

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
 §
COUNTY OF SAN JACINTO §

We, the undersigned officers of the Board of Directors of Waterwood Municipal Utility District No. 1 of San Jacinto County, Texas, hereby certify as follows:

1. The Board of Directors of Waterwood Municipal Utility District No. 1 of San Jacinto County, Texas, convened in Regular Session on the 21st day of March, 2025, at the regular meeting place inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Donnie Marshall	President
Jeffrey Measamer	Vice President
John Dagleish	Secretary
Ed Kile	Director
Roy Knapp	Director

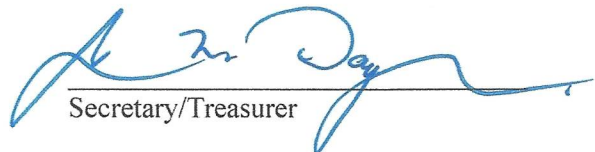
and all of said persons were present, except Director(s) _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting: an

**ORDER ESTABLISHING UTILITY SERVICE
RATES, FEES, AND CONDITIONS
(RATE ORDER)**

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

2. That 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; and that the Order has been duly recorded in the Board's minutes of the meeting; that 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; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Subchapter C, Chapter 49, Texas Water Code.

SIGNED AND SEALED the 21st day of March, 2025.


Secretary/Treasurer

(SEAL)

**ORDER ESTABLISHING UTILITY SERVICE
RATES, FEES, AND CONDITIONS
(RATE ORDER)**

THE STATE OF TEXAS §
 §
COUNTY OF SAN JACINTO §

WHEREAS, Waterwood Municipal Utility District No. 1 of San Jacinto County, Texas (the "District"), owns and operates a water and sewer system providing service to residential and commercial establishments within the District and other customers; and

WHEREAS, the Board of Directors deems it necessary to amend the rates, fees, charges, and conditions previously established for receiving water and sewer services from the District; Now, Therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF WATERWOOD MUNICIPAL UTILITY DISTRICT NO. 1 THAT:

Section 1: Definitions

The following words or phrases shall have the meanings indicated below:

A. "Single Family Residential User" - means a user of the District's water and sewer system which consists of one residence designed for use and occupancy by a single family unit and served by a single meter.

B. "Non-Single Family Residential User" - means any user of the District's water and/or sewer system other than a Single Family Residential User including, but not limited to, commercial or business entities or establishments (even if within a single building), associations, multi-family dwelling units, hotels/motels, churches, libraries, schools, recreational facilities, and clubs.

C. "Extreme Weather Emergency" - means a period beginning when the previous day's highest temperature within the boundaries of the District does not exceed 28 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours according to applicable National Weather Service reports for the area within the boundaries of the District. For purposes of this definition, an Extreme Weather Emergency is over on the second business day the temperature within the boundaries of the District exceeds 28 degrees Fahrenheit.

D. "Operator" - means the entity with which the District has contracted for operation and maintenance of the District's water and sewer system.

E. "Unauthorized Use" - means the intentional or unintentional receiving of water and/or sewer service from the District without prior application, as required herein, or the re-establishment of water or sewer service by someone other than the Operator.

Section 2: Regulatory Assessment

As required by the Texas Water Code, each user of the District's water and sanitary sewer system is hereby assessed a charge of one-half of one percent of the District's charge for water and sewer service. This assessment is included in the rate schedules listed below and will be forwarded to the Texas Commission on Environmental Quality (TCEQ) for use in paying costs and expenses incurred in its regulation of water Districts.

All District activities shall adhere to Title 30 of the Texas Administrative Code Chapter 290 rules and regulations for public water systems.

Section 3: Platting: Review and Approval of Plans

A. **Platting Requirement.** Prior to initially connecting to the District's water, sewer, or drainage systems, a user shall submit to the Operator proof that the user's property has been platted in accordance with applicable law. Acceptable proof of platting includes a copy of the recorded plat, or a certificate from the County of San Jacinto that the property has been platted, or that the property is legally exempt from the platting process.

