). Irrigation of residential landscaped areas shall be limited to designated watering days between the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems is prohibited at all times.

(b) Irrigation of green belts, esplanades and sports field shall be limited to Mondays and Fridays between 8:00 p.m. and 12:00 midnight.

(c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 10:00 a.m. and 2:00 p.m. and between 10:00 p.m. and 6:00 a.m.

(d) The filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools is prohibited.

(e) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

(f) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare. The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

(g) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the District.

(h) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(i) The following uses of water are defined as non-essential and are prohibited:

(1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

(2) use of water to wash down buildings or structures for purposes other than immediate fire protection;

(3) use of water for dust control;

(4) flushing gutters or permitting water to run or accumulate in any gutter or street; and

(5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

(j) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

The Board of Directors appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 5
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 5)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is experiencing emergency water conditions and is unable to provide water at the customary levels or pressure.

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 5 of the Drought Contingency Plan is now in effect and the **MANDATORY** restrictions set forth in below are now in effect.. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. Any person who violates the water use restrictions set forth below is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the District in discontinuing or re-connecting. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

WATER USE RESTRICTIONS

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 5 of the Drought Contingency Plan is now in effect. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. The following **MANDATORY** restrictions are now in effect:

- (a) Irrigation of all residential landscaped areas is prohibited.
- (b) Irrigation of green belts, esplanades and sports fields is prohibited.
- (c) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.
- (d) The filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools is prohibited.

(e) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

(f) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare. The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

(g) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the District.

(h) All restaurants are prohibited from serving water to patrons except upon request of the patron.

(i) The following uses of water are defined as non-essential and are prohibited:

(1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

(2) use of water to wash down buildings or structures for purposes other than immediate fire protection;

(3) use of water for dust control;

(4) flushing gutters or permitting water to run or accumulate in any gutter or street; and

(5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

(j) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

The Board of Directors appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 6
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas
(Drought Stage 6)

(Date)

Dear Customer:

Lago Bello Municipal Utility District No. 1A of Harris County is experiencing emergency water conditions and must implement water allocation measures.

You are hereby notified that Stage 6 of the Drought Contingency Plan is now in effect and the **MANDATORY** water allocations and water use restrictions set forth below are now in effect. Any person who violates the water use restrictions set forth below is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the District's Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the District in discontinuing or re-connecting service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.

WATER ALLOCATION

RESIDENTIAL WATER CUSTOMERS RESIDING IN A SINGLE-FAMILY DWELLING SHALL BE ALLOCATED WATER AS FOLLOWS:

<u>Persons per Household</u>	<u>Gallons per Month</u>
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

Each residential water customer is deemed to have two (2) persons per household unless the customer notifies the District's Operator of a greater number of persons per household. Residential water customers shall pay the following surcharges:

- \$3.00 for the first 1,000 gallons over allocation.
- \$4.00 for the next 1,000 gallons over allocation.
- \$5.00 for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

MASTER-METERED MULTI-FAMILY RESIDENTIAL CUSTOMERS SHALL BE ALLOCATED WATER AS FOLLOWS:

The allocation to a customer billed from a master meter which jointly measures water to multiple permanent residential dwelling units shall be allocated 5,000 gallons per month for each dwelling unit. Customers billed from a master meter under this provision shall pay the following monthly surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

Surcharges shall be cumulative.

COMMERCIAL CUSTOMERS

A monthly water allocation for commercial customers, other than an industrial customer, shall be approximately 70% percent of the customer's usage for the previous month. Provided, however, a customer, 70% percent of whose monthly usage is less than 5,000 gallons, shall be allocated 5,000 gallons. It shall be the customer's responsibility to contact the District's Operator to determine the allocation. Commercial customers shall pay the following surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

INDUSTRIAL CUSTOMERS

The industrial customer's allocation shall be approximately, 90% percent of the customer's previous month water usage. It shall be the customer's responsibility to contact the District's Operator to determine the allocation, and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Industrial customers shall pay the following surcharges:

- \$2.00 per thousand gallons for the first 1,000 gallons over allocation.
- \$3.00 per thousand gallons for the second 1,000 gallons over allocation.
- \$4.00 per thousand gallons for the third 1,000 gallons over allocation.
- \$5.00 per thousand gallons for each additional 1,000 gallons over allocation.

The surcharges shall be cumulative.

WATER USE RESTRICTIONS

To ensure that an adequate supply of water is available for drinking and bathing, you are hereby notified that Stage 6 of the Drought Contingency Plan is now in effect. The Board of Directors is aware of the inconvenience of these severe restrictions, but it is imperative that the water supply not only be available for drinking and bathing but also for fire fighters in the event of a house fire. The following mandatory restrictions are now in effect:

- (a) Irrigation of landscaped areas is prohibited.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.
- (c) The filling, refilling, or adding of water to swimming pools, wading pools, and jacuzzi-type pools is prohibited.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a re-circulation system.
- (e) Use of water from hydrants shall be limited to fire fighting, related activities, or other activities necessary to maintain public health, safety, and welfare. The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.
- (f) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the District.
- (g) All restaurants are prohibited from serving water to patrons except upon request of the patron.
- (h) The following uses of water are defined as non-essential and are prohibited:
 - (1) wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - (2) use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - (3) use of water for dust control;
 - (4) flushing gutters or permitting water to run or accumulate in any gutter or street;and
 - (5) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).
- (j) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

The Board of Directors appreciates your cooperation and perseverance during this Conservation Condition. Once the Conservation Condition ends, we will notify you and you may then return to normal usage. If conditions should worsen, you will be notified of more stringent restrictions, to ensure the availability of water in your community.

Very truly yours,

Board of Directors

**APPENDIX 7
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas

CITATION

(Date)

Dear Customer:

On _____, you were notified that you were violating the Water Use Restrictions of Lago Bello Municipal Utility District No. 1A of Harris County. This second violation has resulted in the termination of water and sewer service to your property. Service will be restored upon discontinuation of the prohibited use and upon payment of a \$100 reconnect fee. In addition, you will have to sign a copy of the water use restrictions now in effect. To have service restored you should contact the District's Operator of Lago Bello Municipal Utility District No. 1A of Harris County at _____.

In addition, if you fail to take the steps listed above, the District will consider the imposition of Monetary Penalties for Noncompliance. In addition to disconnection, the District may impose a penalty of up to \$5,000.00 for each violation of this Plan. Each day that a breach of any provision of this Plan continues shall be considered a separate violation. This penalty shall be in addition to any other legal rights and remedies of the District as may be allowed by law. We urge you to comply with the provisions of the District's Drought Contingency Plan.

Sincerely,

Board of Directors

**APPENDIX 8
TO EXHIBIT C**

Lago Bello Municipal Utility District No. 1A of Harris County
of
Harris County, Texas

(Date)

Dear Customer:

The Drought Condition has ended. You may return to normal water usage. The Board of Directors of Lago Bello Municipal Utility District No. 1A of Harris County appreciates your cooperation and perseverance during this period and would appreciate your continued attention to water use. Continued water conservation practices will help ensure water availability in the future. Thank you for your efforts.

