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Control Number - 57439

Item Number - 5

DOCKET NO. 57439

PETITION OF CIVITAS	§	BEFORE THE PUBLIC UTILITY
CYPRESSWOOD OWNER I, LLC	§	
APPEALING THE DECISION OF	§	COMMISSION OF TEXAS
HARRIS COUNTY WATER CONTROL	§	
AND IMPROVEMENT DISTRICT	§	
NO. 99 TO CHANGE RATES	§	

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99'S
RESPONSE TO ORIGINAL PETITION OF CIVITAS CYPRESSWOOD OWNER I,
LLC PURSUANT TO TEXAS WATER CODE § 13.043 FOR REVIEW OF DECISION
TO CHANGE RATES, RESPONSE TO PETITIONER'S REQUEST FOR
ESTABLISHMENT OF INTERIM RATES, AND MOTION TO DISMISS
FOR LACK OF JURISDICTION**

COMES NOW, Harris County Water Control and Improvement District No. 99 (Harris County WCID No. 99, District, or Respondent) and files its Response to the Original Petition of Civitas Cypresswood Owner I, LLC (Civitas, Petitioner, or Applicant) Pursuant to Texas Water Code § 13.043 for Review of Decision by Harris County WCID No. 99 to Change Rates (Petition or Appeal), Response to Petitioner's Request for Establishment of Interim Rates (Petitioner's Motion), and Motion to Dismiss. In support, the District respectfully shows as follows.

I. PROCEDURAL HISTORY

On December 13, 2024, Civitas filed its Petition appealing a Harris County WCID No. 99 rate change decision (Rate Order) under Texas Water Code (TWC) § 13.043(b)(4) and 16 Texas Administrative Code (TAC) § 24.101(c)(4).¹ Applicant also seeks the establishment of interim rates under 16 TAC § 24.101(h).² However, the effective day of the appealed District water and sewer rate change was August 20, 2024,³ and the Petition was filed outside the statutory 90-day

¹ Petition (Dec. 13, 2024).

² Petition at 8 (Dec. 13, 2024).

³ Petition at Exhibit A (Dec. 13, 2024) (including the relevant District rate decision order specifying the rate change decision was effective when it was approved by the District's vote on August 20, 2024 at its regular public meeting).

period under TWC § 13.043(b)(4) and (c) for such Commission appeals.⁴ Further, Petitioner lacks standing to bring its Appeal because it was not an “affected person” when the District’s Rate Order decision was made and became effective, and Petitioner’s property became tax exempt after the District’s Rate Order decision was made and effective.⁵ Additionally, the Petitioner’s allegation that the District has imposed an illegal tax of some sort in violation of the Texas Tax Code and Texas Constitution is outside the Commission’s jurisdiction to even consider.⁶ Therefore, the Commission must dismiss the Appeal for lack of jurisdiction.⁷

Nevertheless, on December 17, 2024, the Administrative Law Judge issued Order No. 1 directing Harris County WCID No. 99 to file a response to the Petition and requiring all parties to file comments regarding how to proceed with the Petition and to propose a procedural schedule by January 16, 2025.⁸ Therefore, this Response is timely filed.

II. MOTION TO DISMISS FOR LACK OF JURISDICTION

Harris County WCID No. 99 respectfully requests that the Commission dismiss the Petition for several reasons. First, Civitas filed its Petition outside of the 90-day timeline established by statute. Second, Civitas lacks standing to file its Petition. Finally, the Commission does not have authority over, or jurisdiction to consider, tax issues under the Texas Tax Code or otherwise.

A. Civitas’s Petition is Untimely Filed

On August 20, 2024, the Harris County WCID No. 99 Board of Directors voted to approve the Rate Order amending the rate schedule in an Order Amending Consolidating Order Regarding Water and Sewer Connections, Rates, and Use to add a new customer class for property tax-exempt

⁴ TWC § 13.043(b)(4) and (c); 16 TAC § 24.101(b) and (c)(4).

⁵ See TWC § 13.002(1); 16 TAC § 24.3(2).

⁶ Petition at 6-8 (Dec. 13, 2024).

⁷ 16 TAC § 22.181(d)(1).

⁸ Order No. 1 Requiring Responses and Addressing Other Procedural Matters (Dec. 17, 2024).

apartments and to establish rates for the new customer class.⁹ All District Directors present voted in favor of the amendment and the new rate schedule became effective immediately.¹⁰ In its Petition, Civitas erroneously argues that the District's Rate Order was amended and became effective on September 17, 2024.¹¹ That is false. The rate change reflected in the Rate Order became effective on the day of the Director's vote on August 20, 2024.¹² The Board of Directors did not vote to amend the District's rate order on September 17, 2024 and the Rate Order change was effective nearly a month earlier.¹³

TWC § 13.043(c) requires that a petition filed under § 13.043(b)(4) be filed with the Commission "within 90 days after the effective day of the rate change."¹⁴ As stated in the Rate Order, its effective day was August 20, 2024.¹⁵ Therefore, the Petition must have been filed by November 18, 2024. Since the Petition was filed December 13, 2024, Civitas did not comply with the 90-day timeframe. Therefore, the Petition must be dismissed for lack of jurisdiction.¹⁶

B. Civitas lacks "affected person" standing to appeal the rate order

Harris County WCID No. 99's rates were effective August 20, 2024.¹⁷ Civitas did not qualify as a tax-exempt apartment owner subject to the new "Property Tax-Exempt Apartment Connections" customer class and new water and sewer rate established by the Rate Order until September 6, 2024. Therefore, at the time of the Rate Order, Civitas was not an "affected person" as defined in the Texas Water Code and Commission rules.¹⁸ At that time, Civitas was not a

⁹ **Ex. A** – Affidavit of Billy Ray Fritsche.

¹⁰ *Id.*

¹¹ Petition at 6 (Dec. 13, 2024).

¹² **Ex. A** – Affidavit of Billy Ray Fritsche.

¹³ *Id.*

¹⁴ TWC § 13.043(b)(4) and (c).

¹⁵ Order at 3.

¹⁶ 16 TAC § 22.181(d)(1).

¹⁷ **Ex. A** – Affidavit of Billy Ray Fritsche.

¹⁸ TWC § 13.002(1); 16 TAC § 24.3(2).

“person or corporation whose utility service or rates are affected by any proceeding before the regulatory authority.”¹⁹ Civitas’s apartment complex became tax exempt well after the District’s Rate Order decision had been made and became effective, and Civitas knew or should have known about that District Rate Order decision before entering into a transaction with the Houston Housing Authority which made the Civitas apartment complex property tax-exempt.²⁰ Consequently, Civitas lacks standing to appeal the Rate Order and the Commission lacks jurisdiction to hear the Civitas appeal.²¹

C. The Commission does not oversee enforcement of the Texas Tax Code or Tax Issues

Throughout its Petition, Civitas improperly characterizes Harris County WCID No. 99’s retail water and sewer utility service rates as a tax.²² The District disputes that contention, but, regardless, the Commission does not oversee allegations relating to tax issues or violations of the Texas Tax Code, and the Appeal is filed under TWC § 13.043(b)(4) and (c). Therefore, to the extent Civitas alleges the District has improperly assessed a tax or is otherwise in violation of the Texas Tax Code, or otherwise, and asks the Commission to enforce any such tax-related provisions against Harris County WCID No. 99, the Commission should dismiss the Petition for lack of jurisdiction.²³

III. GENERAL DENIAL AND RESPONSE TO PETITION

Subject to Harris County WCID No. 99’s Motion to Dismiss for Lack of Jurisdiction, the District further responds to the Petition as follows. Contrary to Petitioner’s allegations, the water and sewer rates adopted by Harris County WCID No. 99 in the Rate Order are just and reasonable,

¹⁹ *Id.*

²⁰ **Ex. A** – Affidavit of Billy Ray Fritsche.

²¹ 16 TAC § 22.181(d)(1).

²² Petition at 7-8.

²³ 16 TAC § 22.181(d)(1).

not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers to which they apply.²⁴ Though Civitas is the only ratepayer in the customer class for property tax-exempt apartments now, that may not always be so. Harris County WCID No. 99's is *not* discriminating or being prejudicial against Civitas through enforcement of its rates in the Rate Order as alleged.

Additionally, Harris County WCID No. 99 denies each and every, all and singular, allegation contained in the Petition and demands strict proof thereof. Harris County WCID No. 99 requests that the Commission also consider the rate case expenses that Harris County WCID No. 99 will incur in defending this rate appeal and will necessarily have to recoup from its ratepayers, as provided by 16 TAC § 24.101(e)(2), if the Appeal is not dismissed. Finally, Harris County WCID No. 99 requests that the Petition be dismissed if Commission Staff finds that the Petition does not meet the requirements of 16 TAC §24.103.

IV. RESPONSE TO REQUEST FOR INTERIM RATES

Subject to its motion to dismiss for lack of jurisdiction, the District responds to Petitioner's Motion for interim rates as follows. 16 TAC § 24.101(h) permits the Commission to establish interim rates *only* if the appellant satisfies certain requirements.²⁵ However, Civitas's Petition does not satisfy the requirements of 16 TAC § 24.101(b) and should be dismissed for reasons previously stated.²⁶ Moreover, to obtain interim rates, Civitas would need to show it meets the requirements of 16 TAC § 24.37(d)-(e) and has not plead sufficient facts within its Petition to

²⁴ TWC § 13.043(j); 16 TAC § 24.101(i).

²⁵ 16 TAC § 24.101(h) ("The commission may, on a motion by the commission staff or by the appellant under subsection (a), (b), or (f) of this section, establish interim rates to be in effect until a final decision is made); *see* 16 TAC § 24.101(a), (b), and (f).

²⁶ *See* 16 TAC § 24.101(b)(4) and (c). Civitas did not file its Petition within 90 days of August 20, 2024 when the subject Rate Order and water/sewer rates became effective. The Petition should be dismissed for that and other reasons previously discussed. If not, at minimum, the Petition should be denied. The District also notes that 16 TAC § 24.101(a) and (f) do not apply here.

qualify.²⁷ Specifically, the District submits that its Rate Order sets forth rates that are entirely just and reasonable, and Petitioner will not suffer an unreasonable economic hardship because of the increase (which was effective before Petitioner even became subject to the Rate Order). Therefore, Civitas is not entitled to interim rates, and the Commission should deny Petitioner's Motion without an interim rate hearing if the Petition is not dismissed.

V. PROCESSING AND PROCEDURAL SCHEDULE

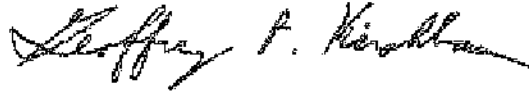
Since the District has moved to dismiss the Petition for lack of jurisdiction, the District does not recommend any additional procedural deadlines for this case aside from allowing Petitioner an opportunity to respond to the Respondent's Motion to Dismiss. Harris County WCID No. 99's only recommendation for this proceeding is to dismiss the Petition with prejudice for lack of jurisdiction. Therefore, it is not appropriate to consider a procedural schedule with any other deadlines at this time, including those proposed by Petitioner.

VI. CONCLUSION AND PRAYER

For the foregoing reasons, Harris County WCID No. 99 respectfully requests that the Commission (i) dismiss the Petition for lack of jurisdiction with prejudice to refile, (ii) alternatively, consider Respondent's general denial, (iii) deny Petitioner's Motion requesting interim rates, and (iv) grant any and all other relief to which Harris County WCID No. 99 is justly entitled.

²⁷ 16 TAC § 24.37(d) (allowing interim rates to be established in cases under the commission's appellate jurisdiction "where the proposed increase in rates could result in an unreasonable economic hardship on the utility's customers, unjust or unreasonable rates, or failure to set interim rate could result in an unreasonable economic hardship on the utility.")

Respectfully submitted,



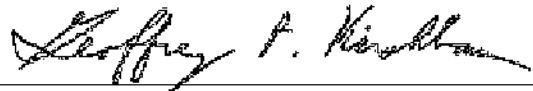
By: _____

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ATTORNEYS FOR AQUA TEXAS, INC.

CERTIFICATE OF SERVICE

I hereby CERTIFY that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on January 16, 2025, in accordance with the Orders Suspending Rules issued in Project No. 50664.



Geoffrey P. Kirshbaum

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APPEALING THE DECISION OF	§	COMMISSION OF TEXAS
HARRIS COUNTY WATER CONTROL	§	
AND IMPROVEMENT DISTRICT	§	
NO. 99 TO CHANGE RATES	§	

AFFIDAVIT OF BILLY RAY FRITSCHKE

THE STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

BEFORE ME, the undersigned official on this day personally appeared Billy Ray Fritsche, who is personally known to me and first being duly sworn according to law, upon his oath deposed and said:

My name is Billy Ray Fritsche. I am over the age of 18 years and am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.

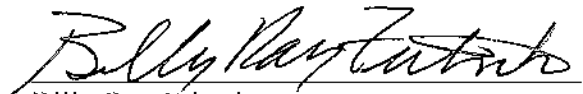
I am the President of the Board of Directors of the Harris County Water Control and Improvement District No. 99 (“Harris County WCID”), Respondent in the above styled and numbered case, and I am authorized to make this affidavit on behalf of Harris County WCID.

On December 13, 2024, Civitas Cypresswood Owner I, LLC (“Civitas”) filed its petition to review Harris County WCID’s rate change (“Petition”) and request for interim rates with the Public Utility Commission of Texas (“Commission”). Civitas alleges the Commission has jurisdiction because its Petition was filed within 90 days of the effective date—September 17, 2024—of Harris County WCID’s rates.

However, the rates Civitas complains of in its Petition were actually effective August 20, 2024. The attached minutes, **Attachment 1**, shows the Harris County WCID Board of Directors voted in favor of amending Harris County WCID's rate order by adding a new customer class for tax-exempt apartments and establishing rates for the new customer class. The rates became effective by the Board of Directors vote, as shown in **Attachment 2**. A matter voted on by the Board of Directors is effective immediately, unless an alternative effective date is specified. *See Attachment 3*. Additionally, Civitas's apartment complex became tax-exempt on September 6, 2024, as shown in **Attachment 4**, after Harris County WCID established the new class and rates.

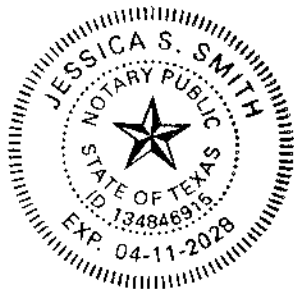
I understand that the Commission may establish interim rates when the proposed increase in rates could result in an unreasonable economic hardship on the utility's customers, unjust or unreasonable rates, or failure to set interim rates could result in an unreasonable economic hardship on the utility. Based on information represented by Civitas, as shown in **Attachment 5**, Civitas experienced a 44% increase in net operating income annually after becoming tax-exempt. Therefore, Civitas is not experiencing unreasonable economic hardship after becoming subject to Harris County WCID's established rates in the rate order. Additionally, the water and sewer rates adopted by Harris County WCID in the rate order are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, and sufficient, equitable, and consistent in application to each class of customers to which they apply. The Commission should deny Civitas's request for interim rates.

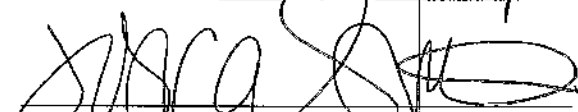
Further Affiant sayeth not.



Billy Ray Fritsche
President, Harris County Water Control and
Improvement District No. 99

SUBSCRIBED AND SWORN TO BEFORE ME on this the 16TH day of January 2025,
to which witness my hand and official seal.




Notary Public in and for
The State of Texas

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

AUGUST 20, 2024

The Board of Directors (the "Board" or "Directors") of Harris County Water Control and Improvement District No. 99 (the "District") met in regular session, at 6:30 p.m. at 19423 Lockridge Drive, Spring, Texas 77373, on Tuesday, August 20, 2024, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

Billy Ray Fritsche	President
Thomas Riddle	Vice President
George Galindo	Secretary
Rick Ghinelli	Director
Terry Wright	Director

Attachment

1

All members of the Board were present, thus constituting a quorum. Also attending all or portions of the meeting were: Cathi Wilbanks of ETI Bookkeeping Services, bookkeeper for the District ("ETI"); Debbie Bessire of Equi-Tax, Inc. ("Tax Assessor/Collector"); Zachary A. Petrov, Attorney and Marisa Roberts, Paralegal of Johnson Petrov LLP ("Johnson Petrov" and/or "Attorney"); Mike Plunkett and Doug Jacobson of Eagle Water Management, Inc., operator for the District ("Operator" and/or "Eagle Water"); Sergio Van Dusen, Engineer and Tyler Reeves, EIT of Vogt Engineering, L.P., engineer for the District ("Engineer" and/or "Vogt"); Deputy D. Richardson, Lieutenants Lindley and Flores of the Harris County Constable's Office ("HCCO") and several residents (see sign-in sheet).

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

1. Public Comment. Members of the public were given an opportunity to speak at this time.
2. Minutes. The Board reviewed the minutes of the regular meeting of July 16, 2024, a copy of which was previously distributed to the Board.