B. **Non-Single Family Residential User Properties Plans Approval:**

1. **Plans Submission.** For Non-Single Family Residential User properties, before any connection or reconnection is made to the District's water, sewer, or drainage systems, the entity requesting service shall submit to the District's engineer the following:

- a. The legal description for the land to be served and street address.
- b. The development plan for the site, including, without limitation, building locations, intended uses, occupancy information, gross floor areas in square feet, dwelling units for multifamily residential buildings, and other information deemed necessary by the District's engineer.
- c. The water, sewer, and drainage plans (the "WSD Plans") for the site, including without limitation, the service amounts requested, the points of connection to the District's systems, internal facilities, and systems (including internal pipes, lines, faucets, drains, and toilets), and other information deemed necessary by the District's engineer.
- d. The review fee described in this Section.

2. **Review and Approval of Plans.** The District's engineer shall review the WSD Plans and related information to determine whether the WSD Plans comply with all District and other regulatory requirements, policies, and standards. If the WSD Plans indicate proper compliance, the District's engineer will approve the WSD Plans. A copy of such approved WSD Plans with the engineer's approval indicated thereon shall be submitted to the Operator. Any modification of the WSD Plans shall require reapproval by the District's engineer. The Operator shall inspect the water, sewer, and drainage facilities to determine that they have been installed in substantial compliance with the approved WSD Plans prior to providing a water connection. The District reserves the right to require removal of any connection(s) made in violation of this Section and to terminate water and sewer service until the water, sewer, and drainage facilities have been constructed and connections made in accordance with the approved WSD Plans.

3. **Review Fee.** The entity requesting service shall pay a non-refundable review fee of \$2,500 to the District to cover the cost of said review. No tap or connection to, nor service from, the District's systems shall occur while such amount is outstanding.

Section 4: Easements

Before water and sewer service commences to any user, the user requesting services shall grant an ingress and egress easement to and from the water meter(s) appurtenant to the premises to be served for the purposes of operating, maintaining, reading, and repairing the meter(s) as the District may deem necessary.

Section 5: Water Tap Fees

A. All connections to the District's water system shall be made by the Operator or an approved contractor of the District. Prior to connection to the District's water system, tap fees shall be paid to the District as follows to cover the costs of making connections and providing water meters:

1. Single Family Residential Users:
 - a. 3/4" x 5/8" meter (short tap) - \$1,300.00.
 - b. 3/4" x 5/8" meter (long tap) - \$2,000.00.
 - c. 1" meter (short tap) - \$1,600.00.
 - d. 1" meter (long tap) - \$2,800.00.
 - e. if a road bore or street cut is required for Sections 5(A)(1)(a) – 5(A)(1)(d) above, add 15%.
 - f. for all other taps, installation costs to the District plus 15%.
2. Non-Single Family Residential Users:
 - a. installation costs to the District *times* 3.
 - b. for a fire line meter, installation costs to the District plus 15%.
3. Irrigation Line:
 - a. Same cost as determined above for applicable User and meter required.

Section 6: Sewer Tap Fees

A. All connections to the District's sewer system are to be made in accordance with the District's rules and regulations. An authorized District representative must inspect all connections prior to being covered in the ground. Prior to connection to the District's sewer system, and the commencement of any service, all fees shall be paid to the District to cover taps:

1. Single Family Residential Users:
 - a. Short tap - \$1,500.00 per single family residence (or \$2,700.00 if a road bore or street cut is required). Should actual costs to the District in connection with a sewer tap exceed the amounts set forth in this subsection, the excess, plus 15%, shall be included in the tap fee.
 - b. Long tap - installation costs to the District *times* 2.
2. Non-Single Family Residential Users. Installation costs to the District *times* 3.