Very truly yours,

Board of Directors

EXHIBIT D
WASTEWATER CONTROL ORDER

LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY (the "District") hereby adopts the following regulations controlling wastewater for the purpose of establishing and enforcing reasonable and effective regulations to secure and maintain safe, sanitary and adequate influent to the District's Sanitary Sewer System;

ARTICLE I
Definition of Terms

For the purpose of this Order, the following words and terms shall have the following meanings unless the context indicates otherwise:

- (1) Approving Authority. The District and any of its employees or representatives or any entity or person authorized by the District's governing body to act for the District in carrying out the provisions of this Order, or their duly authorized deputies, agents or representatives.
- (2) Average Quality. The arithmetic average of all the "daily determinations of concentration," as that term is defined herein, made during a calendar month.
- (3) BOD (Biochemical Oxygen Demand). The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory conditions for five (5) days at a temperature of twenty (20) degrees celsius, reported in mg/l, as described in the "Standard Methods," as defined herein.
- (4) CFR. The Code of Federal Regulations.
- (5) COD (Chemical Oxygen Demand). The quantity of oxygen consumed from a chemical oxidation of inorganic and organic matter present in the water or wastewater, expressed in mg/l, as described in the "Standard Methods" as defined herein.
- (6) Daily Composite Sample. A sample of effluent continuously collected over a normal operating day.
- (7) Daily Composite Sample Quality. The concentration of some parameter tested in a "daily composite sample," as that term is defined herein, and reported proportional to flow.
- (8) Daily Determination of Concentration. For composite samples, "daily determination of concentration" shall be the same as "daily composite sample quality," as the term is defined herein. For grab samples, the daily determination of concentration shall be the arithmetic average of all "grab sample qualities," as that term is defined herein, determined for any calendar day.
- (9) Domestic Waste. A typical, residential-type waste which requires no pretreatment under the provisions of this Order prior to discharge into the sanitary sewer system, excluding all commercial, manufacturing and industrial wastes and which has the following characteristics:
 - (a) Free or emulsified oil and grease, if such materials:

i. Exceed on analysis an average of fifty (50) milligrams per liter (mg/l) of either or both or combination of free or emulsified oil and grease; or

ii. Form a discernable layer floating on the surface of the discharge waters;
or

iii. Overload the producer's skimming and grease handling equipment; or

iv. Are not amenable to biological treatment and will therefore pass to the receiving waters without being affected by normal sewage treatment processes; or

v. Have adverse effects on the treatment process due to the excessive quantities.

Provided, however, the Approving Authority's engineer may grant a permittee, by permit amendment, a variance with respect to paragraph i. such that biodegradable detergents are excluded from the calculation of oil and grease concentration. Permittee shall be responsible for providing a method of analysis acceptable to the Approving Authority's engineer.

(b) BOD exceeding 200 parts per million for any 24-hour period.

(c) COD exceeding 500 parts per million for any 24-hour period.

(d) Suspended Solids exceeding 200 parts per million for any 24-hour period.

(e) Ammonia concentration not exceeding 50 parts per million.

(10) EPA. The Environmental Protection Agency.

(11) Establishment. Any establishment or plant producing liquid waste, with or without suspended solids, required to be discharged into the sewer system.

(12) Grab Sample. An individual sample of effluent collected in less than fifteen (15) minutes.

(13) Grab Sample Quality. The concentration of some parameter tested in a grab sample, as that term is defined herein.

(14) Industrial User. Any person that discharges industrial waste into the sanitary sewer system.

(15) Industrial Waste. Any waterborne solid, liquid or gaseous waste, including cooling water, resulting from any commercial, industrial, manufacturing or food processing operation or from the development, recovery or processing of any natural resource, or any mixture of these with water or domestic waste.

(16) Industrial Waste Permit or Permit. Any permit issued pursuant to this Order.

(17) Interim Industrial Waste Permit. A permit to discharge waste issued by the Approving Authority pursuant to Section 2.03(b) of this Order.

(18) Plant. The District's Wastewater Treatment Plant.

(19) Milligrams per liter (mg/l). The same as parts per million (ppm) and is weight-to-volume ratio; when the milligram per liter value is multiplied by the factor 8.34, an equivalent to pounds per million gallons of water is obtained.

(20) Permittee, Permit Holder. Any person who owns, operates, possesses or controls an Establishment or Plant being operated under a valid Industrial Waste Permit.

(21) pH value. The logarithm of the reciprocal of the hydrogen ion concentration in grams per liter; i.e.:

$$\text{pH} = \text{LOG}_{10} \frac{1}{[\text{H}^+]}$$

pH will be determined according to the "Standard Methods," as defined herein.

(22) Pretreatment Requirements. Any substantive or procedural pretreatment requirement promulgated by the EPA and required by this Order, other than a pretreatment standard.

(23) Pretreatment Standards. Any regulation containing pollutant discharge limits promulgated by the EPA in accordance with sections 307 (b) and (c) of the Clean Water Act, that applies to industrial users.

(24) Producer. Any person who owns, operates, possesses or controls an establishment or plant, whether or not a permittee.

(25) Sanitary Sewer System, Sewers, Sewage Works, Sewer System. All facilities for collecting, conveying and pumping sanitary sewage and industrial wastes to the District's waste water treatment plant and all facilities for treating and disposing of sanitary sewage and industrial wastes at the District's wastewater treatment plant. For the purposes of this Order, however, waterways shall not be included in this definition.

(26) Standard Methods. The procedure as described in the latest edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association.

(27) Suspended Solids (SS). Solids measured in mg/l that either float on the surface of or are in suspension in water, wastewater, or other liquids, and which are largely removable by a laboratory filtration device, as defined in the "Standard Methods," as defined herein.

(28) TCEQ. The Texas Commission on Environmental Quality, as successor or to the Texas Natural Resource Conservation Commission, and any successor thereto.

(29) Testing Procedures. All testing procedures approved herein shall be EPA approved.

(30) User Charge. Charges established under this article for discharging wastes into the sanitary sewer system.

(31) Waste Discharge Permit. The permit issued to the District by EPA or TCEQ permitting the discharge of treated Domestic Waste and Industrial Waste into the waters of the state.

ARTICLE II
Permits

Section 2.01. Permit Required, Compliance With Approving Authority's Requests.

A. The following classes of industrial users shall be required to obtain industrial waste permits in accordance with the provisions of this article:

- (1) Industrial users discharging 25,000 gallons or more of industrial waste per day into the sanitary sewer system;
- (2) Industrial users subject to categorical pretreatment standards established by the EPA; and
- (3) Industrial users that, in the opinion of the Approving Authority engineer, contribute industrial waste to the sanitary sewer system, or may cause the Plant's sewage sludge to violate the waste discharge permit or applicable sludge disposal regulations.