Upon motion by Director Galindo, seconded by Director Riddle, after full discussion and with all Directors present voting aye, the Board approved minutes of the regular meeting of July 16, 2024, as presented.

3. Constable's Report. Deputy Richardson reviewed the July Constable's Report with the Board. Deputy Richardson responded to questions from the Board.

Upon motion by Director Galindo, seconded by Director Ghinelli, after full discussion and with all Directors present voting aye, the Board approved the Constable's Report.

Next, Director Riddle presented and reviewed an Interlocal Agreement for Law Enforcement Services ("Interlocal Agreement") and a memorandum from the Security

Committee composed of Directors Riddle and Ghinelli (the "Committee"), copies of which are attached hereto as Exhibit "A". Director Riddle notes an increase of 6.6%. The Committee support and recommends the renewal of the Interlocal Agreement. He also recommends increasing the sewer rate for the apartments.

Upon motion by Director Ghinelli, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved the renewal of the Interlocal Agreement.

4. Review of District's Rate Order.

Discussion ensued regarding percentage of officer time spent at the apartment complex compared to the remainder of the District. Director Riddle presented information regarding the time spent responding to calls in the apartments.

Upon motion by Director Wright, seconded by Director Galindo, after full discussion and with all Directors present voting aye, the Board approved increasing the sewer rate by \$3.00 per unit for the apartments to cover pro-rata share of time spent responding to calls at the apartments.

5. Bookkeeper's Report/Investment Report/Energy Usage Report. Ms. Wilbanks presented to and reviewed with the Board the Bookkeeper's Report, Investment Report, and Energy Usage Report for the previous month, copies of which are attached hereto collectively as Exhibit "B."

Ms. Wilbanks reported that TexPool interest rate has increased and is paying 5.3173% interest and the net asset value is 1.00001%.

Upon motion by Director Galindo, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board: 1) approved the Bookkeeper's Report, with certain revisions, Investment Report, and Energy Usage Report; and 2) authorized the payment of checks numbered 13904 through 13928 from the Operating Account.

6. Tax Assessor-Collector Report. Ms. Bessire reviewed the Tax Assessor-Collector Report with the Board, a copy of which is attached hereto as Exhibits "C".

Ms. Bessire reported that 94.5% of the 2023 taxes have been collected as of July 31, 2024.

Upon motion by Director Galindo, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved the Tax Assessor-Collector Report, including payment of check nos. 2521 thru 2522.

7. Financial Advisor's Report. There was no report presented at this time as the certified values were not finalized to date.

8. Operation's Report. Mr. Plunkett presented the Operations Report, a copy of which is attached hereto as Exhibit "D."

Mr. Plunkett then reported the total monthly pumpage for the month of July was 6,125,000 gallons and the average daily flow at the sewer plant during the previous month was 188,000 GPD, which is 65% of current capacity. Mr. Plunkett also reported the pumped to billed ratio was 78.49% at the water plant. There were no excursions. Mr. Plunkett then stated that the

value on Booster Pump 1 needs to be isolated and therefore they will need to temporarily open up the Interconnect and flush the line.

Mr. Plunkett then reviewed the quotes received for the detention pond maintenance and recommended Storm Water Solutions, a copy of which is attached to the Operations Report.

Mr. Plunkett next presented the Monthly Light Fixture Review, a copy of which is attached to the Operator's Report.

Mr. Plunkett presented and reviewed the disconnection list of sixteen (16) accounts.

Upon motion by Director Ghinelli, seconded by Director Galindo, after full discussion and with all Directors present voting aye, the Board, after confirming with the Operator that notice had been delivered by the Operator to each person on the list notifying them that they could appear before the Board to discuss termination of services and that services could be terminated at any time after this meeting, and determining that no one appeared at the meeting for such purpose, the Board: (1) the termination list and authorized the Operator to terminate service as required by the Rate Order to all customers who remain unpaid; and (2) engage Storm Water Solutions for the detention pond maintenance; and (3) approved the Operations Report.

9. Engineer's Report. The Engineer's Report was presented and reviewed by Mr. Van Dusen, a copy of which is attached as Exhibit "E".

Mr. Van Dusen reviewed the Report with the Board and responded to questions.

Upon motion by Director Galindo, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved the Engineer's Report.

10. New Business.

a. Best Trash – Beryl Responses. Director Fritsche updated the Board regarding the issues with storm debris pick-up.

Mr. Jenkins, a resident of the District who resides on Lemm Rd. 2 reported that he has had issues with getting his garbage picked up. Director Fritsche stated he would contact Best Trash to help resolve the matter.

b. Recycling with Best Trash. Director Riddle spoke in favor of considering recycling, but stated that a majority of residents would also need to be in favor. No action was taken at this time.

c. Review District's Rate Order, amend if necessary. Mr. Petrov spoke to the Board regarding amending the District's rate order by adding a new customer class for property tax-exempt apartments and updating enforcement in the rate order.

Upon motion by Director Galindo, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved amending the District's rate order by adding a new customer class for property tax-exempt apartments and establishing a rate and updating enforcement in the rate order.

11. Old Business.

a. Shrubbery for Fence and repair of service driveway at Water Plant. Director Riddle reported fence staining has been completed. The status of the driveway was covered under the Engineer's Report.

b. Conversion of the District – Powers of a MUD. Discussion ensued regarding the possibility of converting the District to a MUD in order to enforce deed restrictions. No action was taken at this time.

c. Request from Apartments regarding PILOT Agreement.

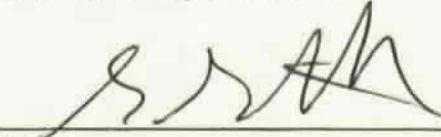
Mr. Petrov updated the Board regarding the Houston Housing Authority.

d. Dunn and Miller Properties. Mr. Petrov reported the Miller property closed and that he anticipates the final comments on the Easement for the Dunn property within the next thirty (30) days.

e. Audit Committee. No updates at this time.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD,
the meeting was adjourned at 8:35 p.m.

PASSED AND APPROVED on the 17th day of September, 2024.

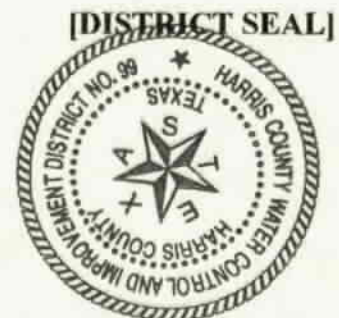


Secretary
Board of Directors

EXHIBITS:

- A - Interlocal Agreement for Law Enforcement Services/ Memorandum from the Security Committee
- B - Bookkeeper's Report, Investment Report, Energy Report
- C - Tax Assessor Collector Report
- D - Operations Report
- E - Engineer's Report

**Minutes recorded by Marisa Roberts
Johnson Petrov LLP
Regular Session August 20, 2024**



CERTIFICATE OF ORDER

THE STATE OF TEXAS

COUNTY OF HARRIS

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

§
§
§

We, the undersigned officers of the Board of Directors (the "Board") of **HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99** (the "District"), hereby certify as follows:

The Board convened in regular session, open to the public, on Tuesday, August 20, 2024, at 6:30 p.m. at 19423 Lockridge Drive, Spring, Texas, and the roll was called of the members of the Board, to-wit:

Billy Ray Fritsche	President
Thomas Riddle	Vice President/Treasurer/Investment Officer
George Galindo	Secretary/Operations/Maintenance Officer
Rick Ghinelli	Director
Terry Wright	Director

All members of the Board were present except, the following: R. Ghinelli, thus constituting a quorum. Whereupon other business, the following was transacted at such Meeting: A written

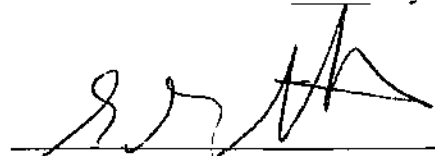
**ORDER AMENDING CONSOLIDATING ORDER
REGARDING WATER AND SEWER CONNECTIONS, RATES AND USE**

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

AYES: 4 NOES: 0 ABSTAIN: 1

A true, full and correct copy of the aforesaid Order adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Order has been duly recorded in the Board's minutes of such Meeting; the 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 are 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 the officers and members consented, in advance, to the holding of such Meeting for such purpose; and such Meeting was open to the public and public notice of the time, place, and purpose of such Meeting was given, all as required by Chapter 551 of the Texas Government Code, and Section 49.063 of the Texas Water Code, as amended.

SIGNED this 17th day of September, 2024.



Secretary, Board of Directors



President, Board of Directors



HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

**ORDER AMENDING CONSOLIDATING ORDER REGARDING
WATER AND SEWER CONNECTIONS, RATES AND USE**

Adopted: December 20, 1988
Amended:..... October 16, 1990
Amended:..... February 19, 1991
Amended:..... April 21, 1992
Amended:..... October 17, 1995
Amended:..... April 16, 1996
Amended:..... April 18, 2000
Amended:..... November 20, 2001
Amended:..... September 16, 2003
Amended:..... October 19, 2004
Amended:..... January 18, 2005
Amended:..... August 19, 2008
Amended:..... August 17, 2010
Amended:..... September 18, 2012
Amended:..... January 15, 2013
Amended:..... April 15, 2014
Amended:..... April 17, 2018
Amended:..... December 18, 2018
Amended:..... February 19, 2019
Amended:..... July 24, 2019
Amended:..... September 17, 2019
Amended:..... August 18, 2020
Amended:..... May 18, 2021
Amended:..... June 15, 2021
Amended:..... February 15, 2022
Amended: October 18, 2022
Amended: August 15, 2023
Amended: October 17, 2023
Amended: February 20, 2024
Amended: August 20, 2024

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

**ORDER AMENDING CONSOLIDATING ORDER REGARDING
WATER AND SEWER CONNECTIONS, RATES AND USE**

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**ORDER AMENDING CONSOLIDATING ORDER REGARDING
WATER AND SEWER CONNECTIONS, RATES AND USE**

STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99 §

WHEREAS, HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99 (the "District"), is a political subdivision of the State of Texas created pursuant to Article XVI, Section 59 of the Texas Constitution and operating pursuant to Chapters 49 and 51 of the Texas Water Code; and

WHEREAS, the District owns a water and sewer system designed to serve present and future inhabitants within the District; and

WHEREAS, the District has previously adopted a Consolidating Order Regarding Water and Sewer Connections, Rates and Use (the "Order"); and

WHEREAS, pursuant to the provisions of the Texas Water Code, the Texas Commission on Environmental Quality (the "TCEQ") has jurisdiction over and adopts rules regulating the water supply system of the District; and

WHEREAS, effective September 1, 1995, Senate Bill 626, passed by the 74th Texas Legislature, amended the Texas Water Code to limit district tap fees to three times the district's actual costs and increased the amount a district may charge for violations of its rate order and rules and regulations; and

WHEREAS, the TCEQ has adopted rules requiring districts to limit the use of lead in water supply lines; and

WHEREAS, the District has determined that certain amendments to its rate order are now necessary in order to comply with the new rules of the TCEQ; and

WHEREAS, effective January 1, 1996, the TCEQ has adopted certain amendments to its rules regulating public water supply systems, therefore on April 16, 1996, the District amended the Order by adding provisions for Customer Service Inspections and Certification, and by adding new sections relating to the use of backflow preventers, the prohibition of cross-connections, the installation of sewer sampling wells, and the compliance with state approved plumbing codes; and

WHEREAS, the District has amended the Rate Order on April 18, 2000, to include an imposition of fee for the North Harris County Regional Water Authority (the "NHCRWA"); and

WHEREAS, the District approved an amendment to the Rate Order on November 20, 2001, to create additional security deposits for in-district and out-of-district consumers, update customer service inspection language to comply with TAC 290.46(j), amend water emergency provisions, and further reinstating the NHCRWA fee language in other areas of the Rate Order.

WHEREAS, on September 16, 2003, the Board determined that an increase was necessary in the rates to accommodate the increase in the pumpage fees assessed by the NHCRWA as well as to add language to include meter upgrades;

WHEREAS, on the Board amended the Rate Order on October 19, 2004, to increase the District's water and sewer rates to become effective December 17, 2004; and

WHEREAS, on January 18, 2005, the Board determined that an increase was necessary in the rates to accommodate the increase in the pumpage fees assessed by the NHCRWA; and

WHEREAS, on August 19, 2008, the Board of Directors determined it was necessary to amend the enforcement of rules and regulations and increase the civil penalties for breach of any rule of the District and to amend the Policy on Issuance of Wastewater Utility Reservation Commitment by increasing the security deposits for in-district and out-of-district consumers; and

WHEREAS, on August 17, 2010, the Board of Directors determined it was necessary to amend the Rate Order to address requests for utility services for areas not currently served by utility lines owned by the District; and

WHEREAS, on September 18, 2012, the Board of Directors determined it was necessary to amend the Rate Order to include additional fees for delivering returned check fee notices to customers and for administering the pumpage fee assessed by the NHCRWA; and

WHEREAS, on January 15, 2013, the Board of Directors determined it was necessary to amend the Rate Order to increase deposits for commercial connections and add a rate class for assisted living facilities; and

WHEREAS, on April 15, 2014, the Board of Directors determined it was necessary to amend the Rate Order to address new lead content requirements in plumbing fixtures; and

WHEREAS, on April 17, 2018, the Board of Directors determined it was necessary to amend the Rate Order to increase the District's water and sewer rates and fees, which become effective immediately; and

WHEREAS, on December 18, 2018, the Board of Directors determined it was necessary to amend the Rate Order to increase the District's Monthly Rates for Sewerage Service from \$30.00 to \$48.50 to cover the costs for Trash Collection Services, which becomes effective January 1, 2019; and

WHEREAS, on February 19, 2019, the Board of Directors determined it was necessary to amend the Rate Order to increase the District's Monthly Rates for Sewerage Service from \$48.50 to \$60.50 to cover the costs for Law Enforcement Services, which becomes effective March 1, 2019; and

WHEREAS, on July 24, 2019, the Board of Directors determined it was necessary to amend the Rate Order to increase water and wastewater services rate for Out of-District's Customers, which becomes effective August 1, 2019; and

WHEREAS, on September 17, 2019, the Board of Directors determined it was necessary to amend the Rate Order to add law enforcement service charges to all in-district commercial, residential and tax-exempt accounts in the amount of \$12.00 per month per EFSC by increasing the sewer service charge, which becomes effective October 1, 2019; and

WHEREAS, on August 18, 2020, the Board of Directors determined it was necessary to amend the Rate Order to add service and tap fees and deposits for Apartment Connections; and

WHEREAS, on May 18, 2021, because the District sold bonds and expects to levy a tax and has recent or pending annexations of Spring ISD and DreamLabs properties, the Board of Directors determined it was necessary to amend the Rate Order to update the rates for out-of-district customers, Apartment Connections, and School Connections; and

WHEREAS, on June 15, 2021, the Board of Directors determined it was necessary to amend the Rate Order to update the rates for out-of-district customers, Park Connections; and

WHEREAS, on February 15, 2022, the Board of Directors determined it was necessary to amend the Rate Order regarding the fees for commercial and residential connections; and

WHEREAS, on October 18, 2022, the Board of Directors determined it was necessary to amend the enforcement of rules and regulations and increase the civil penalties for any violation of the District's Rate Order; and

WHEREAS, on August 15, 2023, the Board of Directors determined it was necessary to amend the Rate Order to increase the flat fee for Apartment Connections; and

WHEREAS, on October 17, 2023, the Board of Directors determined it was necessary to amend the Rate Order for Commercial/School Irrigation Connections larger than 2"; and

WHEREAS, on February 20, 2024, the Board of Directors determined it was necessary to amend the Rate Order to increase the flat fee for Apartment Connections to cover the detention pond maintenance costs and grease clean-outs related to the apartments; and

WHEREAS, on August 20, 2024, the Board of Directors determined it was necessary to amend the Rate Order by increasing the sewer rate by \$3.00 per unit for the apartments to cover pro-rata share of increase constable time spent responding to calls at the apartments and to add a new customer class of Property Tax-Exempt Apartment Connections;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99:

ARTICLE I. DEFINITIONS OF TERMS

FOR PURPOSES OF THIS ORDER, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE FOLLOWING MEANINGS:

A. DEFINITIONS OF TERMS CONCERNED WITH WATER AND SEWER RATES AND CHARGES

1. "Apartment Connections" shall mean all multiplex residential connections which are served by a master meter or individual meters, but shall not include assisted living facilities or Property Tax-Exempt Apartment Connections.

2. "Apartment Units" shall mean the individual dwelling units served through the Apartment Connection's or Property Tax-Exempt Apartment Connection's meter and shall include condominiums and all individual dwelling units served by a meter, whether the unit is occupied or not.

3. "Commercial Connection" shall mean and include any office, building, hotel, motel, retail store, industrial complex, or other establishments which are not Residential Connections, Apartment Connections or School Connections.

4. "Consumer" shall mean the occupant of a residential, commercial or industrial structure or other property within or outside the area of the District, whether the owner, renter or lessee thereof who is or receiving or proposes to receive water and/or sewer service from the District.

5. "Delinquent Bill and/or Security Deposit" shall mean a bill for water and/or sewer service which has not been paid within twenty (20) days after the date of the bill for the preceding month's service.