B. No sewer tap shall be made to any structure constructed on lots that are lower than the nearest exposed sanitary sewer manhole cover unless the structure's lowest finished floor is constructed at an elevation that is 12 inches (12") higher than the top of the sanitary sewer manhole cover and of sufficient elevation to permit gravity flow of sewage from the structure to such sanitary sewer manhole. No new sewer service shall be provided to a new Customer with a structure that does not comport with this subsection unless such Customer provides, and the District is agreeable to, a sufficient waiver of liability concerning sewer back-ups as set forth in the District's service agreement. Without such an agreed-upon waiver of liability, the Customer shall install a grinder pump and check valve which shall be inspected and approved by the District upon completion. The District shall not be liable for any sewer back-ups that may occur at the residences associated with those customers who chose to install a grinder pump and check valve, as the requirement for such installment is not a guarantee in any way by the District that there will not be a sewer back-up at the residence.

Section 7: Deposits

A. Deposits shall be required for all user connections to the District's system as follows and shall be paid at the time the account is set up:

1. Single Family Residential Users - \$200.00.
2. Non-Single Family Residential Users - \$810.00.

B. When a single-family residence, which is connected to the District's system, is leased or rented, a deposit of \$200.00 shall be required of the lessee or tenant.

C. Deposits shall be held by the District in escrow to assure prompt payment of all charges for water and sewer service or other related fees, charges, or expenses. No interest will be allowed on such deposits.

D. Upon written notice by a customer that service to an account is no longer needed, the District will apply the deposit on hand to any unpaid service fees, charges, or other expenses accruing to the account, and the excess, if any, will be paid to the customer.

E. Unless requested in writing by a customer within forty-five (45) days after the cessation of service, the District may not refund a remaining unencumbered customer deposit amount which is less than \$10.00.

F. If deposits required by the District are not paid, services will be terminated or will not be commenced.

G. Each builder of homes within the District shall pay a deposit of \$1,000 to the District, which deposit shall be refunded without interest to each builder at the completion of the builder's homebuilding program within the District except to the extent such deposit has been applied as provided herein. If a homebuilder violates any part of this Rate Order, the amount of the builder's deposit shall be immediately doubled for each violation. The cost of any repairs incurred by the District for damages to District facilities caused by builder negligence shall be billed by the Operator to the builder responsible at cost. The District may use the builder's deposit or any part thereof to pay such repair costs. The builder's deposit shall be replenished to cover amounts paid out by the District for repair costs before allowing the installation of additional water taps for such builder.

Section 8: Water Rates

A. Single Family Residential:

1. Single Family Residential Users. Each Single Family Residential User within the District shall be charged for water service from the District on a monthly basis according to the water used pursuant to the following schedule:

<u>Base Rate</u>	<u>Usage</u>
\$46.98 (minimum)	0-2,000
\$3.78	2,001-4,000
\$4.86	4,001-6,000
\$7.02	6,001-8,000
\$8.10	8,001-10,000
\$9.18	10,001-40,000
\$10.80	Over 40,001

B. Commercial:

1. Non-Single Family Residential Users. Except as otherwise provided in this subsection, each Non-Single Family Residential User within the District shall be charged for water service from the District on a monthly basis at the rates set forth in Section (8)(A)(1) for Single Family Residential Users *times 2*.

2. Multi-Family Dwelling Units:

a. Town homes, Condominiums, and Apartments. Each multi-family building shall be charged for water service on a monthly basis a minimum amount calculated by multiplying the number dwelling units therein by the minimum monthly charge set forth in Section (8)(A)(1) for Single Family Residential Users (for purposes of this Rate Order, each separate dwelling unit not separately metered in a multi-family building shall be considered one unit).

b. In addition to the foregoing monthly minimum, a multi-family building shall be billed a monthly overage charge computed as follows: (i) the number of units in the multi-family building shall be multiplied by the minimum usage amount; no further charge will be made for water usage up to that amount; and (ii) for any amount of water usage above the amount calculated as the foregoing minimum, the multi-family building shall be billed at the rates set forth in Section (8)(A)(1) for Single Family Residential Users exceeding the minimum gallonage. The foregoing minimum and overage billing procedure shall apply whether or not a multi-family building is totally occupied.