B. Any producer discharging or proposing to discharge wastewater into a sewer in any quantity when requested by the Approving Authority must:

- (1) Submit to a wastewater survey which includes, but is not limited to, a description of activities, facilities, plant processes, and types of products or services of the producer. The survey shall include a list of chemicals not normally discharged into the sewer system as well as a list of process industrial wastes which are, or could be, discharged into the sewer system.
- (2) Submit a site drawing showing location and size of on-site sewers, sampling point, pretreatment facilities, public sewers, and any other pertinent details relating to its discharge of waste.
- (3) File a discharge report which must include at a minimum: nature of process, volume, rate of flow, and any other information that is relevant to the production of waste, including substances and concentrations in the wastewater discharge.
- (4) Provide a tour for Approving Authority inspectors of facilities of the producer, relating to the production, transport, storage, or discharge of waste.

Section 2.02. Permit Issuance, Renewal.

A. **Industrial Waste Permits:**

- (1) An applicant shall complete the Application for an Industrial Waste Permit and shall pay a fee of fifty dollars (\$50.00), or such other amount adopted by the Approving Authority for each application for an industrial waste permit. The application will not be accepted unless the fee is paid.
- (2) An applicant, upon compliance with the terms and conditions established by this article for the issuance of industrial waste permit, shall pay the Approving Authority a fee of five hundred dollars (\$500.00), plus the cost of the testing required hereunder, and shall thereafter be issued an industrial waste permit, which shall be valid for a period of two (2) years from the date of issuance.

(3) To renew its industrial waste permit an applicant shall file an application for renewal and pay the Approving Authority a fee of two hundred and fifty dollars (\$250.00), plus the cost of any testing. Any such renewal shall be valid for a period of two (2) years from the date of its issuance.

(4) Shall submit as part of his application the results of a laboratory analysis taken of a grab or daily composite sample of industrial waste produced by the applicant's Establishment. Sample collection and analysis for such report shall conform to standard methods and shall be conducted by a professional testing laboratory selected by the Approving Authority. Such analysis shall test for the concentrations of salts of the heavy metals indicated in the table included in Section 3.03 of this Order. At the discretion of the Approving Authority, additional compliance testing may be required, or compliance testing may be performed by Approving Authority personnel. In the event additional testing is required, the Applicant will be required to pay all such additional costs. The applicant shall not be issued an industrial waste permit if the laboratory report shows violations of the limits established under Section 3.03 of this Order.

(5) If the applicant is subject to pretreatment standards, it must submit to the Approving Authority baseline reports and such other information as may be required by applicable pretreatment regulations or by the Approving Authority to determine compliance with pretreatment standards and requirements. At the discretion of the Approving Authority, additional compliance testing may be required, or compliance testing may be performed by Approving Authority personnel. In the event additional testing is required, the Applicant will be required to pay all such additional costs. The applicant shall not be issued an industrial waste permit if its discharge fails to meet applicable pretreatment standards and requirements.

B. Annual Report. A verified report, to be made upon a form provided by the Approving Authority, shall be filed annually by all users with industrial waste permits. The reports shall state that the applicant has not made any change in its operations that have, or will within the term of the permit, increase the strength, volume or any other characteristic of the permittee's discharge into the sanitary sewer system. If the permittee has made changes in its operations that have or will increase, during the term of the permit, the strength, volume or any other characteristic of the permittee's discharge into the sanitary sewer system, then the permittee shall describe the changes in operations that alter the strength, volume or other characteristic of the discharge.

C. Notification to Approving Authority Concerning Change of Industrial Process. A permittee holding an industrial waste permit, which proposes to change its industrial process in such a manner as to cause any change in the quantity or quality of its discharge of industrial waste into the sewer system, shall give the Approving Authority sixty (60) days' advance notice of such change.

D. Penalty for Unauthorized Discharge. It shall be unlawful for:

(1) Any industrial user required by this Section to obtain an industrial waste permit to be connected to the sewer system, unless said industrial user has obtained a valid industrial waste permit; or

(2) Any permittee holding an industrial waste permit hereunder to violate any provision included in its industrial waste permit.

Any person convicted under the provisions of this Section shall be guilty of a Class C misdemeanor and fined not more than **Five Thousand Dollars (\$5,000)**. Each day of violation of each permit parameter shall constitute a separate offense.

Any person determined by the Approving Authority to violate this Section may be terminated from service in accordance with Section 5.01.

Section 2.03. Permit Conditions.

A. All permits shall be expressly subject to all provisions of this Order and all other applicable ordinances or regulations. Permits may require, but are not limited to, the following:

(1) Unit charge or schedule of user charges and fees for the wastewater to be discharged to the sanitary sewer.

(2) The average and maximum strength, characteristics or constituents of the user's wastewater discharge.

(3) Limits on rate and time of discharge or requirements for flow regulation and equalization.

(4) Regulations for installation of inspection and sampling facilities which include requirements for Approving Authority access to such facilities.

(5) Regulations relating to pretreatment standards and requirements.

(6) Regulations for monitoring programs which may include sampling locations, frequency and method of sampling, number, types and standards of tests, and reporting schedule.

(7) Requirements for the submission of technical reports or discharge reports.

(8) Requirements for the maintenance of plant records relating to wastewater discharge and affording Approving Authority access thereto.

(9) Advance notice to the Approving Authority prior to release into the sewer system of batch discharges.

(10) Other conditions as deemed appropriate by the Approving Authority to ensure compliance with this Article.

B. The Approving Authority may change the conditions of any permit from time to time, as circumstances or laws or regulations enacted by the state or federal government may require.

C. Any change in wastewater strength or volume discharged shall be reported to the Approving Authority for determination of need to change the permit conditions.

D. It shall be unlawful for any permit holder to fail to report to the Approving Authority any change in wastewater strength or volume discharged in excess of those limits stated in any permit.

Section 2.04. Permit Suspension or Revocation.

A. The Approving Authority engineer is authorized to suspend or revoke a permit any time that the permittee:

- (1) Violates any of the provisions of this Order pertaining to sewage disposal into the public sewers; or
- (2) Fails or refuses to pay, when due, charges made by the District for such sewer service; or
- (3) Discharges waste in a quantity or of a quality violating the provisions of the permit or otherwise prohibited by this Order or other related orders or ordinances.

B. If a permittee violates any conditions of its permit, the permittee shall submit written notice to the Approving Authority engineer within fifteen (15) days of such violation outlining the steps which will be taken to effectuate correction of such violation. The violation shall be corrected within thirty (30) days after the occurrence of such violation, unless a different time schedule for correction is approved by the Approving Authority engineer.

C. If the Approving Authority discovers a violation of a permit condition, the Approving Authority will give written notice of such violation to the permittee, and the permittee shall within fifteen (15) days after receipt of such notice furnish the Approving Authority in writing with proposed action which will be taken to effectuate correction of such violation. The violation shall be corrected within thirty (30) days after the occurrence of such violation, unless a different time schedule for correction is approved by the Approving Authority engineer.