6. "Operator" shall mean the person, private corporation, municipal corporation or political subdivision with which the District has contracted for operation and maintenance of the plants and lines of the District's system.

7. "Park Connection" shall mean and include any public park not owned by the District which may be utilized by residents of the District.

8. "Property Tax-Exempt Apartment Connection" shall mean all multiplex residential connections, which are served by a master meter or individual meters, and are wholly or partially exempt from ad valorem property taxes or receive tax credits.

9. "Residential Connection" shall mean and include any single-family residence, townhouse or multiplex when such is separately metered.

10. "School Connections" shall mean connection to all facilities supporting an institution where people can gain an education, including a pre-school, elementary school, middle school, high school or university and supporting facilities owned by a school or school district, including but not limited to, transportation facilities, sports fields, stadiums, etc.

11. "Separate Connection" shall mean each residential unit occupied by a separate family or person, including separate apartments within a single building and each business unit occupied by a separate business, including separate establishments within a single building.

12. "Sewage Service Charge" shall mean the monthly charge made on all users of the public sewer system.

13. "Single Family Residential Equivalency" shall mean the equivalent number of Residential Connections for a Commercial Connection or a School Connection as determined by the District Engineer such that the Commercial Connection or School Connection. The term may be used interchangeably with and shall also have the same meaning as "Single Family Equivalent Connections."

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

15. "Transient Consumer" shall mean any consumer which is served by the District and service is not delivered to the Consumer through a connection for which a tap fee has not been paid as required by Section II.D.

16. "Water Service Charge" shall mean the monthly charge made on all users of the public water system.

B. DEFINITIONS OF TERMS CONCERNED WITH WATER AND SEWER RULES AND REGULATIONS

1. "District" shall mean the District's Board of Directors, the District's Engineer, or any person authorized by the District's Board of Directors to act for the District in carrying out the provisions of this Order, or their duly authorized deputies, agents or representatives.

2. "B.O.D." shall mean the quantity of oxygen expressed in parts per million by weight, utilized in the bio-chemical oxidation of organic matter under standard laboratory conditions for five (5) days at a temperature of 20 degrees Centigrade. The laboratory determinations shall be made in accordance with procedures set forth in "Standard Methods."

3. "Building Drain" shall mean that part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys to the building sewer, beginning three (3') feet outside the inner face of the building wall.

4. "Commercial Water Tap" shall mean the connection of a 3/4" or larger Water Service Line to a District Water Line to serve one (1) or more structures other than a single-family residence.

5. "District" shall mean the captioned District or any authorized person acting in its behalf.

6. "Domestic Sewage" shall mean water-borne wastes normally discharging into the sanitary conveniences of dwellings (including apartment houses and hotels), office buildings, factories and institutions, free of storm surface water and industrial wastes.

7. "Garbage" shall mean solid wastes and residue from the preparation, cooking and dispensing of food, and from the handling, storage and sale of food products and produce.

8. "Industrial Waste" shall mean water-borne solids, liquids or gaseous wastes resulting from and discharged, permitted to flow or escaping from any industrial, manufacturing or food processing operation or process from the development of any natural resource, or any mixture of these with water or domestic sewage, as distinct from normal domestic sewage.

9. "Natural Outlet" shall mean any outlet into a watercourse, pond, ditch, lake or other body of surface or ground water.

10. "Normal Domestic Sewage" shall mean normal sewage for the District in which the average concentration of suspended materials and five (5) day B.O.D. is established at 300 parts per million each, by weight, on the basis of the normal contribution of seventeen-hundredths (0.17) pounds per 100 gallons, per capita.

11. "Parts-per-Million" shall mean a weight-to-weight ratio; the parts-per-million value multiplied by the factor 8.345 shall be equivalent to pounds per million gallons of water.
12. "Person," "Establishment," or "Owner," shall mean any and all persons, natural or artificial, including any individual, firm, company, industry, municipal, or private corporation, association, governmental agency, or their agents, servants or employees.
13. "pH" shall mean the logarithm (base 10) of the reciprocal of the hydrogen ion concentration expressed in mols per liter. It shall be determined by one of the procedures outlined in "Standard Methods."
14. "Properly Shredded Garbage" shall mean the wastes from the preparation, cooking and dispensing of food that have been shredded to such degree that particles shall be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch ($\frac{1}{2}$ ") in any dimension.
15. "Public Sewer" shall mean a sewer in which all owners of abutting properties shall have equal rights and interest and controlled by public authority.
16. "Residential Water Tap" is defined herein as the connection of either of the following to a District waterline:
 - a. A one inch (1") Water Service Line to serve two (2) single-family residences, which is known as a "Double Tap";
 - b. A three-fourths inch ($\frac{3}{4}$ ") Water Service Line to serve one (1) single-family residence, which is known as a "Single Tap." All Residential Water Taps will be installed by the standard City of Houston "Long" or "Short" Residential Water Service Line connection, including a five-eighths inch ($\frac{5}{8}$ ") x three-fourths inch ($\frac{3}{4}$ ") meter and box, complete in place.
17. "Sanitary Sewer" shall mean a sewer that conveys sewage or industrial wastes or a combination of both, and into which storm, surface and ground waters or unpolluted industrial wastes are not intentionally passed.
18. "Sewage" shall mean a combination of the water-carried waste from residences, business buildings, institutions, and industrial establishments, together with such ground surface and storm water as may be present.
19. "Sewage Treatment Plant" shall mean any District-owned facility, device or structures used for receiving and treating sewage from the District's sanitary sewer system.
20. "Sewage Works" shall mean all facilities for collecting, pumping, treating and disposing of sewage and industrial wastes and would include sewage, as well as the sewage treatment facilities.
21. "Sewer" shall mean a pipe or conduit for carrying sanitary sewage.
22. "Sewerage" shall mean the system of sewers and appurtenances for the collection, transportation and pumping of sewage and industrial wastes.

23. "Sewer Service Line" shall mean the Sewer Line from the foundation of a building, including houses and commercial structures, to the District's Sanitary Sewer System.

24. "Sewer Tap" shall mean the physical connection of a Sewer Service Line to the District's Sanitary Sewer System. Without the written consent of the District's Board of Directors, only one (1) Sewer Tap shall be permitted for each building.

25. "Standard Methods" shall mean the examination and analytical procedures set forth in the latest Edition, at the time of analysis, of "Standard Methods for the Examination of Water and Sewage," as prepared, approved and published jointly by the American Water Works Association and the Federation of Sewage and Industrial Wastes Association.

26. "Storm Sewer or Storm Drain" shall mean a sewer which carries storm and surface waters and drainage, but excludes sewage and polluted industrial wastes.

27. "Storm Water Runoff" shall mean that portion of the rainfall that is drained into the sewers.

28. "Suspended Solids" shall mean solids that either float on the surface of, or are in suspension in water, sewage, or other liquids, and which are removable by a laboratory filtration device. Quantitative determination of suspended solids shall be made in accordance with procedures set forth in "Standard Methods."

29. "Unpolluted Water or Waste" shall mean water or waste containing none of the following:

- a. Emulsified grease or oil
- b. Acids or alkalis
- c. Phenols or other substances imparting taste and odor in receiving water
- d. Toxic or poisonous substances in suspension
- e. Colloidal state or solution and noxious or otherwise obnoxious odorous gases.

It shall contain not more than ten (10) parts per million each of suspended solids and B.O.D. The color shall not exceed fifty (50) parts per million.

30. "Utility Commitment" shall mean a formal written commitment, either permanent or temporary, given by the District, stating that wastewater capacity of a specified volume is available for a defined tract of land.

31. "Watercourse" shall mean a channel in which a flow of water occurs, either continuously or intermittently.

32. "Water Mains" shall mean water distribution pipes located in public right-of-ways or easements and maintained by public authorities.

33. "Water Service Line" shall mean the waterline from the property line of the property to be served with water, to the District's waterworks system.

ARTICLE II. COMMITMENTS AND CONNECTIONS

A. POLICY ON ISSUANCE OF WASTEWATER UTILITY RESERVATION COMMITMENT

This Policy and Procedures for Issuance of Water and Wastewater Utility Commitments (the "Policy") shall apply to any property within the District which has not been platted or which does not currently have service approved by the District available to it and all Property outside the District for which service is requested. For example, no owner of a single-family lot in a platted subdivision to which District service is available shall be required to comply with this policy and may apply directly for a utility connection under Paragraph C. The Board of Directors has adopted the following policy for the purpose of providing water and sewer service for the growth and development within the District in a uniform and nondiscriminatory manner. These policies and procedures shall apply uniformly throughout the District for any new or additional development.

1. Application and Deposit.

- a. Property located within the District requires a completed application along with a deposit in the amount of \$5,500 to cover engineering costs. This shall be submitted to the District's Engineer, Sergio Van Dusen, Vogt Engineering, L.P., 2203 Timberloch, Suite 124, The Woodlands, Texas 77380.
- b. Property located outside the District requires a completed application and a deposit to cover engineering and legal costs. The application shall be completed and submitted to the District's Engineer, who will present it to the Board of Directors. Upon authorization of a feasibility study by the Board of Directors, the applicant shall provide a deposit within ten (10) days of approval to the District's Engineer, and payable to Harris County Water Control and Improvement District No. 99. The deposit shall be submitted to the District's Engineer, Sergio Van Dusen, Vogt Engineering, L.P., 2203 Timberloch, Suite 124, The Woodlands, Texas 77380.
- c. Deposits Required for Property Located Outside the District:
 - (1) Five (5) single-family equivalent connections or less -- \$8,000;
 - (2) More than five (5) single-family equivalent connections -- \$25,000.

2. Processing Application. Upon receipt of the attached, fully completed Application, the Engineer shall present the request to the Board of Directors of the District and obtain authorization for the District's consultants to begin the evaluation of the request. The deposit will be used to cover the expenses incurred by the District for the preliminary evaluation by the consultants as to whether the District's facilities can accommodate your proposed project. The District's Board of Directors shall be under no obligation to authorize an evaluation of an application for property located outside the District.

3. **Additional Deposit.** The Board of Directors reserves the right to request additional deposit monies from the Applicant should the initial deposit not be sufficient to cover anticipated consultant costs during the review. If additional monies are not produced when requested, then all review work will be stopped and this application will become null and void upon ten (10) days' written notice to the Applicant. Upon completion of the review by the District, the remaining position of the deposit, if necessary, will be returned to the Applicant.

4. **Miscellaneous Conditions.**

- a. **Application Required.** Any party requesting service from the District shall be required to submit an Application to the Board of Directors for consideration.
- b. **Term of Commitment.** Commitments shall not be issued for more than one (1) year from the date of issuance.
- c. **Transfer.** Commitments are non-transferable.
- d. **Taxes and Standby Fees.** Application shall not be considered for property with delinquent taxes or standby fees.
- e. **Construction.** No construction may begin on any improvements until all fees required by the District have been paid.
- f. **Construction Deadline.** Construction must begin prior to the expiration date contained in the commitment and diligently pursued thereafter. In the event construction has not commenced on any tract for which a commitment has been issued prior to the expiration of the commitment, the reservation shall lapse without notice and the application procedures must be reinstituted as described herein.
- g. **Progress Reports.** Applicant is required to provide the District with periodic written progress reports (at thirty (30) day intervals) advising the Board of Directors as to the status of progress up to commencement of construction.
- h. **Plats and Approvals.** All tracts of land receiving service must be platted as required by law and the plat and plans must be approved by the City of Houston, Harris County, and other appropriate agencies prior to utility service being provided by the District.
- i. **Extension of Facilities.** Applicant must make arrangements to extend the necessary trunk water, sanitary sewer and drainage facilities to serve its property in areas where such facilities do not exist. All temporary and permanent arrangements for sewer and water service must be worked out in advance of construction with the District's Engineer.
- j. **Easements.** Applicant, at its sole cost, must convey all necessary easements and rights-of-way to the District with all lienholder subordinations.

- k. **Maintenance Responsibility.** All utility lines constructed that are not in permanent acceptable easements, or which lie within private developments (apartments, condominiums, etc.) shall remain the permanent property of the landowner and shall remain such owner's permanent maintenance responsibility.
- l. **Change in Use.** Any change of use from the previously approved use of the property covered by this application must be approved by the District. Any request for change in use must be submitted in writing, describing in detail any change in any information submitted in connection with the original application, together with a \$500 deposit to be applied as described in Paragraph 1-3 hereof.
- m. **Rate Order Governs.** Service shall be extended to a tract in accordance with the then current Order Setting Water and Sewer Tap Fees and Setting Service Rates and Rules and Regulations Governing Waterworks and Sanitary Sewer System.
- n. **Annexation.** In addition to the other referenced prerequisites, including Paragraph B below, the following requirements are applicable to requests for annexation:
 - (1) A feasibility study shall be prepared by the District's Engineer.
 - (2) Applicant shall provide to the District a copy of the deed showing current ownership of the property referenced in the Application.
 - (3) Applicant shall submit to the District a current title commitment.
 - (4) The petition to the City of Houston for its consent to the annexation and the annexation petition to the District shall be prepared by the District's Attorney.
 - (5) All costs of annexation, including attorney's fees, engineering fees, election fees and any and all other fees relating to said annexation, shall be paid by the Applicant.
 - (6) Applicant shall provide to the District a copy of the current survey of the property, including a metes and bounds description.

5. **Requests for Utility Services for Areas not Currently Served by Utility Lines Owned by the District.** Any request for utility services from the District, whether located inside or outside the boundaries of the District, must be located within a plat, duly recorded in the Map Records of Harris County, Texas. If utility lines owned by the District are not presently extended across the unserved property, the applicant must provide easements or a public right-of-way for the extension of utility lines acceptable to the District for the provision of water and sewer service. The extension of such utility lines shall be in accordance with the City of Houston design criteria and approved by the District or the District's Engineer at the sole cost and expense of the applicant. The applicant shall submit a deposit in the amount of \$5,000 to

cover such expenses the District should encounter in determining whether such utility lines are acceptable to the District.

B. ANNEXATION POLICY

The Board of Directors would consider annexation of real property into the District subject to the following conditions:

1. All legal, engineering and other costs associated with the annexation shall be paid by the Applicant.

2. All costs of constructing the water, sanitary sewer and drainage facilities to serve the property shall be paid by the Applicant.

3. The District's existing sewage treatment plant currently is sufficient to serve only the projected development of the land currently located within the District. Applicant shall be required to finance all costs related to whatever expansion to the District's sewage treatment plant is necessary to serve the annexed property. Such costs shall be secured by an irrevocable letter of credit, in form satisfactory to the District, drawn on a bank located in Harris County, Texas. Such letter of credit shall be deposited with the District at the time Applicant begins construction of any utilities to serve its property.

4. The same restrictions and procedures as described in 3 above shall apply to the District's water production facilities, if it is determined that the District does not have sufficient surplus water supply to serve Applicant's proposed development.

5. All utility facilities proposed to be owned and operated by the District shall be designed by and construction and supervised by the District's Engineer.

6. All contracts let for the construction of utilities shall be let in the name of the District and shall be supervised by the Board of Directors. All payments, however, shall be solely the responsibility of the Applicant.

7. In the event the District determines that certain utility lines should be oversized in order to accommodate anticipated development within the District, the Applicant shall fund the oversizing of such lines. The District, however, shall endeavor to recoup such additional costs from the benefiting landowners when they request service from the District.

8. At the time the tract is annexed into the District, Applicant shall waive any special use valuations of the property, including agricultural, open space or business inventory value.

9. The terms and conditions of the annexation agreement shall be recorded at the time of annexation and shall be binding upon any future purchaser and any lender.

10. Whether the Applicant has known use for the annexed tract will impact the Board's decision on whether to annex the tract.

The Board of Directors recognizes that the providing of utility service to a tract may include consideration not specifically addressed herein or that special circumstance may arise that made these conditions inapplicable. The Board of Directors stands ready to address with an Applicant any issues relevant to the policy on issuance of utility commitment and to an

annexation. This policy, however, is written to provide a potential Applicant with the general policy of the District regarding issuance of utility commitment and annexation.

C. APPLICATION FOR UTILITY CONNECTION

Any person desiring connection to the District's System for property located inside the boundaries of the District, after following the requirements of Section A above, if applicable, shall follow the following steps:

1. The applying person should initiate his request for utility connection at the office of the District Operator. The applicant will fill out the form "Application for Water/Sewer Service," Exhibit "B" (copy attached), and present three (3) legible prints of the Site Drawing and Utility Layout for the proposed facility. The applicant's tap fee will be assessed, based on the proposed land use and the provisions set forth in Article II.D hereof. Paying a tap fee on an improved portion of a larger tract of land does not constitute a Utility Commitment on the remaining unimproved portion. A metes and bounds description and a recorded plat of the tract receiving service should accompany the submitted Site Plans.

2. The Operator will then make preliminary determination that utility commitments and availability exists and is committed by the District for the subject tract. On that basis, the Operator will assess the connection fee according to this Order. Operator will request an "Assignment of Commitment" when the Applicant is not the original recipient of the District's Commitment. In absence of such an Assignment, the commitment will be allocated on a prorated acreage basis.