In the event such violation is not corrected as requested or if the violation is the second or more offense hereunder, the Approving Authority may discontinue water service until a rededication plan is submitted and approved by the Approving Authority.

Section 2.05. Special Agreements. No provision contained in this Order shall be deemed to prevent any contract authorized by the Approving Authority in the usual manner between the Approving Authority and any industrial waste discharger whereby an industrial waste of unusual strength or characteristic may be accepted by the Approving Authority for treatment which will not violate or cause the system to violate federal or state discharge standards, and which will not be harmful to the sanitary sewer system, the treatment process or the sewage lines; all as approved in advance by the Approving Authority engineer.

ARTICLE III.

Quantity and Quality Determinations

Section 3.01. Quantity Determination.

A. Unless otherwise provided, the quantity of waste delivered to the District's sewers by a producer will be construed as being the same as the water delivered to the producer by the District's water system. If it is ascertained that the water meter has inaccurately measured the amount of water delivered to the permittee, then and in that event the sanitary sewer charge established herein shall be adjusted in the same manner as adjustments are made to the water bill. In the event no meter is installed or the meter installed is inoperable, the quantity of water delivered to the permittee shall be as determined in accordance with the District's order regulating quantity of water delivered.

B. Should the producer evaporate or otherwise dispose of water delivered by the District's water system other than to the District's sewer system, it shall be the obligation of the permittee to install such meters or other devices to determine the portion or quantity delivered to the sewer system. Such

meters or devices shall be approved by the Approving Authority engineer and maintained and operated by the permittee.

C. After installation of the measuring equipment approved by the Approving Authority engineer, it shall be the obligation of the permittee to conduct a test on such measuring equipment at least once every twelve (12) months to determine its accuracy and the results thereof shall be furnished in writing to the Approving Authority engineer. It shall also be the permittee's responsibility to notify the Approving Authority within a reasonable time in advance so that the Approving Authority may, if it chooses, have a witness present during such test. If upon any such test the percentage of accuracy is found to be within the accuracy tolerance as established by the manufacturer's specifications, such measuring equipment shall be determined to have correctly measured the quantity delivered to the sewer system. If, however, upon any such test the percentage of accuracy is found to be in excess of the accuracy tolerance specified by the manufacturer's specifications, then such measuring equipment shall be immediately adjusted to register correctly the quantity delivered to the sewer system. The billings to such permittee shall be adjusted for a period extending back to the time when the inaccuracy began, if such time is ascertainable, or for a period extending back one-half of the period of time since the date of the last adjustment, if the time since the beginning of the inaccuracy is not ascertainable.

D. Any producer for which the water supply is from private wells shall install, operate, and maintain at its expense such meters or other devices necessary to determine quantity discharged to the sewer system. Such meters or other devices installed shall be approved by the Approving Authority's engineer.

E. All producers for which the water supply is from other suppliers of water shall furnish to the Approving Authority either a certified meter reading of water delivered to its plant or company, or a copy of the billing from the water supplier. In this event, the same conditions will apply as if the Approving Authority were the supplier of water to the permittee.

Section 3.02. Quality Determination.

- A. Except for sampling which is required in connection with:
- (1) A permit application;
 - (2) Demonstration of compliance after violations of any discharge standard; or
 - (3) Permit requirements of a permittee which is subject to pretreatment standards;

determination of the average concentration or strength of the waste discharged shall be the obligation of the Approving Authority. Tests made on representative average samples collected by the Approving Authority shall be made at such intervals as the Approving Authority may designate, so long as samples are taken not less than annually. For purposes of subsection 3.02(a)(2) such sampling shall be at least three (3) consecutive tests demonstrating compliance, as determined by the Approving Authority engineer.

B. Samples may be taken and tests made at the Approving Authority's option without notice to the permittee, and such test results made by the Approving Authority shall fix the applicable user charge established, herein; provided, however, in the event the Approving Authority did not fix the applicable user charge using a composite sample secured and analyzed by an independent laboratory, a permittee may request in writing that its user charge be established pursuant to a composite sample

secured and analyzed by an independent laboratory approved by the Approving Authority. Such request must be approved in writing by the Approving Authority's engineer. If approved by the Approving Authority's engineer, all costs of such composite sampling and subsequent analyses shall be borne by the permittee, and shall be conducted at not less than three (3) month intervals. The Approving Authority's approval of sampling analyses performed by an independent laboratory does not prevent representatives of the Approving Authority from taking additional samples at its option without notice to the permittee or from splitting samples collected by the Approving Authority and performing concurrent tests.

C. Written notice from the Approving Authority's engineer approving sampling and analyses by an independent laboratory to establish user charges hereunder may be canceled by the Approving Authority's engineer by giving written notice of such cancellation to permittee.

D. Sampling shall be conducted according to customarily accepted methods. If, after receiving the permit applications the Approving Authority's engineer determines that the operations or characteristics of the producers industrial waste discharge require composite sampling, the Approving Authority's engineer may require same, which shall be provided by the producer on the basis of an average workday. Otherwise, the analysis will be made on the basis of grab samples. Guidelines for the examination and analyses of the characteristics will be as recommended in "Standard Methods." The Approving Authority may select an independent firm or laboratory to determine flow, oil and grease, BOD, COD and suspended solids at the permittee's expense.

E. The Approving Authority engineer may make periodic tests of waste being discharged into the District's sewer from the premises of permit holders under the provisions hereof. If at any time the industrial process changes or the quality of the industrial waste changes such that the additions, modification or alteration of pretreatment is required to meet standards required under this article, the District will then have the authority to require that approved pretreatment facilities be installed by the permit holder. Should any permit holder fail or refuse to install such facilities, or initiate their installation to the satisfaction and approval of the Approving Authority within thirty (30) days after receipt of written notice from the Approving Authority, the Approving Authority shall have the authority to suspend or revoke such permit and to terminate sewer service until permit holder has complied with the requirements hereof.

Section 3.03. Standard of Quality.

A. Unless otherwise required or approved, the delivery of all industrial waste from the producer to the District's sanitary sewer shall be at a reasonable uniform rate, as produced, without storage by the producer, except that storage which is necessary in the pretreatment plant of the producer and approved by the Approving Authority.

B. It shall be unlawful to discharge or cause to be discharged any subsurface drainage, storm or ground water, downspout or roof runoff, yard sprinklers, drains, fountains or ponds into any sanitary sewer. Water from swimming pools, boiler drains, blow-off pipes or cooling water from various equipment may be discharged into the sanitary sewer by an indirect connection whereby such discharge is cooled, if required, and flow into the sanitary sewer at a rate not to exceed the design capacity of the sanitary sewer, provided that the waste does not contain materials or substances in suspension of solutions in violation or the limits prescribed by this Order.

C. It shall be unlawful to discharge or cause to be discharged into the District's sewer any of the following described substances, materials, water, or wastes:

(1) Any liquid or vapor having a temperature higher than forty-five (45) degrees Centigrade [one hundred thirteen (113) degrees Fahrenheit] at the place of discharge into the sewer system or which causes the temperature of the influent reaching the Plant to be forty (40) degrees Centigrade [one hundred four (104) degrees Fahrenheit] or more.

(2) Any water or waste which contains wax, grease, oil, plastics or other substances that will solidify or become discernibly viscous at temperatures between sixty (60) to ninety (90) degrees Fahrenheit.

(3) Flammable or explosive liquids, solids or gas, such as gasoline, kerosene, benzene, naphtha, etc.

(4) Solids or viscous substances such as ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, whole blood, paunch, manure, hair and fleshings, entrails, lime slurries, lime residues, slops, chemical residues, paint residues, fiberglass, or bulk solids.

(5) Waste from garbage grinders, except those wastes generated in the preparations of foods that are generally consumed on the premises, and not unless it has been properly comminuted or shredded to reduce all food scraps and like particles to three-sixteenths inch or less in greatest dimension. Garbage grinders shall not be used for grinding plastics, paper products, garden refuse, hospital or veterinarian refuse, or similar refuse for disposal into a sanitary sewer.

(6) Any noxious or malodorous substance which can form a gas; or which, either singly or by interaction with other wastes, is capable of causing objectionable odors or hazard to life and property; or which forms solids in concentrations exceeding limits established herein; or which creates any other condition deleterious to structures or treatment processes; or which requires unusual facilities, attention or expense to handle such materials.

D. Except in quantities or concentrations as herein authorized, it shall be unlawful for any individual, person, permittee, producer, or corporation to discharge waters or wastes to the sanitary sewer containing the following:

(1) Free or emulsified oil and grease, if such materials:

(i) Exceed on analysis an average of fifty (50) milligrams per liter (mg/l) of either or both or combination of free or emulsified oil and grease; or

(ii) Form a discernable layer floating on the surface of the discharge waters;
or

(iii) Overload the producers skimming and grease handling equipment; or

(iv) Are not amenable to biological treatment and will therefore pass to the receiving waters without being affected by normal sewage treatment processes; or,

(v) Have adverse effects on the treatment process due to the excessive quantities.

Provided, however, the Approving Authority's engineer may grant a permittee, by permit amendment, a variance with respect to paragraph (i) such that biodegradable detergents are excluded from

the calculation of oil and grease concentration. Permittee shall be responsible for providing a method of analysis acceptable to the Approving Authority's engineer.

- (2) BOD exceeding 200 parts per million for any 24-hour period.
- (3) COD exceeding 500 parts per million for any 24-hour period.
- (4) Suspended Solids exceeding 200 parts per million for any 24-hour period.
- (5) Acids or alkalies which attack or corrode sewers or sewage disposal structures or have a pH value lower than 6.0 or higher than 10.0, or which, due to contents, may be reduced or changed with age or by sewage, to produce acid or alkaline reactions.
- (6) Any salt of the following heavy metals, in solution or suspension, exceeding the concentration for each metal listed below, the analytical results to be expressed in terms of the element indicated:

Not to Exceed (mg/l)

<u>Metal</u>	<u>Average Quality mg/l</u>	<u>Daily Composite Quality mg/l</u>	<u>Grab Sample Quality mg/l</u>
Arsenic	0.1	0.2	0.3
Barium	1.0	2.0	4.0
Cadmium	0.05	0.1	0.2
Chromium	0.05	1.0	5.0
Copper	0.5	1.0	2.0
Lead	0.5	1.0	1.5
Manganese	1.0	2.0	3.0
Mercury	0.005	0.005	0.01
Nickel	1.0	2.0	3.0
Selenium	0.05	0.1	0.2
Silver	0.05	0.1	0.2
Zinc	1.0	2.0	6.0

Any discharge exceeding any value for any method of sample listed above is an unlawful discharge.

- (7) Cyanides or cyanogen compounds capable of liberating hydrocyanic gas upon acidification in excess of two (2) milligrams per liter (mg/l) as CN in the wastes from any outlet into the public sewer.
- (8) Radioactive materials exceeding the existing standards of the TCEQ.
- (9) Any wastewater containing phenols in excess of ten (10.0) milligrams per liter (mg/l); or any wastewaters containing other taste producing substances in such concentrations as to produce odor or taste in the effluent as to affect the taste and odor of the receiving waters.
- (10) Any substance which is not amenable to treatment or reduction by the wastewater treatment process employed, or are amenable to treatment only to such degree that the

wastewater treatment plant cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters without first pretreating to a concentration acceptable to the Approving Authority.

(11) Materials which exert or cause excessive discoloration such as, but not limited to, dye wastes and tanning solutions, unless, by actual test, it is found that such discoloration will be removed by pretreatment and the existing treatment plant operated by or on behalf of the Approving Authority.

(12) Sulfides in concentrations greater than five mg/l.

(13) Any substance in violation of 40 CFR Part 403.

Section 3.04. Accidental Discharges.

A. Each permittee shall provide protection from accidental discharge of prohibited materials or other wastes regulated by this Order.

B. For counter measures to be taken by the Approving Authority to minimize damage to the sanitary sewer system and/or degradation of the receiving waters, permittee shall notify the Approving Authority immediately upon accidentally discharging wastes in violation of this Order. This notification shall be followed within fifteen (15) days of the date of occurrence by a detailed written statement describing the causes of the accidental discharge and the measures being taken to prevent future occurrence. Such notification will not relieve permittee of liability for any expense, loss, or damage to the sanitary sewer system, or for any fines imposed on enforcement action pursuant to this occurrence.

C. In order that officers, agents and employees of permittees will be informed of the Approving Authority's requirements, permittees shall make available to their employees copies of this Order, together with such other wastewater information and notices which may be furnished by the Approving Authority from time to time for the purpose of improving and making more effective water pollution control. A notice shall be furnished and permanently posted on the permittee's bulletin board advising officers, agents and employees who to call in case of an accidental discharge in excess of the limits authorized by the permit.

D. Any possible connection or entry point for hazardous and/or prohibited substances to the permittee's plumbing or drainage system shall be appropriately labeled to warn operating personnel against discharge of such substance in violation of this Order.

Section 3.05. Change of Ownership or Location of Discharge. Industrial waste permits may neither be assigned nor be transferred to a new discharge location. Whenever a person other than the permittee becomes the producer at a permitted establishment, or whenever there is a change in discharge location, a new application for a permit shall be made. A violation of this section shall be grounds for suspension or revocation of the subject permit by the Approving Authority's engineer.

Section 3.06. Pretreatment.