3. The Operator will then forward two (2) copies of the Site Plan to the District Engineer for further and final evaluation of utility commitment and availability and evaluation of any encroachments to District utility easements. The Engineer will then, in writing, confirm any additional requirements to the applicant regarding such encroachments and/or confirm the Utility Connection Agreement. The Engineer will also make record of the description of the tract for which the tap fee is dedicated. A copy of that documentation shall go to the District's Attorney, the Operator, the Bookkeeper, and the District Secretary.

D. CONNECTION AND DISCONNECTION; POLICIES AND FEES AND DEPOSITS

1. Connection to District's System.

- a. **In-District Consumers.** Upon approval of an application for service by the Board of Directors and payment of all applicable fees, each structure within the District may be connected to the District's system as soon as the District has made available to such structure, plant and line capacity to serve same. If both water and sewer services do not become available at the same time, the Consumer may connect to the water system at the time water service becomes available and shall connect to the sewer system at the time sewer service becomes available. No permanent single service shall be available to any Consumer; provided, however, that this requirement shall not apply to lawn watering connections when the Consumer has another Single Family Residential Connection. Customers

may not use private water supply systems or sanitary sewer treatment systems without approval from the Board.

- b. **Out-of-District Consumers.** Upon approval of an application for service by the Board of Directors, and payment of all deposits, tap, inspection and account institution fees, connections may be made to the District's facilities at no cost to the District. No permanent single service shall be available to any Consumer; provided, however, that this requirement shall not apply to any Consumers receiving a single service as of December 20, 1988.

Also, for purposes of this Section, Out-of-District Consumers may not share a common connection on the same property. Violation of this provision will result in the immediate termination of all service as provided in Article V.B hereof.

2. **Verification of Payment of Taxes Prior to Rendering Service.** Prior to providing water and sewer service to a Consumer, whether for new service or for a reconnection, the District's Operator will verify with the District's Tax Collector that all District taxes have been paid on the property for which water and sewer service has been requested. In the event taxes are due and owing on the property for which water and sewer service has been requested, water and sewer service shall not be provided until such time as the taxes which are due and owing, including penalty and interest, if any, are paid.

3. **Deposit To Secure Payment and Service Charge.** A security deposit shall be collected on all new connections. An additional security deposit shall be collected for reconnections after termination for delinquency, if the delinquent amount exceeds the original security deposit on file. Deposits are as follows:

Residential:

In-District Consumers	\$250.00
Out-of-District Consumers	\$350.00
Additional Security Deposit for In-District and Out-of-District Consumers	\$150.00

Commercial, any Apartments and School:

In-District Consumers	Minimum of \$500.00*
Out-of-District Consumers	Minimum of \$750.00*
Additional Security Deposit for In-District and Out-of-District Consumers	\$250.00

*or, for Commercial Connection, Apartments Connection, Property Tax-Exempt Apartment Connections, or School Connection, in an amount equal to two (2) times the average Water and Sewer Service Charge for the preceding two (2) billing periods, if larger. Any determination of a deposit required under this Section based on usage or estimated usage shall be in the discretion of the District. Any previous unused deposit with the District will be credited to the amount of the deposit due by any Consumer.

All deposits shall be prepaid and water and sewer service shall not be provided until such time as payment of the deposit has been received. The deposit shall be refundable when

ownership is transferred, contingent upon providing proof of payment of all bills owed to the District. No interest shall be paid by the District on any deposit.

4. **Discontinuing and/or Connecting Service.**

a. **At request of Consumer.**

- (i) **New Service.** At any time a Consumer wishes to establish an account with the District (which shall be done at any time responsibility for payment is changed), such Consumer shall pay a non-refundable account transfer fee as follows:

Residential:

In-District Consumer	\$100.00
Out-of-District Consumer	\$200.00

Commercial, any Apartment and School:

In-District Consumer	\$200.00
Out-of-District Consumer	\$300.00

provided, however the account transfer fee shall not apply to a new account being established as a result of payment of a tap fee pursuant to Section II.D. hereof.

- (ii) **Existing Service.** At any time a Consumer temporarily or permanently, abandons the structure being served and no longer wishes to be furnished with water, he shall notify the District's Operator at least two (2) days prior to the time he desires such service discontinued. A charge for restoring water service where such service is restored at the request of the Consumer, provided he is not delinquent in the payment of any bills at the time of either request shall be required as follows:

Residential:

In-District Consumer	\$ 50.00
Out-of-District Consumer	\$100.00

Commercial, any Apartment and School:

In-District Consumer	\$100.00
Out-of-District Consumer	\$125.00

b. **Discontinuing Service and Removing Meter For Failure to Pay Bills When Due.**

- (i) The District shall have the right to discontinue service water and/or sewer to a Consumer at any time after his bill becomes delinquent. Service shall not be restored until receipt of the following charges:

- (a) a deposit fee, in accordance with Section II.D(3) hereof,
- (b) a reconnection charge as follows:

Residential:

In-District Consumer	\$100.00
Out-of-District Consumer	\$250.00

Commercial, any Apartment and School:

In-District Consumer	\$150.00
Out-of-District Consumer	\$300.00

- (c) payment of the delinquent bills plus any penalties required by this Order.

A bill shall include charges for any work done by or on behalf of the District which is attributable to (aa) a problem in the Consumer's system or (bb) a problem in the District's system which, in the opinion of the District is caused by a Consumer or a Consumer's system. All payments of such amounts shall be in cash or cash equivalents.

- (ii) In the event a delinquent bill is not paid within seven (7) days after discontinuation of service pursuant to subparagraph (4)(b)(i) above, the District shall have the right to remove the meter from the meter box. Service shall not be restored until receipt of the following charges:

- (a) All amounts required by subparagraph (4)(b)(i) above, plus
- (b) a meter replacement fee as follows:

Residential:

In-District Consumer	\$50.00
Out-of-District Consumer	\$75.00

Commercial, any Apartment and School:

In-District Consumer	\$50.00
Out-of-District Consumer	\$75.00

E. TAP FEES FOR WATER AND SEWER SERVICE

1. **Residential.** Residential connection charges shall be made for every residential connection up to and including a one-inch (1") connection, to the District's water distribution and sewage collection system as follows:

In-District Consumer	\$ 1,200.00
Out-of-District Consumer	\$1,500.00

Charges shall include the meter and meter box and installation thereof. For connections of over one-inch (1"), the District will establish tapping charges by separate order or agreement; however, the connection charge shall not exceed three (3) times the actual and reasonable costs to the District for such work.

2. **Commercial, any Apartment and School.** Commercial Connection, Apartment Connection, Property Tax-Exempt Apartment Connections and School Connection charges for every Commercial Connection, Property Tax-Exempt Apartment Connections, Apartment Connection or School Connection to the District's water distribution and sewer collection system shall be as follows:

In-District Consumer	Three (3) times the actual cost of meter, box and installation plus 20% of such cost
Out-of-District Consumer	By separate Order or Agreement

However, the connection charge shall not exceed three (3) times the actual and reasonable costs to the District for such work.

F. CUSTOMER SERVICE INSPECTIONS AND STAKING FEES

1. A customer service inspection is an examination of the private water distribution facilities for the purpose of providing or denying water service. This inspection is limited to the identification and prevention of cross-connections, potential contaminant hazards and illegal lead materials. The customer service inspector has no authority, and on obligation, beyond the scope of the commission's regulations. A customer service inspection is not a plumbing inspection as defined and regulated by the Texas State Board of Plumbing Examiners (TSBPE). A customer service inspector is not permitted to perform plumbing inspections. State statutes and TSBPE adopted rules require that TSBPE licensed plumbing inspectors perform plumbing inspection of all new plumbing and alterations or additions to existing plumbing within the municipal limits of all cities, towns and villages with 5,000 or more inhabitants or within smaller like entities which have adopted the Plumbing License Law by ordinance. A Customer Service Inspection Certification, as described in Exhibit "C" 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 potential contaminant hazards exist, and after any material improvement, correction, or addition to private water distribution 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 Staking Fee and Customer Service Inspection Fees in the amounts below (\$425.00), prior to the Operator performing staking and inspections.

Locating and Staking Fee. The District's Operator shall be required to locate and stake the point of connection to the District's water distribution or sewer collection system for any water tap or sewer stub out. The fee for this service is \$50.00.

Pre-inspection Fee. When pipes are in place a pre-inspection fee of \$50.00 is assessed prior to the pouring of the slab.

Sewer Inspection. A sewer line inspection fee of \$50.00 is assessed after a sewer tap is made by a plumber and a house line is installed.

Customer Service Inspection (CSI). A fee of \$150.00 is assessed upon an inspection of plumbing and pipes after framing and prior to installing sheetrock.

Final Inspection. A final inspection is required to ensure the builder has not changed plumbing or damaged plumbing, etc. A \$125.00 charge is assessed for this inspection.

Copies of properly completed Customer Service Inspection Certifications shall be kept on file by the District's Operator and made available, upon request, for 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.

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

- a. Plumbing Inspectors and Water Supply Protection Specialists licensed by the Texas State Board of Plumbing Examiners (TSBPE); and
- b. Customer service inspectors who have completed a commission approved course, passed an examination administered by the TCEQ or its designated agent and hold current professional certification or endorsement as a customer service inspector.

3. 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.

4. The Customer Service Inspection Certification shall certify that:

- a. 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.
- b. 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.

- c. 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.
- d. No pipe or pipe fitting which contains more than 0.25% lead exists in private water distribution facilities installed on or after January 31, 2014.
- e. No solder or flux which contains more than 0.2% lead exists in private water distribution facilities installed on or after July 1, 1988.

G. WATER AND SEWER SERVICE LINES OR LEADS

In the case of commercial, unrestricted or unrecorded property which has been subdivided and for which no water or sewer service line or lead exists to or across such subdivided parcel, the Applicant for service shall provide to the District any utility easement deemed necessary by the District and shall pay all costs associated with either the extension of a District's service line to the property and/or any street boring for a cross lead. The size and location of any new line or cross lead shall be determined by the District's Engineer and Operator with final approval required by the District's Board of Directors. No new line extension or cross lead shall be constructed until 1) all necessary easements have been provided by the Applicant to the District, and 2) all costs of design and construction have been paid in advance by the Applicant.

H. MISCELLANEOUS

1. **No Reduced Rates or Free Service.** All Consumers receiving either water or sewer service, or both, 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 such Consumer.

2. **No Sales of Unmetered Water.** No water will be delivered to any person or Consumer except on a metered basis, without the express written approval of the District.

3. **No Sales for Purposes of Resale.** No Consumer shall sell or resale water or sewer services to any other person or entity.

4. **Consumers Not Entitled to Specific Quantity or Pressure of Water.** Water consumers are not guaranteed a specific quantity or pressure of water for any purpose whatsoever, and it is understood that the District is only to furnish a connection to its water system, and is in no case liable for failure or refusal to furnish water of any particular amount or pressure of water.

5. **Water Connections Generally.** No person, other than the properly authorized agents of the District, shall be permitted to tap or make any connection with the mains or distributing pipes of the District's water system, or make any repairs and/or additions to or alterations in any tap, pipe, cock or other fixture connected with the water service line.

6. **Meters.** Title to all water meters and appurtenances, including the meter boxes enclosing same, shall vest in the District and shall be set up by employees or agents of the

District. After a meter has been set, the Consumer shall at all times keep the space occupied by the meter and the box free from rubbish or obstructions of any kind. No person other than a duly authorized agent of the District shall open the meter box, tamper with it, or in any way interfere with the meter or box.

7. **Meter Upgrade.** Residential and commercial customers requesting to upgrade their water meter from the standard size to a larger size must get Board of Directors approval. All charges will be paid for by the Customer. This is including, but not limited to, the larger meter, Operator's time, etc.

8. **Penalty For Failure to Pay Bill Before Delinquent.** A bill for water and/or sewer service shall be payable upon receipt and shall be delinquent after twenty (20) days following its date. A charge of ten (10%) percent of the total amount of the consumer's bill shall be added thereto, when such bill becomes delinquent.

9. **Returned Check Fee.** Any account paid with a check returned unpaid shall be charged a returned check fee of \$25.00 in addition to any other charges and penalties. An additional fee of \$40.00 shall be charged in the event it becomes necessary for the Operator to dispatch service personnel for the delivering of a door hanger informing a customer of a returned check.

10. **Penalty For Exceeding Allocated Capacity.** In the event any Consumer utilizes water and sewer capacity in excess of its allocated capacity for any day, month or year, it shall be deemed a violation of this Order for each day such excess usage continues. Upon written notice to the Consumer of such a violation of its allocated capacity, the District reserves the right to terminate water and sewer service to such Consumer until such time as the District is assured that such excess usage will be discontinued. In addition, any violation for exceeding allocated capacity shall be subject to the fines and/or penalties expressed in Section V.B.1 of this Order.

11. **Miscellaneous Services.**

- a. The District, acting through its Operator, will perform other services for persons requesting those services such as contacting general contractors, road contractors and utility service contractors for the purpose of location of water and/or sewer lines for such persons, however, any costs incurred by the District will be billed to such persons at an amount equal to the District's cost plus ten percent (10%). If the District does not have a contract with such person, payment arrangements satisfactory to the Operator or the District should be made in advance; provided, however, this charge shall not apply in the case of a homebuilder attempting to locate the District's facilities for the purpose of installing a tap.
- b. Any person, except for plumbers working on sewer taps, working in the District's easements shall be required to contact the District's Operator and shall be prohibited from working in or around the District's facilities unless and until such person has provided sufficient security to the District to satisfy any potential damages to the District's water or sewer system in an amount determined by the District.

12. **Review.** It shall be the policy of the District to review this Order at least annually and revise same as may be required by the District's financial situation, including taking into consideration projected maintenance, capital projects and other sources of revenue.

**ARTICLE III.
WATER AND SEWER RATES**

A. MONTHLY RATES FOR WATER AND SEWER SERVICE FOR IN-DISTRICT CONSUMERS EXCEPT PROPERTY TAX-EXEMPT APARTMENTS

1. Monthly Rates for Water Service Charge, based on water service meter readings.

a. Single-Family Residential Connections:

0 - 6,000 Gallons	\$28.00
6,001 - 10,000 gallons	\$2.00 per 1,000 gallons
10,001 - 20,000 gallons	\$2.25 per 1,000 gallons
20,001 - 30,000 gallons	\$2.75 per 1,000 gallons
30,001 - 40,000 gallons	\$4.00 per 1,000 gallons
40,001 - 50,000 gallons	\$5.00 per 1,000 gallons
50,001 gallons and over	\$6.50 per 1,000 gallons

Minimum Monthly Charge is \$28.00.

Additional water meters set for a Single-Family Residential Connection for the purpose of outdoor watering only and which does not discharge to the District's Sanitary Sewer shall be billed at the rates set forth above.

b. Apartment Connections

Apartment Units served by individual meters shall be billed as follows:

0 - 6,000 Gallons	\$28.00
For each 1,000 gallons over	\$2.00 per 1,000 gallons

Apartment Units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of Apartment Units to determine the average usage per Apartment Unit. The average usage per Apartment Unit shall be rounded to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates specified above shall be applied to such average usage to determine the charge per Apartment Unit. The charge per Apartment Unit shall then be multiplied by the number of Apartment Units, whether occupied or not, to determine the total amount to be charged. Beginning the first day of the initial connection of the Apartment Connection to the District's water system, the following percentage of Apartment 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 above for Apartment Unit:

<u>Months After Tap:</u>	<u>Percentage Habitable:</u>
0-1	30%
2	50%
3	70%
4	90%
5 and thereafter	100%

c. Commercial Connections -- 1" Meter or Less:

0 - 6,000 Gallons	\$40.00
6,001 - 10,000 gallons	\$2.00 per 1,000 gallons
10,001 - 20,000 gallons	\$2.25 per 1,000 gallons
20,001 - 30,000 gallons	\$2.75 per 1,000 gallons
30,001 - 40,000 gallons	\$4.00 per 1,000 gallons
40,001 - 50,000 gallons	\$5.00 per 1,000 gallons
50,001 gallons and over	\$6.50 per 1,000 gallons

Minimum Monthly Charge is \$40.00.

d. Commercial Connections – 1½" – 2" Meters:

0 - 20,000 Gallons	\$100.00
20,001 - 30,000 gallons	\$2.75 per 1,000 gallons
30,001 - 40,000 gallons	\$4.00 per 1,000 gallons
40,001 - 50,000 gallons	\$5.00 per 1,000 gallons
50,001 -100,000 gallons	\$6.50 per 1,000 gallons
100,001- gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$100.00.

e. Commercial/School Irrigation Connections – Meters Larger than 2":

0-20,000 gallons	\$100
20,001-30,000 gallons	\$2.75 per 1,000 gallons
30,001-40,000 gallons	\$4.00 per 1,000 gallons
40,001-50,000 gallons	\$5.00 per 1,000 gallons
50,001-100,000 gallons	\$6.50 per 1,000 gallons
100,001-gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$100.00.

f. Commercial Connection – Assisted Living Facility 1½" Meter:

0 - 20,000 Gallons	\$100.00
20,001 - 30,000 gallons	\$2.75 per 1,000 gallons
30,001 - 40,000 gallons	\$4.00 per 1,000 gallons
40,001 - 50,000 gallons	\$5.00 per 1,000 gallons
50,001 - 100,000 gallons	\$6.50 per 1,000 gallons
100,001 - gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$100.00.

g. School Connections:

Each School Connection shall be billed a monthly minimum water and gallonage based on the Single Family Residential Equivalency attributed to the School Connection ("SFRE") so that the School Connection bears an equitable burden of the District's fixed operation costs as a Residential

Connection. The charge per SFRE for the School Connection shall be multiplied by the number of SFREs for the School Connection.