A. Pretreatment shall be required in the following instances, and the Approving Authority's engineer shall submit to the applicant pretreatment levels which must be obtained:

(1) If the Approving Authority's engineer determines upon the initial application for a permit under this article that the proposed industrial waste must be pretreated by the applicant to lower the level of any of the components of the industrial waste before discharge to the public sewer;

(2) If the Approving Authority must improve the discharge from its wastewater treatment plant to the receiving stream as a result of directives from federal or state regulatory agencies, orders or judgments from courts of competent jurisdiction, or changes in the discharge permit for the Approving Authority's wastewater treatment plant or plants, then and in that event the Approving Authority's engineer will require that a permit holder install or enlarge pretreatment facilities to lower the affected component of the permittee's industrial waste discharge;

(3) If any wastewater prohibited under the conditions of this Order is produced, such producer shall pretreat the wastewater to the extent required to comply with the standards established herein before discharging to any public sewer; or

(4) If the Approving Authority's engineer determines that a permittee, because of plant expansion and/or changes in plant operations, has increased either the strength or volume of the discharge, the Approving Authority's engineer may require additional pretreatment to lower the level of the volume and/or any components of the industrial waste before discharge unless such permittee has previously made application for reservation of additional industrial capacity pursuant to this Order.

Pretreatment facilities required under the foregoing provision of this section shall be provided, operated, and maintained at the permit holder's expense.

B. Any sludge or other material removed from the industrial waste by the pretreatment facility shall be disposed of in accordance with applicable federal, state, and local laws.

C. Except where expressly authorized by applicable pretreatment standard, no industrial user shall increase the use of process water or, in any other way, attempt to dilute its industrial waste discharge as a partial or complete substitute for adequate treatment to achieve compliance with the discharge standards established in accordance with this Order. The Approving Authority's engineer may impose mass limitations on industrial users which are using dilution to meet discharge standards.

One or more producers may upon application and approval by the Approving Authority combine industrial waste streams prior to discharge to the public sanitary sewer system if, and only if, such combination of industrial waste streams produces a combined discharge of better quality than the two (2) industrial waste streams would have been if discharged separately.

D. Detailed plans showing any other data demonstrating the capability of any pretreatment facilities shall be submitted to the Approving Authority's engineer and any applicable health officer for approval before construction of the facilities. The review or approval of such plans will in no way relieve such permit holders from the responsibility of modifying and operating the facilities to produce an effluent complying with the established conditions for the permit. Any subsequent, significant changes in the approved facilities or method of operation shall be reported to the Approving Authority's engineer and any applicable health officer and must be reviewed and approved by him as complying with the provisions herein established.

E. After the construction plans for such pretreatment plants have been approved and a permit issued, the plans shall be placed on file in permanent, reproducible form with the Approving Authority's engineer, without cost to the Approving Authority, before a permit will be issued.

Section 3.07. Inspection and Testing of Discharges.

A. The Approving Authority is authorized to send Approving Authority inspectors at any reasonable time to the property of any producer discharging, or proposing to discharge wastewater into the sewer system, for the purpose of inspecting any waste discharge or records required by the Approving Authority or other regulatory authorities. Approving Authority inspectors shall observe the establishment's rules and regulations concerning safety, internal security and fire protection; and if the property has management in residence, such inspectors shall notify management or the person in charge of their presence. Provided, however, if refused entry onto the premises, such inspectors shall procure a search warrant to inspect such waste discharge or records. Any expense incurred after refused entry shall be borne by the producer as part of the user charge.

B. All industrial users shall be required to install and maintain facilities at their own expense for the purpose of inspecting, observing, and sampling by the Approving Authority's representative. Each such manhole or inspection chamber shall be of such design and construction which will prevent infiltration by ground and surface waters or introduction of slugs of solids by installation of screens with maximum openings of one inch, but of such sufficient fineness to prevent the entrance of objectionable slugs or solids to the sanitary sewage system and shall be so maintained by such user so that any authorized representative or employee of the Approving Authority may readily and safely measure the volume and obtain samples of the flow at all times. Plans for the construction of control manholes, tamper proof boxes or vaults or inspection chambers, including such flow measuring devices as may or may not be required, shall be subject to approval by the Approving Authority's engineer prior to the beginning of construction.

Section 3.08. Trade Secrets. All information and data relating to a permittee obtained from reports, questionnaires, permit applications, permits, monitoring programs, and inspections shall be available to the public without restriction, unless the industrial user specifically requests and is able to demonstrate to the satisfaction of the Approving Authority that the release of information or processes of methods that would give a business advantage to competitors who do not otherwise have this information.

Provided, however, "effluent data" as that term is defined in 40 CFR Section 2.302(a), or any amendment thereto, shall be available to the public without restrictions.

ARTICLE IV
User Charges

Section 4.01. Established User Charges.

A. The user charges established herein shall be in addition to any other sanitary sewer service charges. By the adoption of this Order, the District's order regulating rates for water and sewer service shall continue to apply as in force from time to time except as required to implement the provisions of this Article IV.

B. The user charges are to provide for the reimbursement of costs to the Approving Authority; and to provide the control necessary by the Approving Authority to provide treatment for those wastes of quantity and strength produced by industrial processes, including wastes of characteristics difficult to treat for final disposal, but are accepted without pretreatment and the administration and enforcement of this Order.

C. These user charges are not in lieu of any sanitary sewer connection charges and/or industrial cost recovery charges established by the District.

D. All user charges established herein shall be an obligation of the permittee as a condition of keeping his permit valid.

E. As part of the user charges, and in addition to user charges calculated pursuant to Section 4.02 hereof, any permittee or producer shall reimburse the Approving Authority for any cost or expense associated with the enforcement of this Order, including, but not limited to, engineering fees, sampling costs, laboratory costs and attorney's fees.

Section 4.02. Computation of User Charges.

Industrial Waste Policy

Table of Non-Domestic Pollutant Utility Rate Multipliers

Industrial Waste Service Charge = Water Consumption Rate x (Multiplier Total/4)

BIOCHEMICAL OXYGEN DEMAND (5-day)

BOD5 (mg/l)	f(200)	Mult.
200	1.00	1.00
225	1.13	1.24
250	1.25	1.51
275	1.38	1.80
300	1.50	2.12
325	1.63	2.46
350	1.75	2.82
375	1.88	3.20
400	2.00	3.61
425	2.13	4.03
450	2.25	4.48
475	2.38	4.95
500	2.50	5.45
525	2.63	5.96
550	2.75	6.50
575	2.88	7.05
600	3.00	7.63

>600 [f(200)]²= Mult.
f(200)=Average samples(mg/l)/200

CHEMICAL OXYGEN DEMAND

COD (mg/l)	f(500)	Mult.
500	1.00	1.00
550	1.10	1.17

TOTAL SUSPENDED SOLIDS

TSS (mg/l)	f(200)	Mult.
200	1.00	1.00
225	1.13	1.24
250	1.25	1.51
275	1.38	1.80
300	1.50	2.12
325	1.63	2.46
350	1.75	2.82
375	1.88	3.20
400	2.00	3.61
425	2.13	4.03
450	2.25	4.48
475	2.38	4.95
500	2.50	5.45
525	2.63	5.96
550	2.75	6.50
575	2.88	7.05
600	3.00	7.63

>600 [f(200)]²=Mult.
f(200)=Average samples(mg/l)/200

OIL & GREASE

O&G (mg/l)	f(50)	Mult.
50	1.00	1.00
75	1.50	1.80

600	1.20	1.35	100	2.00	2.73
650	1.30	1.54	125	2.50	3.78
700	1.40	1.74	150	3.00	4.92
750	1.50	1.95	175	3.50	6.15
800	1.60	2.17	200	4.00	7.46
850	1.70	2.40	225	4.50	8.85
900	1.80	2.64	250	5.00	10.32
950	1.90	2.88	275	5.50	11.84
1000	2.00	3.14	300	6.00	13.44
1050	2.10	3.40	325	6.50	15.09
1100	2.20	3.67	350	7.00	16.80
1150	2.30	3.95	375	7.50	18.57
1200	2.40	4.24	400	8.00	20.39
1250	2.50	4.54	425	8.50	22.27
1300	2.60	4.84	450	9.00	24.19

>1300 $[f(500)]^{1.85} = \text{Mult.}$
 $f(500) = \text{Average samples (mg/l)/500}$

>450 $[f(50)]^{1.65} = \text{Mult.}$
 $f(50) = \text{Average samples (mg/l)/50}$

Section 4.03. User Charges With Installed Water Meters.

A. For producers with installed water meters, the charges established herein shall become effective from and after each producers first regular meter reading date after the issuance of the industrial waste permit. Producers who are required under the provisions of this Order to install water meters for the purpose of determining the charges established by this Order shall have thirty (30) days from the date of issuance of the industrial waste permit to install such meters as are required herein, and the installation will be at the producers expense. Such meters will be of a type and standard and in a location approved by the Approving Authority's engineer.

B. Any person required to install a water meter under the provisions hereof and who fails or refuses to do so in the time and manner required shall be charged as provided herein based on water usage estimated by the Approving Authority's engineer or operator.

ARTICLE V **Enforcement; Penalties**

Section 5.01. Enforcement.

A. Any or all of the following three (3) remedies may be employed by the Approving Authority to abate and prevent further violations of the provisions of this Order.

- (1) Discontinuance of water service.
- (2) Disconnection and sealing of sanitary sewer connection.

(3) The Approving Authority's attorney may, and is hereby authorized to, proceed in a court of competent jurisdiction to secure appropriate judicial relief from the violation by such producer of the provisions of this Order.

B. Upon the receipt of an application for a permit for the discharge of industrial waste into the Approving Authority's sewer system, the Approving Authority's engineer shall issue or deny such permit. If such permit is denied, the Approving Authority's engineer shall within forty-five (45) days notify the applicant of such denial and state the reasons for such denial in writing by certified mail. A copy of such notification shall be furnished to the District. Upon receipt of such notification of denial, the applicant shall immediately revise such application to comply with the reasons for denial stated in such notice, if the applicant desires to proceed under the provisions of this Order.

C. Representatives of the Approving Authority are authorized to issue citations charging the violation of any of the provisions of this Order.

Section 5.02. Penalty. Except as otherwise provided in this Order, violations of this article shall be punishable by a fine of not more than Five Thousand Dollars (\$5,000.00). Each day's violation of each permit parameter shall be and constitute a separate offense.

Section 5.03. Publication of Certain Violations. At least once a year the Approving Authority shall publish in the largest daily newspaper published in the county a list of industrial users, which during the previous twelve (12) months have been significantly violating the provisions of this article. A significant violation is one which:

- A. Remains uncorrected forty-five (45) days after notification of noncompliance; or
- B. Which is part of a pattern of noncompliance over a twelve-month period; or
- C. Which involves a failure to accurately report noncompliance; or
- D. Which requires the Approving Authority to seek a temporary injunction or a temporary restraining order to discontinue an industrial discharge which reasonably appears to endanger the health or welfare of persons, which presents a danger to the environment, or which threatens to interfere with the operation of the sewer system.

Section 5.04. Appeals.

A. The Approving Authority shall give ten (10) days' prior notice to any person whose utilities are to be terminated pursuant to the provisions of this article. Any such notice shall specify the reasons for the proposed termination and inform the affected person of the appeal procedure provided herein. If, within said ten-day period, the Approving Authority receives notice that such person requests a hearing, the effective date of termination shall be automatically delayed at least until the date set by the Approving Authority for a hearing. The Approving Authority shall select a hearing date, giving the person appealing the decision at least three (3) days' notice thereof.

B. Any person whose application for a permit is denied, or whose permit is suspended or revoked pursuant to this article, shall be given notice thereof. Any such notice shall specify the reasons for the decision and inform the affected person of the appeal procedure provided herein. If any such affected person desires a hearing, he shall file a notice of appeal with the Approving Authority no later than ten (10) days after his receipt of the Approving Authority's notice of decision.

C. The Approving Authority shall establish rules not inconsistent with this section governing hearing procedures.

D. The Approving Authority shall appoint a qualified individual to hear any appeal authorized by this section, and such individual shall be authorized to affirm, deny or modify the Approving Authority's initial decision. The Approving Authority shall not appoint an individual who has issued a denial letter to the person who is appealing the Approving Authority's decision.

E. To be effective under this Section, a notice shall be in writing and either:

(1) Be delivered in person to the person (or his agent) entitled to receive such notice; or

(2) Be sent by United States Certified mail, return receipt requested, to the person (or his agent) entitled to receive notice.

* * * * *

CERTIFICATE FOR ORDER ADOPTING WATER CONSERVATION PLAN; PROVIDING FOR
IMPLEMENTATION AND ENFORCEMENT THEREOF; AND CONTAINING OTHER
PROVISIONS RELATED TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF HARRIS §
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY §

We, the undersigned officers of the Board of Directors (the "Board") of Lago Bello Municipal Utility District No. 1A of Harris County (the "District"), hereby certify as follows:

1. The Board convened in regular session, open to the public, on the 9th day of May, 2023, at a designated meeting place outside the boundaries of the District, and the roll was called of the members of the Board, to-wit:

Javier Hernandez	-	President
Walt Krey	-	Vice President
Janet Baccus	-	Secretary
Robert John McClelland	-	Assistant Secretary
Jennifer Young	-	Assistant Secretary

All members of the Board were present, except for the following absentees: None
thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

ORDER ADOPTING WATER CONSERVATION PLAN; PROVIDING FOR
IMPLEMENTATION AND ENFORCEMENT THEREOF; AND CONTAINING OTHER
PROVISIONS RELATED TO THE SUBJECT


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

AYES: All Present

NOES: None

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 said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Order; 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 each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by V.T.C.A. Government Code, Chapter 551, as amended.

SIGNED AND SEALED the 9th day of May, 2023.