0 –6,000 Gallons per SFRE	\$28.00 per SFRE
Next 4,000 gallons per SFRE	\$2.00 per 1,000 gallons
Next 10,000 gallons per SFRE	\$2.25 per 1,000 gallons
Next 10,000 gallons per SFRE	\$2.75 per 1,000 gallons
Next 10,000 gallons per SFRE	\$4.00 per 1,000 gallons
Next 10,000 gallons per SFRE	\$5.00 per 1,000 gallons
Over 50,000 gallons per SFRE	\$6.50 per 1,000 gallons

Minimum Monthly Charge is \$28.00 per SFRE

- h. NHCRWA fee per 1,000 gallons of usage, plus a 10% administrative charge, as set forth in III.D., below.

2. Monthly Rates for Sewage Service Charge shall be as follows.

a. Residential Connections:

A flat fee of \$60.50 per connection; provided, however, that any meter installed for the purpose of outdoor watering only and which does not discharge to the District's Sanitary Sewer shall not be billed a Sewage Service Charge.

b. Apartment Connections:

A flat fee of \$ 62.50 per Apartment Unit, regardless of occupancy. The below schedule of habitability shall apply and billing will be calculated by multiplying the applicable number of Apartment Units times the flat rate for sanitary sewer service.

<u>Months After Tap:</u>	<u>Percentage Habitable:</u>
0-1	30%
2	50%
3	70%
4	90%
5 and thereafter	100%

c. Commercial Connections -- 1" meter or less:

A flat fee of \$57.00 per connection.

d. Commercial Connections -- 1½" – 2" Meters:

A flat fee of \$112.00 per connection.

e. Commercial Connections – Assisted Living Facility 1½" Meter

A flat fee of \$112.00 per connection.

f. School Connections:

Each School Connection shall be billed a monthly sewer rate based on the Single Family Residential Equivalency attributed to the School Connection ("SFRE") so that the School Connection bears an equitable burden of the District's fixed operation costs as a Residential Connection for the services the School Connection receives. The charge per SFRE for the School Connection shall be multiplied by the number of SFREs for the School Connection.

A flat fee of \$30.00 per SFRE per connection.

B. MONTHLY RATES FOR WATER AND SEWER SERVICE FOR OUT-OF-DISTRICT CONSUMERS

In addition to Consumers receiving a charge for the applicable water and sewer rates for the District, as specified below, Consumers that receive out-of-district service shall be billed an out-of-district surcharge, as specified below.

$I + C = \text{Monthly Utility Bill}$

C = Monthly Out-of-District utility surcharge

I = water and/or sewer rates, either Residential or Commercial as appropriate, plus regional water authority fees

1. Monthly Out-of-District Surcharge Calculation.

The out-of-district surcharge is based on the District's tax rate applied to the Consumer's assessed valuation from Harris County Appraisal District ("HCAD") each year. The Consumer shall be charged based on the service that they receive from the District. The charge for water service is equal to forty (40%) percent of the appraised value of the property pursuant to HCAD. The charge for sewer service is equal to sixty (60%) percent of the appraised value of the property pursuant to HCAD. The surcharge calculation shall be as follow and recalculated January 1 of every year:

$$C = \left[\frac{AV}{100} \times T \right] \times (W, S \text{ or } WS) = AS \div 12$$

C = Monthly Out-of-District utility surcharge

AV = Appraisal Value pursuant to HCAD

T = Tax Rate

W = 40%

S = 60%

WS = 100%

AS = Annual Surcharge

2. Monthly Rates for Water Service Charge, based on water service meter readings.

a. Single-Family Residential Connections:

0 - 6,000 Gallons	\$45.00
6,001 - 10,000 gallons	\$3.00 per 1,000 gallons
10,001 - 20,000 gallons	\$3.25 per 1,000 gallons
20,001 - 30,000 gallons	\$3.75 per 1,000 gallons
30,001 - 40,000 gallons	\$5.00 per 1,000 gallons
40,001 - 50,000 gallons	\$6.00 per 1,000 gallons
50,001 gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$45.00; provided, however, if water service is the only service utilized, the Minimum Monthly Charge shall be \$75.00.

b. Commercial Connections – 1-1/2" Meter or Less:

0 - 6,000 Gallons	\$75.00
6,001 - 10,000 gallons	\$3.00 per 1,000 gallons
10,001 - 20,000 gallons	\$3.25 per 1,000 gallons
20,001 - 30,000 gallons	\$3.75 per 1,000 gallons
30,001 - 40,000 gallons	\$5.00 per 1,000 gallons
40,001 - 50,000 gallons	\$6.00 per 1,000 gallons
50,001 gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$75.00; provided, however, if water service is the only service utilized, the Minimum Monthly Charge shall be \$100.00.

c. Commercial Connections – Meters Larger than 1-1/2":

0 - 400,000 gallons	\$1,650.00
400,001 - 700,000 gallons	\$4.25 per 1000 gallons
700,001 - 1,000,000 gallons	\$5.25 per 1000 gallons
1,000,001 gallons and over	\$7.00 per 1000 gallons

Minimum Monthly Charge is \$1,650.00.

d. NHCRWA fee per 1,000 gallons of usage, plus a 10% administrative charge, as set forth in H.D., below.

e. School Connections:

Each School Connection shall be billed a monthly minimum water and gallorage based on the Single Family Residential Equivalency attributed to the School Connection ("SFRE") so that the School Connection bears an equitable burden of the District's fixed operation costs as a Residential Connection. The charge per SFRE for the School Connection shall be multiplied by the number of SFREs for the School Connection.

0 - 6,000 Gallons per SFRE	\$28.00 per SFRE
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Next 4,000 gallons per SFRE	\$2.00 per 1,000 gallons
Next 10,000 gallons per SFRE	\$2.25 per 1,000 gallons
Next 10,000 gallons per SFRE	\$2.75 per 1,000 gallons
Next 10,000 gallons per SFRE	\$4.00 per 1,000 gallons
Next 10,000 gallons per SFRE	\$5.00 per 1,000 gallons
Over 50,000 gallons per SFRE	\$6.50 per 1,000 gallons

Minimum Monthly Charge is \$28.00 SFRE

f. Park Connection:

0 - 6,000 Gallons	\$28.00
6,001 - 10,000 gallons	\$3.00 per 1,000 gallons
10,001 - 20,000 gallons	\$3.25 per 1,000 gallons
20,001 - 30,000 gallons	\$3.75 per 1,000 gallons
30,001 - 40,000 gallons	\$5.00 per 1,000 gallons
40,001 - 50,000 gallons	\$6.00 per 1,000 gallons
50,001 gallons and over	\$7.50 per 1,000 gallons

Minimum Monthly Charge is \$28.00

3. Monthly Rates for Sewage Service Charge shall be as follows.

a. Residential Connections:

A flat fee of \$45.00 per connection; provided, however, if sewer service is the only service utilized, the Minimum Monthly Charge shall be \$75.00.

b. Commercial Connections -- 1-1/2" Meter or Less:

A flat fee of \$75.00 per connection; provided, however, if sewer service is the only service utilized, the Minimum Monthly Charge shall be \$100.00.

c. Commercial Connections – Meters Larger than 1-1/2":

Minimum monthly charge is \$1,800.00 plus an additional \$2.50 per 1,000 gallons based on all water meter reading beginning with zero (0).

d. School Connections:

Each School Connection shall be billed a monthly sewer rate based on the Single Family Residential Equivalency attributed to the School Connection ("SFRE") so that the School Connection bears an equitable burden of the District's fixed operation costs as a Residential Connection for the services the School Connection receives. The charge per SFRE for the School Connection shall be multiplied by the number of SFREs for the School Connection.

A flat fee of \$30.00 per SFRE per connection.

- e. Park Connection:

A flat fee of \$30.00 per connection.

4. In the event any out-of-District Consumer receiving both water and sewer service ceases to accept one service and continues to accept the other service, such Consumer shall, in addition to the monthly Water or Sewer Service Charge for the service being utilized, pay an additional amount equal to the maximum Minimum Monthly Charge for the service no longer being utilized.

C. TRANSIENT CONSUMERS (TEMPORARY)

1. Any person desiring to receive water service from the District and not become a permanent customer of the District shall:

- a. make a written application to the District by contacting the District's Operator and informing the District's Operator of:
 - (i) the proposed location of service;
 - (ii) estimated date or dates of usage;
 - (iii) estimated quantity of water needed; and
 - (iv) an agreement to pay the District's costs and expenses of monitoring such use, as determined by the District.
- b. deposit with the Operator the sum of \$1,000.00 (for estimated usage of up to 100,000) or a deposit set by the District for estimated usage over 100,000 gallons, which deposit shall be for water usage only and shall be independent of any costs associated with a meter, for which arrangements will be required to be made with the District's Operator;
- c. pay for water at the rate of \$7.00 per 1,000 gallons;
- d. pay for Operator's time and charges; and
- e. pay for NHCRWA fee per 1,000 gallons of usage, plus a 10% administrative charge, as set forth in III.D., below.

2. All service shall be monitored by the District's Operator.

D. IMPOSITION OF FEE FOR NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY.

The District shall pay fees to the North Harris County Regional Water Authority ("NHCRWA") as required by law. All Customers receiving water from the District shall be charged an amount as set by the NHCRWA Board of Directors per 1,000 gallons of water usage, plus a 10% administrative charge. This fee is set by the NHCRWA Board of Directors, based on pumpage. The Operator shall list the NHCRWA assessment on the Customer's bill as a separate line item and shall collect the NHCRWA assessment in addition to other charges.

E. MONTHLY RATES FOR WATER AND SEWER SERVICE FOR PROPERTY TAX-EXEMPT APARTMENT CONSUMERS

Consumers of Property Tax-Exempt Apartment Connections shall be billed for water and sewer service, as specified below.

$I + C = \text{Monthly Utility Service Bill}$

$C = \text{Monthly Property Tax-Exempt Apartment Service Fee}$

$I = \text{water and sewer rates, plus regional water authority fees set forth in III.D.}$

1. Monthly Property Tax-Exempt Apartment Service Fee Calculation.

The Property Tax-Exempt Apartment Service Fee is based on the District's tax rate applied to the Consumer's established assessed valuation each year. The initial Appraised Value shall be the greater of: (1) the value of property according to the Harris Central Appraisal District immediately preceding the tax-exemption; or (2) the estimated value of property upon receiving the tax-exemption as asserted or projected by the current or previous owner. The District, at its option, may at any time be provided with an assessed value prepared by an independent, licensed real estate appraiser, who will be selected by the District, to determine the Appraised Value of the property and structures. Should the assessed value as determined by the Independent appraiser differ from the Appraised Value used at the time, the new Appraised Value shall be the greater of the two. The Appraised Value shall automatically increase 10% each year compared to the previous year's Appraised Value on January 1 of each year. The calculation shall be as follow and recalculated January 1 of every year or as the Appraised Value is updated:

$$C = (AS + AC) \div 12$$
$$AS = \frac{(AV * 1.12)}{100} \times T$$

$C = \text{Monthly Property Tax-Exempt Apartment Service Fee}$

$AV = \text{Appraised Value, and annually updated as described above}$

$T = \text{Tax Rate for prior tax year}$

$AS = \text{Annual Property Tax-Exempt Apartment Service Fee}$

$AC = \text{Appraisal Cost, if any}$

2. Monthly Rates for Water Service Rates, based on water service meter readings.

Apartment Units served by individual meters shall be billed as follows:

0 - 6,000 Gallons	\$28.00
For each 1,000 gallons over	\$2.00 per 1,000 gallons

Apartment Units served by a master meter shall be charged as follows: The total number of gallons metered shall be divided by the number of Apartment Units to determine the average usage per Apartment Unit. The average usage per Apartment Unit shall be rounded to the nearest 1,000 gallons for purposes of computing the amount to be charged hereunder. The rates

specified above shall be applied to such average usage to determine the charge per Apartment Unit. The charge per Apartment Unit shall then be multiplied by the number of Apartment Units, whether occupied or not, to determine the total amount to be charged. Beginning the first day of the initial connection to the District's water system, the following percentage of Apartment 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 above for Apartment Unit:

<u>Months After Tap:</u>	<u>Percentage Habitable:</u>
0-1	30%
2	50%
3	70%
4	90%
5 and thereafter	100%

3. Monthly Rates for Sewage Service Rates shall be as follows.

A flat fee of \$ 62.50 per Apartment Unit, regardless of occupancy. The below schedule of habitability shall apply and billing will be calculated by multiplying the applicable number of Apartment Units times the flat rate for sanitary sewer service.

<u>Months After Tap:</u>	<u>Percentage Habitable:</u>
0-1	30%
2	50%
3	70%
4	90%
5 and thereafter	100%

ARTICLE IV. RULES AND REGULATIONS GOVERNING WATER AND SEWER SERVICE

The following Rules and Regulations (the "Rules and Regulations") shall govern the installation of connections or taps to the District's Waterworks and Sanitary Sewer System, the limitations on flow of waste into the Sanitary Sewer System, the protection of all facilities which are part of the District's Waterworks and Sanitary Sewer System, and set performance standards for water fixtures in new construction.

A. WATER SERVICE LINES AND WATER TAPS

1. All connections to the District's Water Mains shall be made by the District's Operator or a Contractor designated by the Operator. The connection shall include the furnishing and installing of the service saddle, water service line, water meter, and water meter vault.

2. The connections to the District's water mains and sanitary sewers may be made at different times.

3. The following materials are allowable for users extension from building to the District's Water Service Line:

- a. Brass curb stops, corp stops, and U-branch and related fittings manufactured by Ford, Hays or Muller
- b. Polyethylen water service pipe, three-fourths inch (3/4") to two inches (2")
- c. Cast iron water service pipe, two inches (2") and larger
- d. Water main pipe of PVC, C-900
- e. Plastic meter box up to one inch (1") meter
- f. Concrete meter box, one inch (1") to two inches (2") meter

4. No connection to the District's water system or initiation of service shall be permitted if the property is not in compliance with applicable County or City permits or has not constructed or maintained drainage systems on the property in compliance with local, state and federal laws.

B. SANITARY SEWER SERVICE LINE

1. Only one (1) service line may be connected to the District's sanitary sewage collection system for each residence or commercial building.

2. Only the following types of pipe and fitting materials are approved for constructing service lines. Pipe and fittings on each individual service line must consist of the same material.

- a. Vitrified clay pipe conforming to ASTM Specifications C700 with joint coupling conforming to ASTM Specifications C245 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 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. Acrylonrile-butadiene-styrene (ABS) pipe, material conforming to ASTM Specification D2751.

3. Minimum sizes of service lines shall be as follows:

- a. Residential 4-inches in diameter
 - b. Commercial 6-inches in diameter
4. Minimum grades for service lines shall be as follows:
 - a. 4-inch pipe one foot drop per hundred feet (1%)
 - b. 6-inch pipe six inches drop per hundred feet (0.5%)
 - c. 8-inch pipe four inches drop per hundred feet (0.33%)
5. Maximum grades for service lines shall be as follows:
 - a. 4-inch pipe two and one-half feet drop per hundred feet (2.5%)
 - b. 6-inch pipe one and one-half feet drop per hundred feet (1.5%)
 - c. 8-inch pipe one foot drop per hundred feet (1%)
6. All service lines must be constructed to true alignment and grade. Warped and sagging service lines will not be permitted.
7. Building tie-on connection must be made directly to the stub-out from the building plumbing at the foundation on all waste outlets.
8. Water-tight adapters of a type compatible with the materials being joined must be used at the point of connection of the service line to the building plumbing. No cement grout materials are permitted.
9. Where the District has provided wyes or stacks on sanitary sewer lines, these existing wyes or stack connections must be utilized for connection of the service line to the sewer main unless an exception is permitted by the District's Operator.
10. In all cases where the District's sanitary sewer line is on the opposite side of the street from the connection, the District has provided cross street runs, generally at alternate lot corners. Connections shall be made to these cross street runs and not at any other location.
11. Fittings and Cleanouts
 - a. No bends or turns at any point will be greater than forty-five (45) degrees.
 - b. Each horizontal service line must be provided with a cleanout at its upper terminal; and each such run of piping which is more than ninety (90') feet in length must be provided with a cleanout for each ninety (90') feet, or fraction thereof, in the length of such piping.
 - c. Each cleanout must 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 must be installed vertically above the flow line of the pipe.
 - d. Cleanout must be made with air-tight mechanical plug.