Secretary, Board of Directors


President, Board of Directors



ORDER ADOPTING WATER CONSERVATION PLAN; PROVIDING FOR
IMPLEMENTATION AND ENFORCEMENT THEREOF; AND CONTAINING OTHER
PROVISIONS RELATED TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF HARRIS §
LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY §

WHEREAS, the Board of Directors (the "Board") of Lago Bello Municipal Utility District No. 1A of Harris County (the "District"), has carefully considered the current water conditions in the District and area-wide and has determined that the adoption of this Water Conservation Plan (the "Plan") by the District is necessary to reduce the consumption of water and conserve natural resources; and

WHEREAS, the Board of the District desires to evidence its approval of this Plan and to adopt such Plan as the official policy of the District and to replace any prior Plan that may have been in effect.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY, THAT:

Section 1. Approval of the Plan. The Board of the District hereby approves and adopts this Plan as set forth in Appendix "A" to this Order, and the provisions of such Plan shall be implemented immediately and enforced as a rule of the District.

Section 2. Declaration of Policy, Purpose and Intent. The purpose of the Plan is to promote the efficient and responsible use of water by (1) implementing structural programs that result in quantifiable water conservation results, (2) developing, maintaining and enforcing water conservation policies and ordinances, and (3) supporting public education programs that educate customers about water facilities operations, water quantity and quality, water conservation and non-point source protection.

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PASSED AND APPROVED this 9th day of May, 2023.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



APPENDIX "A"

WATER CONSERVATION PLAN LAGO BELLO MUNICIPAL UTILITY DISTRICT NO. 1A OF HARRIS COUNTY

This Water Conservation Plan (the "Plan") is intended to meet or exceed the requirements of the Texas Water Code and the rules propagated by the Texas Commission on Environmental Quality and the Texas Water Development Board. This Plan establishes a combination of strategies for reducing the consumption of water, reducing the loss or waste of water, improving or maintaining the efficiency in the use of water, or increasing recycling and reuse of water. It contains best management practice measures to try to meet the targets and goals identified in the Plan.

Section 1. Utility Profile. Profile data for the Lago Bello Municipal Utility District No. 1A of Harris County (the "District") is provided in Exhibit 1, Form TWDB-1965. Exhibit 1 includes data on existing and projected service populations, number of connections, historical metered water sales, water production, and general utility systems information. Exhibit 1 shall be updated at least once every five years.

Section 2. Five-year and Ten-year Targets. The District shall use reasonable efforts to reduce water loss and municipal use of water expressed in gallons per capita per day. The District has no historical usage; therefore, after three (3) years, the District will determine the average total gallons per capita per day ("gpcd") and update with five (5) year date when available, (the "Baseline gpcd"). The referenced goals shall be updated in Exhibit 1-A attached hereto upon establishment of the Baseline gpcd.

While the District shall strive to achieve the water savings necessary to accomplish the targets identified in Exhibit 1-A, the District's failure to do so shall not subject the District to any liability whatsoever.

Section 3. Implementation Schedule. The provisions of this Plan shall be implemented as soon as reasonably practicable.

Section 4. Method for Tracking the Implementation and Effectiveness of the Plan. The System Audits procedure described below permits the District to track annual water use and provide information sufficient to evaluate the implementation conservation procedures. Progress shall be measured annually, and, at a minimum, evaluate the progress towards meeting the targets and goals.

The District will complete an initial system review based on the International Water Association Water Audit methodology adopted by the American Water Works Association as an industry standard for determining "unaccounted" for water. This industry standard encompasses the basic philosophy that even non-revenue generating water (such as system leaks, fire control or theft) should be accounted for. In addition, this audit also measures accounting losses and has a mechanism to qualify all the data used by this methodology.

Section 5. Master meter. The District shall have a master meter(s) to measure and account for the amount of water produced or received from the source(s) of supply. All metering

devices that monitor the amount of water produced by the District will be calibrated regularly in ensure an accuracy of plus or minus 5.0%.

Section 6. Universal Metering. The District shall meter both customer and public uses of water, and the District's operator shall implement any reasonable program for meter testing and repair, and for periodic meter replacement. However, water used for such public purposes as fire-fighting, main or hydrant flushing, and street sweeping, shall not be required to accommodate a permanent meter location.

Section 7. Measures to Determine and Control Water Loss. The District authorizes the District's operator to implement any reasonable program to determine unaccounted for uses of water and to make recommendations to the District regarding measures to control such unaccounted for uses of water. Such measures may include periodic visual inspections along distribution lines, annual or monthly audits of the water system to determine illegal connection, and investigation of abandoned services.

Section 8. Continuous Program of Leak Detection, Repair, and Water Loss Accounting. The above described measures shall serve as a continuous program of leak detection, repair, and water loss accounting for the water transmission, delivery, and distribution system in order to control water loss.

Section 9. Continuing Public Education and Information. The District hereby institutes an educational program, to be implemented as soon as reasonably practicable, to promote the Plan to the general public which should include the following:

- A. Direct distributions, distributed at least annually, to all District customers, and any other users of water within the District (together, the "Users"), regarding water conservation and the benefits of smart irrigation devices; and
- B. Direct distribution of water conservation literature to new customers when they apply for service;

Section 10. Cost-based Rate Structure. Within 90 days of the adoption of this Plan, the District shall adopt an increasing block water rate structure that encourages water conservation by rewarding efficient water users and charging a premium to wasteful water users, if the District does not already have such a structure in place.

Section 11. Implementation and Enforcement. Without limitation to specific actions stated in this Plan to be taken by the District's operator, the District's operator will administer and enforce this Plan, and will oversee and be responsible for the execution and implementation of all elements of this Plan. The operator shall keep adequate records for Plan verification. The operator shall prepare the required annual report. The District's operator shall report to the Board of the District, at meetings of the Board, regarding actions taken and which need to be taken under this Plan. The District has the authority under the Texas Water Code to implement and enforce this Plan. The District has the ability under the Texas Water Code to adopt and enforce rules pertaining to prevention of waste and the unauthorized use of water. A violation of this Plan shall be considered a violation of the District's Rate Order and all procedures and penalties shall apply.

Section 12. Coordination with Regional Water Planning Groups. The water service area of the District is located within the Region H Regional Water Planning Group and the District has provided a copy of the Plan to the Region H Regional Water Planning Group.

Section 13. Monthly Review of Water Usage. The District shall review monthly water usage in the District and determine those users that will exceed average water usage. The District may implement a program to identify such customers and attempt to reduce excessive usage.

Section 14. Five-year Review. The District shall review and update the Plan every five years, or more frequently, as appropriate, based on an assessment of previous five-year and ten-year targets and any other new or updated information.

EXHIBIT 1

Water Conservation Utility Profile

(TO BE UPDATED UPON RECEIPT OF 3 YEARS' DATA)

EXHIBIT 1-A

Five-Year and Ten-Year Targets

(TO BE UPDATED UPON RECEIPT OF 3 YEARS' DATA)

EXHIBIT 2

Consolidated Rate Order