12. All sanitary sewer connections shall be made by a qualified plumbing contractor approved by the District Operator. However, the Operator will make the inspection and must certify on the application form, Exhibit "B" (hereto attached), that the sewer connection was made in accordance with these Rules and Regulations.

13. When the service line is complete, and prior to backfilling the pipe trench, the applicant for sewer service shall request an inspection of the installation. Request for inspections shall be made to the District's Operator at least twenty-four (24) hours in advance of the time such inspection is desired.

14. The physical connection to the District's sewer main must be made by use of an adapter of a type compatible with materials being joined. The connection shall be water-tight. No cement grout materials are permitted.

15. Backfilling of the service line trench must be accomplished within twenty-four (24) hours of inspection and approval. No debris will be permitted in the trench.

16. No connection to the District's sanitary sewer system or initiation of service shall be permitted if the property is not in compliance with applicable County or City permits or has not constructed or maintained drainage systems on the property in compliance with local, state and federal laws.

C. PROTECTION OF DISTRICT'S WATERWORKS AND SANITARY SEWER SYSTEM

1. 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 waterworks and sanitary sewer 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 Fire Department shall have such flushing valves for fire protection purposes.

2. It shall be unlawful for any person to connect any building to the waterworks system without a meter or to have a straight line connection to a building without being metered. It shall also be unlawful to draw water from the waterworks system without being metered, including the unauthorized use of a flushing valve or unmetered water taps. Meter installations shall include backflow prevention devices on all new commercial connections. Additionally, the District reserves the right to require any present or future connections, whether commercial or residential, to install a backflow prevention device. The cost of such devices shall be borne entirely by the customer. Furthermore it shall be unlawful for one property to provide service to a new structure or RV on the property, or service to another property without prior written permission from the District.

3. Any residential, commercial, apartment or non-profit connection which shall have interior fire control or prevention systems, which depend on water from the District shall submit plans and calculations to the District for approval prior to connection of such systems or at any other time as required by the District. Any such private fire protection system shall be metered.

4. No downspouts, yard or street drains, or gutters will be permitted to be connected into the District's sanitary sewage facilities. All clean-outs must be capped. No surface storm water shall be discharged into the District's sanitary sewer system.

5. Swimming pool connections will not be made to the District's sewer system unless approved by the Board of Directors.
6. Review and acceptance of the District shall be obtained prior to the discharge into the public sewers of any wastes and waters having:
 - a. A five (5)-day, 20 degrees Centigrade biochemical-oxygen-demand (B.O.D.) greater than 300 ppm.
 - b. Suspended solids containing greater than 300 ppm.
7. Pre-treatment - Where required, in the opinion of the District, to modify or eliminate wastes that are harmful to the structures, processes or operation of the sewage disposal works, the person shall provide, at his expense, such preliminary treatment or processing facilities as may be determined necessary to render his wastes acceptable for admission to the public sewers.
8. Grease, Oil and Sand Interceptors - Grease, oil and sand interceptors shall be provided for the proper handling of liquid wastes containing grease in excessive amounts or any flammable wastes, sand or other harmful ingredients; except that such interceptors shall not be required for private quarters or dwellings. All interceptors shall be of a type and capacity approved by the District and shall be located as to be readily and easily accessible for easy cleaning and inspection. Grease and oil interceptors shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. They shall be of substantial construction, water-tight and equipped with easily removable covers which, when bolted in place, shall be gas-tight and water-tight. Where installed, all grease, oil and sand interceptors shall be maintained by the owner, at his expense, in continuously efficient operation at all times.
9. Design calculations, plans, specifications and any other pertinent information relating to proposed preliminary treatment or processing facilities shall be submitted for approval of the District prior to the start of their construction, if the effluent from such facilities is to be discharged into the Public Sewer.
10. Sampling Wells - Sampling wells shall be provided for all new sewer connections serving commercial, unrestricted or unrecorded property. In addition, the District reserves the right to require the addition of a sampling well to any current connection at any time that such connection has a change of use or at any time that such sampling well is determined to be necessary by the District's engineer. Where required, such sampling wells shall be installed and maintained by the owner at his sole expense.
11. 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. No solder or flux which contains more than 0.2% lead may be used for the installation or repair of plumbing at any connection which provides water for human use. This requirement may only be waived for lead joints that are necessary for repairs to cast iron pipe.
12. Potable water supply piping, water discharge outlets, backflow prevention devices or similar equipment shall not be located so as to make possible their submergence in any contaminated or polluted liquid or substance.
13. No direct connection between the District's water supply and a potential source of contamination shall be permitted to exist. Potential sources of contamination shall be isolated

from the District's water 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 shall be in compliance with state plumbing codes, and the District may require inspections of any such valve or backflow prevention device on such schedule as deemed appropriate by the Board of Directors.

14. No cross-connection between the District's water supply and a private water system shall be permitted to exist. Where an actual air gap is not maintained between the District's water supply and a private water supply, an approved reduced pressure-zone backflow prevention assembly shall be properly installed and a service agreement shall exist for annual inspection and testing by a certified backflow prevention device tester.

15. No connection to the District's water supply shall be permitted, which would allow the return of water used for condensing, cooling or industrial processes back to the District's water supply.

16. No plumbing fixture shall be installed within the District which is not in compliance with a state approved plumbing code.

D. PROHIBITED DISCHARGES TO SEWAGE WORKS

1. No person shall discharge or cause to be discharged any storm water, ground water, roof run-off, sub-surface drainage, down spouts, yard drains, yard fountain and ponds or lawn sprays into any sanitary sewer. Storm water and all other unpolluted drainage shall be discharged to such sewers as are specifically designated as storm sewers or to a natural outlet approved by the District. Unpolluted processed water may be discharged upon prior written approval of the District to a storm sewer or natural outlet or into the sanitary sewer system by an indirect connection whereby such discharge is cooled, if required, and flows into the sanitary sewer at a rate not in excess of three (3) gallons per minute, provided the waste does not contain materials or substances in suspension or solution in violation of the limits prescribed herein.

2. In cases where, and in the opinion of the District, the character of the sewage from any manufacturer or industrial plant building or other premises is such that it will damage the system or cannot be treated satisfactorily in the system, the District shall have the right to require such user to dispose of such waste otherwise and prevent it from entering the system.

3. No person shall discharge or cause to be discharged, either directly or indirectly, any of the following described substances, materials, waters or waste:

- a. Any liquid having a temperature higher than 150 degrees Fahrenheit (65 degrees Centigrade), except with approval of District.
- b. Any solids, liquids or gases, which by themselves or by interaction with other substances, may cause fire or explosion hazards, or in any other way be injurious to persons, property, or the Operator of the sewage disposal works.
- c. Any solids, slurries or viscous substances of such character as to be capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works, such as ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood,

whole blood, paunch manure, hair and fleshlings, entrails, lime slurry, lime residues, slops, chemical residues, paint residues, or bulk solids.

- d. Any garbage that has not been properly comminuted or shredded. If properly comminuted or shredded, then it may be accepted under provisions established in Article I.B
- e. Any noxious or malodorous substance, which either singly or by interaction with other substances is capable of causing objectionable odors, or hazard to life; or forms solids in concentrations exceeding limits established in Article IV.C, or creates any other condition deleterious to structures of treatment processes; or requires unusual provisions, alteration, or exposure to handle such materials.
- f. Any waters or wastes having a pH lower than 5.5 or higher than 10.5, or having any corrosive property capable of causing damage or hazards to structures, equipment, or personnel of sewage disposal works.
- g. Any wastes or waters containing suspended or dissolved solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment or in the public sewage works.
- h. Any waters or wastes containing a toxic or poisonous substance such as plating or heat-treating wastes in sufficient quantity to injure or interfere with any sewage treatment process, to constitute a hazard to humans or animals, or to create any hazard in the receiving waters of the sewage treatment plant.
- i. Any radioactive wastes greater than allowable releases as specified by current United States Bureau of Standards Handbooks dealing with the handling and release of radioactivity.

4. Except in quantities, or concentrations, or with provisions as stipulated herein, it shall be unlawful for any person, corporation or individual, to discharge water or wastes to the sanitary sewer containing:

- a. Free or emulsified oil and grease exceeding on analysis an average of 100 parts per million (833 pounds per million gallons) of either or both, or combinations of free or emulsified oil and grease, if, in the opinion of the District it appears probable that such wastes:
 - (1) Can deposit grease or oil in the sewer lines in such manner to clog the sewers;
 - (2) Can overload skimming and grease handling equipment;
 - (3) Are not amenable to bacterial action and will therefore pass to the receiving waters without being affected by normal sewage treatment processes, or;

- (4) Can have deleterious effects on the treatment process due to excessive quantities.
- b. Cyanides or cyanogen compounds capable of liberating hydrocyanic gas on acidification in excess of one-half (0.5) part per million by weight as Cn in the wastes from any outlet into the public sewers.
- c. Materials which exert or cause:
 - Unusual concentrations of solids or composition; as for example, in total suspended solids of inert nature (such as Fuller's Earth) and/or in total dissolved solids (such as sodium chloride, or sodium sulfate);
 - (1) Excessive discoloration;
 - (2) Unusual biochemical oxygen demand or an immediate oxygen demand; high hydrogen sulfide content; or
 - (3) Unusual flow and concentration shall be pretreated to a concentration acceptable to the District, if such wastes can cause damage to collection facilities, impair the process, incur treatment costs exceeding those of normal sewage, or render the water unfit for stream disposal or industrial use. Where discharge of such wastes to the sanitary sewer are not properly pretreated or otherwise corrected, the District may reject the wastes or terminate the service of water and/or sanitary sewer, require control of the quantities and rates of discharge of such wastes, or require payment of surcharges for excessive cost for treatment provided such wastes are amenable to treatment by normal sewage plant facilities operated by the District.

E. POWERS AND AUTHORITY OF ENFORCING AGENTS

The District shall be permitted to gain access to such properties as may be necessary for the purpose of inspection, observation, measurement, sampling and testing, in accordance with provisions of these regulations. Any person found to be violating any provision of this Order shall be served by the District with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. Any person who shall continue any violation beyond the time limit shall be guilty of violation of this Order and shall be summarily disconnected from the sanitary sewer and/or water service. Such disconnection and reconnection shall be at the total expense of the Consumer.

F. WATER CONSERVATION PROVISIONS

1. All new construction, whether residential or otherwise, shall use plumbing fixtures which meet the following water conservation criteria:

- a. Tank-type toilets - No more than 3.5 gallons per flush
- b. Flush valve toilets - No more than 3.0 gallons per flush

- c. Tank-type urinals - No more 3.0 gallons per flush
- d. Flush valve urinals - No more than 1.0 gallons per flush
- e. Shower heads - No more than 3.0 gallons per minute
- f. Lavatory and kitchen faucets - No more than 2.75 gallons per minute
- g. All hot water lines - Insulated
- h. Swimming pools - New pools must have recirculating filtration equipment
- i. Car Wash - Any commercial automatic auto or vehicle wash must have a recirculating filtration system.

2. The District shall be supplied with a schedule of fixtures to be incorporated in all new construction and manufacturers or laboratory certification that the fixtures meet the conservation criteria set forth herein. All water and sewer utility service to new connections, subsequent to the adoption of this Order, are subject and condition upon compliance with these provisions.

G. WATER EMERGENCY PROVISION

The Board of Directors adopted a Drought Contingency Plan on October 17, 2000 as required by State law. The plan addresses hours of usage allowed, rates, penalties, etc, and is a separate document from the District's Rate Order.

H. GREASE TRAPS

1. Grease Trap Inspections.

- a. The operator or other duly authorized representative of the District shall be authorized, after providing reasonable notice to the landowner in advance, to enter upon any tract within the District to determine the necessity for a grease trap.
- b. Any person who is responsible for a discharge into the District's sanitary sewer system for which, in the sole opinion of the District and its operator, a grease trap is required and who does not have an approved grease trap in place shall have sixty (60) days from the date of notice by the District within which to construct and install the required grease trap and secure necessary approvals thereof.
- c. The Operator or other duly authorized representative of the District shall be authorized to conduct periodic inspections of all grease traps within the District that are subject to this Order to ensure that grease traps are being maintained in effective operating condition, and that all necessary manholes, inspection chambers and related facilities are being maintained and are fully operational.
- d. In the event a grease trap or any related facilities are found in an unserviceable condition or in need of cleaning or maintenance, the operator or other duly authorized representative of the District shall give

written notice to the person responsible for the discharge for which the grease trap is required advising such person of the deficiencies and requesting prompt attention to the matter. The Operator shall conduct such follow-up inspections as may be necessary until the grease trap is in effective operating condition.

- e. The District may invoke the procedure described in Article V of this Order to discontinue water service to a tract or establishment in the event the owner or proprietor of said tract or establishment either (a) refuses to permit an inspection pursuant to this Section, or (b) fails, within seven (7) days after receiving written notice issued by the operator, the Board of Directors or other duly authorized representative of the District, to correct any condition found to be in violation of the District's requirements for installation, maintenance and operation of the grease traps. In addition, the District may assess a fine of \$5,000.00 per day to any party that fails, within seven (7) days after receiving written notice of violation, to correct the condition prompting the notice, in accordance with the provisions of Article V of this Order, and the Board may, at its discretion, take such action as necessary to correct the condition and maintain the grease trap and bill the customer one and a half (1½) times the District's cost of such corrective action.

2. **Grease Trap Inspection Fee.** A periodic charge of \$75.00 may be made against each person responsible for maintenance of a grease trap pursuant to this Order. The charge (grease trap inspection fee) shall defray the District's expenses of periodic inspections of grease traps as provided in this Order.

ARTICLE V. ENFORCEMENT OF THIS ORDER ESTABLISHING WATER AND SEWER RATES, RULES AND REGULATIONS

A. ENFORCEMENT

1. Pursuant to Section 51.128, Texas Water Code, the Rules and Regulations shall be recognized by the Courts of the State of Texas as if they were penal ordinances of a city.

2. Pursuant to Section 49.004, Texas Water Code, enforcement of the Rules and Regulations shall be by complaints filed in the appropriate court of jurisdiction in the county in which the District's principal office is located.

B. PENALTIES

1. **Civil Penalties.** In accordance with Texas Water Code Section 49.004, as amended, the Board hereby imposes the following civil penalties for breach of any rule of the District: The violator shall pay the District a penalty of up to and not to exceed \$20,000 per violation, with each day constituting a separate violation, as set forth in the Texas Government Code Section 27.031, as amended. 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.

2. If any person, firm, or corporation shall violate any of the provisions of this Order, they shall be guilty of a misdemeanor, and upon conviction in a court of competent jurisdiction, shall be punished by a fine not to exceed the jurisdictional limits of the justice court for each offense. Each day of such violation shall be deemed a separate offense.

3. Any person violating any of the provisions of this Order shall become liable to the District for any expense, loss or damage occasioned by the District by reason of such violation or enforcement of such violation, including legal fees incurred by the District.

4. Discontinuance of Service. In addition to the right to terminate service for non-payment of any fees or charges, after hearing and upon finding that a violation of the District's Rate Order and Rules and Regulations have continued for three (3) days following notice to the Customer that the violation has occurred and needs to be corrected, the Board of Directors may order the immediate termination of service to the violator. Notwithstanding the above, the District's operator may immediately terminate service of any illegal connection or theft of service.

C. NOTICE OF VIOLATION

1. Delinquent Accounts. In the event a Consumer shall fail to pay any water and/or sewer bill prior to delinquency, the District's Operator shall deliver notice of such delinquency to the Consumer by regular mail at the address on the District's billing records or by door hanger on the premises where service is received. The notice shall contain the following:

- a. fact, date and amount of delinquency;
- b. the telephone number and address of the Operator to contact in the event questions arise with respect to the delinquency;
- c. a statement that the Operator has the authority to resolve clerical mistakes in the water and/or sewer bill; and
- d. a statement that failure to pay delinquent amount will result in termination of service.

The notice shall be deposited in the mail and a fee of \$15.00 shall be assessed to the Customer or delivered at least three (3) days before the date of the District's meeting.

2. Other Violations. In the event any person shall violate any of the provisions of this Order, the Board shall notify such person in writing at the address on the District's billing records, if any, by certified mail, return receipt requested, and by regular mail of such violation and the notice shall contain the following:

- a. notice of the nature of the violation;
- b. notice of the potential penalty for the violation; and
- c. date, time and location of the District's next Board meeting at which meeting such person will be entitled to present all evidence in his possession with respect to the violation.

The Notice shall be mailed not later than ten (10) days prior to the meeting.

3. The decision of the District shall be final.

D. 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 to later enforce any section, clause, sentence or provision of this Order.

E. VALIDITY

1. All provisions of District's orders or regulations in conflict herewith are hereby repealed. The validity of any section, clause, sentence or provision of this order shall not affect the validity of any other part of this Order, which can be given effect without the invalidated part or parts.

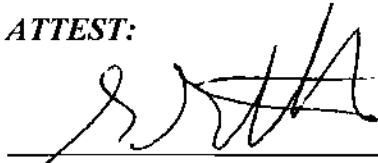
The District's President is authorized to execute and the District's Secretary to attest this Order on behalf of the District.

PASSED, APPROVED AND EFFECTIVE this 17th day of September, 2024.



President, Board of Directors

ATTEST:



Secretary, Board of Directors



EXHIBIT "A"

WASTEWATER DISCHARGE CRITERIA

<u>TYPE OF DEVELOPMENT</u>	<u>CALCULATED VALUE</u>
Bakery	0.225 GPD per sq. ft.
Barber Shop, General	150 GPD per bowl
Barber Shop, Supercuts	77 GPD per bowl
Beauty Shop	150 GPD per bowl
Bowling Alley	200 GPD per lane
Car Repair	0.05 GPD per sq. ft.
Carwash, Tunnel, Self Serve	2,000 GPD per carwash
Carwash, Tunnel, with Attendants	9,920 GPD per carwash
Carwash, Island Type, Self Serve	385 GPD per carwash bay
Church	1 GPD per seat
Club, Tavern, or Lounge	10 GPD per occupant
Convenience Store	0.07 GPD per sq. ft.
Country Club	100 GPD x members, 25 GPD x guests
Day Care Center	10 GPD per occupant
Dormitory	90 GPD per bed
Fire Station	90 GPD per capita
Funeral Home	675 GPD per service
Gas Station* **	495 GPD per station
Gas Station, with Carwash**	2,685 GPD per station
Gas Station, Other, Full Service* **	553 GPD per station
Gas Station, Other, Self Service* **	510 GPD per station
Grocery Store, 5,000 - 28,999 sq. ft.	0.00 GPD per sq. ft.
Grocery Store, 29,000+ sq. ft.	0.21 GPD per sq. ft. minus 3,773 GPD
Health Club	0.38 GPD per sq. ft.
Homeless Shelter	33 GPD per bed
Hospital	200 GPD per bed
Hotel, Motel****	78 GPD per room
Hotel, Motel w/Kitchenettes****	135 GPD per room
Manufacturing	0.05 GPD per sq. ft.
Modeling Studio	989 GPD per studio
Nursing Home***	90 GPD per bed
Office	0.10526 GPD per sq. ft.
Photo Store, One Hour Processing	1,000 GPD per store
Post Office, Excluding Dock	0.85 GPD per sq. ft.
Prison	90 GPD per capita
Racquetball Club	160.25 GPD per court

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Does not include Carwash
Includes Convenience Store
Rooms without Kitchen Facilities
Does not include Restaurant or Laundry

NOTE: This information is subject to change without notice

TYPE OF DEVELOPMENTCALCULATED VALUE

Recreational Vehicle Park	75 GPD per vehicle
Residence, Apartment with Washer/Dryer	225 GPD per unit
Residence, Apartment without Washer/Dryer	200 GPD per unit
Residence, Condominium	225 GPD per unit
Residence, Duplex	315 GPD per unit
Residence, Single Family	315 GPD per unit
Residence, Townhouse	315 GPD per unit
Restaurant, fast food, Air Cooled Machines	0.73 GPD per sq. ft.
Restaurant, fast food, Water Cooled Machines	0.98 GPD per sq. ft.
Restaurant, Full Service, General	35 GPD per seat
Retail	0.07 GPD per sq. ft.
School, High	15 GPD per seat
School, Others Non-Residential	10 GPD per seat
School, Residential	100 GPD per capita
Service Center	0.05 GPD per sq. ft.
Skating Rink	5 GPD per capita
Stadium	3 GPD per seat
Swimming Pool	5 GPD per swimmer
Theater, Drive-In	5 GPD per space
Theater, Indoor	5 GPD per seat
Toilet	80 GPD per toilet
Transportation Terminal	5 GPD per passenger
Warehouse	0.83 GPD per sq. ft.
Washateria	288 GPD per machine

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NOTE: This information is subject to change without notice

Does not include Carwash
Includes Convenience Store
Rooms without Kitchen Facilities
Does not include Restaurant or Laundry

EXHIBIT "B"

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99
APPLICATION FOR WATER/SEWER SERVICE**

NAME: _____ DATE: _____

ADDRESS: _____ PHONE: _____

CITY: _____ STATE: _____ ZIP: _____

SIGNATURE: _____

(PRINT NAME)

SITE DESCRIPTION

LOT/RESERVE: _____ BLOCK: _____

SUBDIVISION: _____

TRACT: _____ SURVEY: _____ ABSTRACT: _____

STREET ADDRESS OF PROJECT: _____

TRACT SIZE: _____ ACRES: _____ SQUARE FEET: _____

(THREE SETS OF SITE PLANS, WHICH MUST INCLUDE UTILITY LAYOUT, MUST BE
SUBMITTED)

EXISTING DEVELOPMENT

PLEASE CHECK IF NOTHING EXISTS ON THIS SITE: _____

STREET ADDRESS OF PROJECT: _____

TYPE OF DEVELOPMENT (i.e. OFFICE, RETAIL, WAREHOUSE, MFG.): _____

SQUARE FOOTAGE OF EACH TYPE OF DEVELOPMENT: _____

HIGH VOLUME WATER USER INFORMATION*: _____

NAME OF EXISTING DEVELOPMENT: _____

NUMBER OF UNITS IF APARTMENT OR TOWNHOUSES: _____

PROPOSED DEVELOPMENT

TYPE OF DEVELOPMENT (i.e., OFFICE, RETAIL, WAREHOUSE, MFG. APARTMENT OR TOWNHOUSE):

SQUARE FOOTAGE OF EACH DEVELOPMENT: _____

NUMBER OF UNITS: _____

- * High volume water user information must include such information as number of shampoo bowls in a beauty shop; number of seats in a restaurant and whether or not it is full service or paper plate service; number of washing machines in a washateria; number of seats in a lounge; and occupancy of a day care center.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99
APPLICATION FOR SANITARY SEWER SERVICE
(Please print or type)

(Name of Applicant) (Lot) (Block) (Section or
Tract No.)

(Street Address)

(Phone) (City) (State) (Zip)

Installation to be performed by: _____

(Plumber or Sub-Contractor) (Phone)

Type of pipe material to be used: PVC _____, ABS _____, VC _____, CI _____

Date: _____ Requested by: _____

(License No.) (Signature of Master Plumber)

Applicant to draw sketch of house layout and proposed location of water and sewer service line:

FOR DISTRICT USE ONLY

Site Area: _____ Acres: _____ Square Feet: _____

Use: _____

Tap Fee Collected: _____ Date Application Received: _____

Date Construction Authorized: _____

CONNECTION INFORMATION

WYE Location: _____

Stack Location: _____

Manhole Location: _____

Date of Inspection 1st _____ 2nd _____ 3rd _____

Date Permit Granted: _____

Approved by: _____, District Representative

EXHIBIT "C"

Service Inspection Certification

Name of PWS _____

PWS I.D. # _____

Location of Service _____

Reason for Inspection: New Construction

Existing service where contaminant hazards are suspected ☐

Major renovation or expansion of distribution facilities ☐

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

- | | Compliance | Non-Compliance |
|---|------------|--------------------------|
| (1) No direct 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 state Commission regulations. | | <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-zone backflow prevention assembly is properly installed and a service agreement exists for annual inspection and testing by a certified backflow prevention device tester. | | |
| (3) No connection exists which would allow the return of water used for condensing, cooling or industrial processes back to the public water supply. | | |
| (4) No pipe or pipe fitting which contains more than 0.25% lead exists in private water distribution facilities installed on or after January 31, 2014. | | |
| (5) No solder or flux which contains more than 0.2% lead exists in private water distribution facilities installed on or after July 1, 1988. | | |

Water service shall not be provided or restored to the private plumbing facilities until the above conditions are determined to be in compliance.

I further certify that the following materials were used in the installation of the 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"/>

I recognize that this document shall become a permanent record of the aforementioned Public Water System and that I am legally responsible for the validity of the information I have provided.

Signature of Inspector

Registration Number

Title

Type of Registration

Date

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 99

MINUTES OF MEETING OF BOARD OF DIRECTORS

SEPTEMBER 25, 2024

The Board of Directors (the "Board" or "Directors") of Harris County Water Control and Improvement District No. 99 (the "District") met in special session, at 6:30 p.m. at 19423 Lockridge Drive, Spring, Texas 77373, on Wednesday, September 25, 2024, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code; whereupon the roll was called of the members of the Board, to-wit:

Billy Ray Fritsche	President
Thomas Riddle	Vice President
George Galindo	Secretary
Rick Ghinelli	Director
Terry Wright	Director

Attachment

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All members of the Board were present, with the exception of Director Ghinelli, thus constituting a quorum. Also attending all or portions of the meeting were: Zachary Petrov, attorney, for the District ("Johnson Petrov" and/or "Attorney"); Debbie Bessire of Equi-Tax, Inc., tax assessor-collector for the District ("Equi-Tax"); John Howell of The GMS Group, L.L.C. ("Financial Advisor").

The President, after finding that notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may regularly come before it.

1. Public Comment. There were no members of the public present.
2. The Board next reviewed the Resolution Concerning District Characterization for 2024 Tax Year, a copy of which is attached hereto as Exhibit "A".

Upon motion by Director Riddle seconded by Director Wright, after full discussion and with all Directors present unanimously voting aye, the Board approve and adopt the Resolution Concerning District Characterization for 2024 Tax Year as a Developing District.

3. Financial Advisor's Report. Mr. Howell reviewed with the Board the Tax Recommendation for 2024, a copy of which is attached hereto as Exhibit "B". Mr. Howell recommended the Board levy the total tax of \$0.16 per year, all for debt service purposes. A \$0.16 total tax rate will result in the annual tax bill for the average homestead resident to be approximately \$380. He requested the Board authorize Equi-Tax, Inc. to publish the proposed tax rate of \$0.16 per \$100 assessed valuation for debt service only and setting the public hearing for the proposed tax rate publication on Tuesday, October 15, 2024 at 6:30 p.m. Discussion ensued.

Upon motion by Director Riddle, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board: (i) proposed a 2024 tax rate of \$0.16 per \$100 of assessed valuation; (ii) authorized publication of the Notice of a Public Hearing on the proposed

tax rate of \$0.16 per \$100 of assessed valuation to be scheduled for the regular Board meeting on Tuesday, October 15, 2024 at 6:30 p.m.

4. Houston Housing Authority and Cypresswood Apartments and Amendment to District's Rate Order.

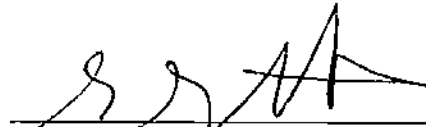
Mr. Petrov discussed with the Board the enforcement of real property restrictions.

Next, the Board reviewed and discussed the Audit Committee's recommendation to increase the North Harris County Regional Water Authority (the "NHCRWA") surcharge from 10% to 14% in order to recover the cost associated with water loss from and water use of the District's system effective October 1, 2024. A copy of the memorandum is attached hereto as Exhibit "C".

Upon motion by Director Riddle, seconded by Director Wright, after full discussion and with all Directors present voting aye, the Board approved amending the District's rate order to reflect the NHCRWA surcharge increase from 10% to 14% to recover the cost associated with water loss from and water use of the District's system effective October 1, 2024. Motion carried.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned at 7:25 p.m.

PASSED AND APPROVED on the 15th day of October, 2024.



Secretary
Board of Directors

EXHIBITS:

Exhibit A – Resolution Concerning District Characterization for 2024 Tax Year
Exhibit B – Tax Recommendation for 2024
Exhibit C – Audit Committee Memorandum

**Minutes recorded by Zachary A. Petrov
Special Session September 25, 2024**



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Following Recording Return to:

MBL Title
1022 E 15th Street
Plano, Texas 75074
Attention: Adam Rachavong

Attachment

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SPECIAL WARRANTY DEED

STATE OF TEXAS §

COUNTY OF HARRIS §

To be effective as of September 6, 2024, **CIVITAS CYPRESSWOOD OWNER I, LLC**, a Delaware limited liability company ("**Grantor**") for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, does hereby GRANT, CONVEY, ASSIGN and DELIVER to **HOUSTON HOUSING AUTHORITY**, a Texas municipal housing authority, the following described land in Harris County, Texas:

The real property described on Exhibit A attached hereto and made a part hereof (the "**Land**"), together with all of Grantor's right, title, and interest in and to any and all of the following related to the Land: (a) rights of way, streets, roads, alleys, strips, gores, and/or avenues, open or proposed, abutting the Land, (b) riparian and water rights, (c) air rights, and (d) uses, servitudes, licenses, easements, tenements, hereditaments and appurtenances now or hereafter belonging to or benefiting the Land.

The term "**Land**" as used in this Special Warranty Deed is limited to the items identified in the preceding paragraph and specifically excludes all of Grantor's right, title, and interest in and to any (i) buildings, structures, and other improvements located in, upon, and/or under the Land (hereinafter defined) (collectively, the "**Improvements**"), (ii) fixtures, equipment, furniture, furnishings, appliances, supplies, tools, signs, and other tangible and intangible personal property attached to, appurtenant to, located in or on, and/or used in connection with the Land and/or the Improvements, (iii) licenses, warranties, and permits, and (iv) leases, occupancy agreements, and service contracts.

This conveyance of the Land is made subject to general real estate taxes on the Land and Improvements for the current year and subsequent years, and the exceptions to title listed on Exhibit B, attached hereto and made a part hereof (collectively, the "**Permitted Exceptions**").

SPECIAL WARRANTY DEED (LANDLORD)
CYPRESSWOOD -- Page 1

America:0055410/00002; 138249641v.3

TO HAVE AND TO HOLD the Land, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee and its successors and assigns, forever, and Grantor does hereby bind itself and its successors to forever warrant and defend all and singular the Land unto Grantee and its successors and assigns against every party whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise; subject, however to the Permitted Exceptions.

[Executed and acknowledged on the following page]

RP-2024-329106

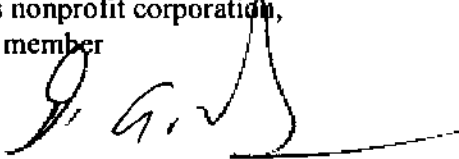
UNOFFICIAL COPY

IN WITNESS WHEREOF, Grantor executes this Special Warranty Deed on the date in the acknowledgement set forth below, to be effective as of the date first set forth above.

CIVITAS CYPRESSWOOD OWNER I, LLC,
a Delaware limited liability company

By: APV Cypresswood Apartments MM, LLC,
a Texas limited liability company,
its managing member

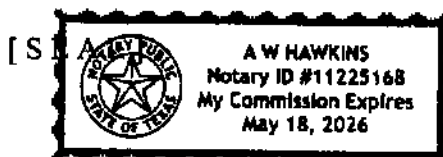
By: APV Redevelopment Corporation,
a Texas nonprofit corporation,
its sole member

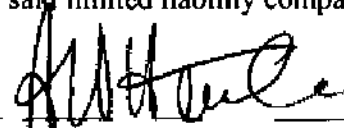
By: 
Name: David A. Northern, Sr.
Title: Secretary/Treasurer

STATE OF TEXAS
COUNTY OF HARRIS

§
§
§
§
UNOFFICIAL

The foregoing was acknowledged before me on August 27, 2024, by David A. Northern, Sr., David A. Northern, Sr., Secretary/Treasurer of APV Redevelopment Corporation, a Texas nonprofit corporation, sole member of APV Cypresswood Apartments MM, LLC, a Texas limited liability company, managing member of **CIVITAS CYPRESSWOOD OWNER I, LLC**, a Delaware limited liability company, on behalf of said limited liability company.




Notary Public, State of Texas

Grantee's Address for Tax Notices:
2640 Fountain View Drive
Houston, Texas 77057

SPECIAL WARRANTY DEED (LANDLORD)
CYPRESSWOOD – SIGNATURE PAGE

America:0055410:00002 138249641 v 2

RP-2024-329106

EXHIBIT A

DESCRIPTION OF LAND

TRACT 1 (Fee Simple):

Being a tract or parcel of land containing 12.19 acres (530,892 square feet) of land located in the William Lemm Survey, Abstract Number 519, Harris County, Texas, being out of and a part of Unrestricted Reserve "C" in Block 1 of said Cypresswood Drive Tract a subdivision recorded by plat in Film Code Number 698074 of the Harris County Map Records, and being all of a called 12.19 acres conveyed by deed to Civitas Cypresswood Owner I, LLC under Harris County Clerk's File Number RP-2022-580635; said 12.19 acre tract being more particularly described as follows (Bearings herein are based on aforesaid plat of Cypresswood Drive Tract):

BEGINNING at a 1/2-inch iron rod with plastic cap stamped "BCG" set in the southeast right-of-way line of Cypresswood Drive (100 feet wide) as recorded under Harris County Clerk's File Number J640877 marking the north corner of block 29, North Hill Estates Section 3 a subdivision recorded by plat under Volume 157, Page 120 of the Harris County Map Records and the west most corner of the herein described tract from which the intersection of southeast right-of-way line of aforesaid Cypresswood Drive and the southeast right-of-way of Whitewood Drive (60 foot wide) a recorded under Volume 157, Page 120 of the Harris County Map Records bears South 55°46'06" West, 154.84 feet;

THENCE North 55°46'44" East, along the southeast right-of-way line of said Cypresswood Drive, a distance 15.47 feet to a 1/2-inch iron rod with plastic cap stamped "BCG" set marking the beginning of a curve to the right;

THENCE Northeasterly a distance of 487.14 feet along the southeast right-of-way line of said Cypresswood Drive and the arc of said curve to the right, having a radius of 2,050.00 feet, a central angle of 13°36'55" and a chord which bears North 48°58'16" East, 485.99 feet to a 5/8-inch iron rod with plastic cap stamped "Jones and Carter" found marking the west most corner of Restricted Reserve "B" in Block 1 of said Cypresswood Drive Tract and north most corner of the herein described tract;

THENCE South 48°33'09" East, along the southwest line of said Restricted Reserve "B", a distance of 134.04 feet to a Mag Nail with shiner found marking the south corner of aforesaid, Restricted Reserve "B" and an angle point of the herein described tract;

THENCE North 41°26'51" East, along the southeast line of said Restricted Reserve "B", a distance of 27.91 feet to a Mag Nail with shiner found marking an angle point of Restricted Reserve "A" in Block 1 of said Cypresswood Drive Tract and the herein described tract;

THENCE South 64°53'04" East, along the southwest line of Restricted Reserve "A", a distance of 103.61 feet a point for the south most corner of aforesaid Restricted Reserve "A", the west most corner of the residue of a called 20.54 acre tract conveyed by deed to Catherine Lemm

SPECIAL WARRANTY DEED (LANDLORD)

CYPRESSWOOD – EXHIBIT A

America:0055410/00002: 138249641v.3

RP-2024-329106

Harris County Clerk's File Number RP-2016-291530 and an angle point of the herein described tract;

THENCE South 04°33'42" East, along the west line of said called 20.54 acre tract, a distance of 34.91 feet to an angle point for the herein described tract;

THENCE South 07°00'48" East, continuing along the west line of said called 20.54 acre tract, a distance of 91.75 feet to an angle point for the herein described tract;

THENCE South 03°33'51" East, continuing along the west line of said called 20.54 acre tract, a distance of 117.31 feet to an angle point for the herein described tract;

THENCE South 02°22'01" East, continuing along the west line of said called 20.54 acre tract, a distance of 43.11 feet to an angle point for the herein described tract;

THENCE South 67°56'35" East, continuing along the west line of said called 20.54 acre tract, a distance of 41.70 feet to an angle point for the herein described tract;

THENCE South 50°02'51" East, continuing along the west line of said called 20.54 acre tract, a distance of 81.61 feet to a point on the northwest line of a called 5.00 acre tract conveyed by deed to Zekiel M. L. Herron ET UX under Harris County Clerk's File Number 20090436008 for the northmost east corner of the herein described tract;

THENCE South 55°50'52" West, along the northwest line of a said called 5.000 acre tract, a distance of 162.86 feet to a 1/2-inch iron rod with plastic cap stamped "BCG" set marking the west most corner of said called 5.000 acre tract and an angle point of the herein described tract;

THENCE South 34°27'05" East, along the southwest line of said called 5.000 acre tract and the southwest line of a called 4.00 acre tract conveyed by deed to Emile and Patti Guidry under Harris County Clerk's File Number 20090436008 a distance of 375.84 feet to a 5/8-inch iron rod with plastic cap stamped "Jones and Carter" found marking an angle point of the herein described tract;

THENCE over and across said Restricted Reserve "C" the following four (4) courses and distances;

South 05°11'12" East, a distance of 108.26 feet to a 5/8-inch iron rod with plastic cap stamped "Jones and Carter" found marking the east most corner of the herein described tract;

South 18°03'55" West, a distance of 15.27 feet to a 5/8-inch iron rod with plastic cap stamped "Jones and Carter" found marking an angle point of the herein described tract;

North 84°20'46" West, a distance of 106.00 feet to a 5/8-inch iron rod with plastic cap stamped "Jones and Carter" found marking an angle point of the herein described tract;

South 56°06'08" West, a distance of 338.06 feet to a 1/2-inch iron rod with plastic cap stamped "BCG" set in the northeast line of said North Hill Estates Section 3 marking the south most corner of the herein described tract;

SPECIAL WARRANTY DEED (LANDLORD)

CYPRESSWOOD – EXHIBIT A

America:0055410/00002; 138249641v.3

RP-2024-329106

THENCE North 33°52'17" West, along the northeast line of said North Hill Estates Section 3, a distance of 947.92 feet to the POINT OF BEGINNING and containing 12.19 acres (530,892 square feet) of land.

TRACT 2 (Easement):

Non-exclusive Easement Estate as created and defined under terms, conditions and stipulations set forth in that certain Easement Agreement effective November 5, 2020, by and between Dreamlab Developers LLC, a Texas limited liability company as "Grantor" and Cypresswood Residential Partners, LLC, a Texas limited liability company as "Grantee", recorded November 5, 2020 under Harris County Clerk's File No. RP-2020-540147, subject to and limited by restriction to Emergency Access Only established by plat recorded under Film Code No. 698074 of the Map Records of Harris County, Texas, said easement described by metes and bounds as follows:

A METES AND BOUNDS description of a 0.0689 of an acre tract of land situated in the William Lemm Survey, Abstract Number 519, Harris County, Texas; being out of and a part of a remainder of a called 21.1583 acre tract conveyed to Dreamlab Developers, LLC by deed filed for record under Clerk's File No. RP-2018-61762 of the Harris County Official Public Records of Real Property; said 0.0689 acre being more particularly described as follows, with all bearings based on the Texas Coordinate System of 1983, South Central Zone:

COMMENCING at a point in the southeasterly line of a called 12.19 acre tract conveyed to Cypresswood Residential Partners, LLC by deed filed for record under Clerk's File No. RP-2020-356217 of the Harris County Official Public Records of Real Property, also being the northeasterly line of North Hill Estates Section 3, as shown on the plat filed for record in Volume 157, Page 120 of the Harris County Map Records, for the southeast corner of Lot 382, Block 29 and the northeast corner of Dresher Drive (60 feet wide as shown on said plat of North Hill Estates Section 3), from which a found 5/8-inch iron rod bears South 42°24' West, 0.4 feet;

THENCE, South 33°52'17" East, 20.00 feet, along the southwesterly line of said 12.19 acres and the northeasterly line of said North Hill Estates Section 3 and the northeasterly end of said Dresher Drive, to the southwest corner of said 12.19 acres for the POINT OF BEGINNING and northwest corner of the herein described tract;

THENCE, North 56°06'08" East, 149.99 feet, departing said northeasterly line of North Hill Estates Section 3, along the southerly line of said 12.19 acres, to a point for the northeast corner of the herein described tract;

THENCE, South 33°53'52" East, 20.00 feet, departing the southerly line of said 12.19 acres, over and across a remainder of said 21.1583 acres to a point for the southeast corner of the herein described tract;

THENCE, South 56°06'08" West, 149.99 feet, to a point in said northeasterly line of North Hill Estates Section 3, for the southwest corner of the herein described tract, from which a found 5/8-inch iron rod (bent) for the southeast corner of said Dresher Drive and the northeast corner of Lot 381, Block 29 bears South 42°24' East, 20.00 feet;

SPECIAL WARRANTY DEED (LANDLORD)

CYPRESSWOOD – EXHIBIT A

America:0055410/00002: 138249641v.3

RP-2024-329106

THENCE, North 33°52'11" West, 20.00 feet, along the southwesterly line of said 12.19 acres and the northeasterly line of said North Hills Estates Section 3 and the northeasterly end of said Dresher Drive to the POINT OF BEGINNING, CONTAINING 0.0689 acre of land in Harris County, Texas.

TRACT 3 (Easement):

Appurtenant Easement created and defined under terms, conditions and stipulations set forth in that certain Storm Sewer Easement effective August 5, 2020, by and between Cypresswood Residential Partners, LLC, a Texas limited liability company as "Grantor" and Dreamlab Developers LLC, a Texas limited liability company as "Grantee", recorded November 1, 2020 under Harris County Clerk's File No. RP-2020-356219, subject to terms, conditions and stipulations set forth in that certain Agreement by and between Dreamlab Developers LLC, a Texas limited liability company and Cypresswood Residential Partners, LLC, a Texas limited liability company, recorded August 5, 2020 under Harris County Clerk's File No. RP-2020-356221 as to Tract 3.

EXHIBIT B

PERMITTED EXCEPTIONS

1. The following restrictions/covenants of record in Film Code No. 698074, of the Map Records of Harris County, Texas, and File No.(s) RP-2020-281988, RP-2020-356221, RP-2022-580635 of the County Clerk's Official Records of Harris County, Texas.
2. Rights of tenants, as tenants only, under currently effective, unrecorded lease agreements without any option to purchase or rights of first refusal.
3. Rights or claims, if any, of adjoining property owners in and to that portion of insured property lying between the fences and the property lines.
4. No liability is assumed by location of water, meters, telephone pull boxes, AC units, transformer/gate motors, manholes, columns, light poles, irrigation control valves, grate inlets, electric junction boxes, electric meters, cleanouts, water valves, signs, power poles, overhead utility lines, gas meters, gas valves, electric pull boxes, water vaults, gate posts, yard drains, fire hydrants.
5. The following matters reflects on the recorded plat filed under Film Code No. 698074, of the Map Records of Harris County, Texas:
 - a. Building setback 25 feet in width along East Cypresswood
 - b. Restriction regarding Driveway Access only
6. Terms, provisions, and conditions, and easement contained in Storm Sewer Easement as set forth in instrument filed for record under Harris County Clerk's File No. RP-2020-356219; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.
7. Broadband communications system easement as set forth in instrument filed for record under Harris County Clerk's File No. RP-2021-226288.
8. Flood control/drainage easement as set forth in instrument filed for record under Harris County Clerk's File No. RP-2021-672876; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.
9. Terms, provisions, and conditions contained in Memorandum of Development and Escrow Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2020-356220.
10. Terms, provisions, conditions, and easements contained in Easement Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2020-540147; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.

SPECIAL WARRANTY DEED (LANDLORD)
CYPRESSWOOD - EXHIBIT B

11. Terms, provisions, conditions, and easements contained in Water Line Easement Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2021-292412, corrected under Harris County Clerk's File No. RP-2021-363934; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.
12. Terms, provisions, conditions, and easements contained in Water Meter Easement Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2021-292413, corrected under Harris County Clerk's File No. RP-2021-363935; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.
13. Terms, provisions, conditions, and easements contained in Water Line Easement Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2021-80739; and as further reflected on plat filed for record under Film Code No. 698074 of the Plat Records of Harris County, Texas.
14. Terms, provisions, and conditions contained in Order Annexing Land and Redefining Boundaries of the District as set out in instrument filed for record under Harris County Clerk's File No. RP-2021-154364, and Supplement record under Harris County Clerks' File No. RP-2021-154365.
15. Terms, provisions, and conditions contained in Waiver of Special Appraisal for the Benefit of Harris County WCID No. 99 as set out in instrument filed for record under Harris County Clerk's File No. RP-2020-281987.
16. Terms, provisions, conditions, and easements contained in Reciprocal Easements and Restrictive Covenants Agreement as set out in instrument filed for record under Harris County Clerk's File No. RP-2020-356221.
17. 1/32 of all the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same are excepted therefrom as the same are set forth in instrument recorded in Volume 1344, Page 237, of the Deed Records of Harris County, Texas.
18. 1/2 of all the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same are excepted therefrom as the same are set forth in instrument recorded in Volume 3582, Page 413, of the Deed Records of Harris County, Texas.
19. 1/16 of all the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same are excepted therefrom as the same are set forth in instrument recorded in Volume 8391, Page 281, of the Deed Records of Harris County, Texas.
20. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. H332982, and all terms, conditions and stipulations contained therein.

SPECIAL WARRANTY DEED (LANDLORD)
CYPRESSWOOD - EXHIBIT B

21. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. H843384, amended under Harris County Clerk's File No. H924898, and all terms, conditions and stipulations contained therein.
22. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. H843385, and all terms, conditions and stipulations contained therein.
23. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. L305318, and all terms, conditions and stipulations contained therein.
24. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. L446670, and all terms, conditions and stipulations contained therein.
25. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. R743297, and all terms, conditions and stipulations contained therein.
26. Oil, Gas and Mineral Lease(s) granted in instrument filed for record under Harris County Clerk's File No. T818932, and all terms, conditions and stipulations contained therein.

UNOFFICIAL COPY

RP-2024-329106
Pages 11
09/06/2024 03:03 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$61.00

UNOFFICIAL COPY

RECORDERS MEMORANDUM

This instrument was received and recorded electronically
and any blackouts, additions or changes were present
at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or
use of the described real property because of color or
race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in
File Number Sequence on the date and at the time stamped
hereon by me; and was duly RECORDED in the Official
Public Records of Real Property of Harris County, Texas.



Teneshia Hudspeth
COUNTY CLERK
HARRIS COUNTY, TEXAS



CONFIDENTIAL MEMORANDUM

Attachment

5

Date: January 25, 2024
To: WCID 99 Board Members
From: Rootvik Patel
Cc: Mr. Zachary Petrov
RE: CW Cypresswood – Request for Amendment

WCID No. 99 Board Members,

We trust this memo finds you well. We are writing to propose an amendment to Section 1.3 in the Declaration of Covenants, Conditions and Restrictions (“**Agreement**”) encumbering any tax exemptions at CW Cypresswood (“**Property**”) located at 708 E Cypresswood Drive, Spring, TX 77373.

We fully understand and appreciate the implications of this tax-exempt restriction outlined in the Agreement; however, we would like to present a compelling case for amending this provision, so that Civitas may provide attainable housing for the Property while maintaining its economic obligation to the district.

1. **Alternative Revenue Stream and Increased Value:** As the proposed affordability structure would exempt the Property from ad-valorem taxes, we would like to propose maintaining the obligation to pay the District through a PILOT and taking over the maintenance of the detention pond just south of the Property. Our goal is to align our interests while providing financial stability to the district. In fact, Civitas anticipates the affordability structure and tax exemption will ultimately boost the Property’s value and contribute to a sustained increase in revenue to the district in an environment where elevated interest rates are having a material impact on property values.

Taxes Paid to WCID99	2023 Value	PILOT ¹	%Δ
Units	287	287	
Rent Per Unit	\$1,536	\$1,447	-6%
Vacancy	11%	8%	
NOI	\$2,218,958	\$3,197,947	44%
Cap Rate	4.33%	5.00%	
Valuation	\$51,289,536	\$63,958,940	
2023 Millage Rate	0.160%	0.160%	
Taxes Paid to WCID99	\$82,123	\$102,409	25%

¹Final amount subject to HCAD’s determination of value.



2. **Economic Benefits:** Contrary to concerns about lower-quality demographics, affordable housing can attract a diverse and stable community. Moreover, a vibrant community contributes to the local economy, benefiting businesses and supporting economic growth as the tenant is preserving their buying power. Lower demographics can be tracked through income levels. If amended, 50% or 143 units would have asking rents adjusted to meet affordability requirements; the remaining 50% of units would stay at market rents. The adjustment to the required incomes for these 143 units would be lowered from \$55,300 to \$48,600, representing a 12% decrease. Some of the targeted demographics for these affordable units includes Spring ISD faculty, with an average income of \$47,388, and Spring Police, with an average income of \$49,668. This shift to these affordability requirements could make the Property accessible to tenants who were previously unable to afford it and drive economic impact to the Property and local community.

Required Income Levels - By Unit Type					
Unit Type	Market	Affordable	Blended	Competitive Set	
One Bedroom	\$ 48,300	\$ 44,200	\$ 46,200	\$ 49,600	
Two Bedroom	\$ 62,500	\$ 52,800	\$ 57,700	\$ 61,800	
Three Bedroom	\$ 79,200	\$ 58,700	\$ 68,900	\$ 76,800	
Average Income	\$ 55,300	\$ 48,600	\$ 52,100	\$ 56,200	

Average Rents - By Unit Type					
Unit Type	Market	Affordable	Blended	Competitive Set	
One Bedroom	\$ 1,342	\$ 1,228	\$ 1,283	\$ 1,378	
Two Bedroom	\$ 1,736	\$ 1,467	\$ 1,603	\$ 1,717	
Three Bedroom	\$ 2,200	\$ 1,631	\$ 1,914	\$ 2,133	
Average Income	\$ 1,536	\$ 1,350	\$ 1,447	\$ 1,561	

3. **Community Enhancement:** Attainable housing, when implemented appropriately, can act as a catalyst for positive community impact. Civitas, an experienced owner with a mission to preserve and enhance the community through attainable housing, has seen increasing demand across its portfolio since implementing this type of housing at other properties. By providing this to the community, we expect to achieve higher occupancies, thereby contributing to a positive impact on the surrounding area.
4. **Engagement and Collaboration:** Civitas is committed to ongoing communication and collaboration. We are open to working closely with your district to address any concerns, implement feedback, and ensure a mutually beneficial partnership.

We would welcome the opportunity to discuss this proposal further as soon as possible. Our shared goal is to foster a sustainable community, and we believe that this proposal can contribute significantly to achieving that objective.

Thank you for your time and consideration.

Sincerely,

Rootvik Patel

Rootvik Patel, Managing Director

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