3. Hotels/Motels:

a. Each hotel/motel building shall be charged on a monthly basis a minimum amount calculated by multiplying the number of hotel/motel dwelling units therein by \$16.20 (for purposes of this Rate Order, each separate dwelling unit not separately metered in a hotel/motel building shall be considered one unit).

b. In addition to the foregoing monthly minimum, a hotel/motel building shall be billed a monthly overage charge computed as follows (i) the number of units in the hotel/motel building shall be multiplied by the minimum usage amount; no further charge will be made for water usage up to that amount; and (ii) for any amount of water usage above the amount calculated as the foregoing minimum, the hotel/motel building shall be billed at the rates set forth in Section (8)(A)(1) for Single Family Residential Users exceeding the minimum gallonage. The foregoing minimum and overage billing procedure shall apply whether or not a hotel/motel building is totally occupied.

C. Construction Connections. A temporary connection to the District's water system for construction purposes may be established pursuant to the following requirements:

1. Payment of an amount equal to any temporary connection cost incurred by the District plus 20%. All unauthorized withdrawal of water from flushing valves, fire hydrants, or other appurtenances of the District's System without prior approval of the Operator, except for emergency fire-fighting purposes, is prohibited.

2. Providing a temporary service application, meter rental agreement, and backflow prevention device as required by the Operator. In addition, a deposit shall be required in the amount of \$300 to secure the payment for water supplied and the safe return of the meter. Upon receipt of full payment for temporary water used and return of the meter in good condition, the deposit will be returned; provided, however, any damage to the meter will be deducted from the deposit.

3. Establish a temporary service account.

4. Payment for all water supplied at the rate described for Non-Single Family Residential Users as set forth in Section (8)(B)(1) *times* 1.5.

Section 9: Sewer Charges

A. Single Family Residential:

1. Single Family Residential Users. Each Single Family Residential User within the District shall pay a flat monthly sewer service charge of \$25.38.

B. Commercial:

1. Non-Single Family Residential Users. Except as otherwise provided in this subsection, each Non-Single Family Residential User within the District shall be charged for sewer service from the District on a monthly basis at the rates set forth in Section (9)(A)(1) *times 2.*
2. Multi-Family Dwelling Units:
 - a. Town homes, Condominiums, and Apartments. Each such multi-family building shall be charged for sewer service on a monthly basis a minimum amount calculated by multiplying the number of dwelling units therein by \$32.40.
 - b. The foregoing billing procedure shall apply whether or not a multi-family building is totally occupied.
3. Hotels/Motels:
 - a. Each hotel/motel building shall be charged for sewer service on a monthly basis an amount calculated by multiplying the number of dwelling units therein by \$27.00.
 - b. The foregoing billing procedure shall apply whether or not a hotel/motel building is totally occupied.

C. Grinder Pumps:

Grinder Pumps required in connection with sewer services are to be installed, operated, maintained, and repaired at the sole cost and expense of customers. The Operator may inspect any grinder pump in use to ensure the District's sewer system is not being damaged or that the grinder pump otherwise complies with District requirements or regulations.

Section 10: Inspections and Testing

The following fees shall be charged for the inspections or tests undertaken by the Operator. These fees are to be paid at the same time as the tap fee:

A. Customer Service Inspections

Pre-site Residential	\$	54.00 per inspection/failure
Slab Residential	\$	54.00 per inspection/ failure
Wall Residential	\$	54.00 per inspection/ failure
Fixture Residential	\$	81.00 per inspection/ failure
Final Site Survey	\$	54.00 per inspection/ failure
Non-Residential	\$	Custom quote per inspection/failure

B. Other Types of Inspections

Backflow Prevention	\$	District cost plus 15% per inspection/failure
---------------------	----	---

Grease Trap	\$	District cost plus 15% per inspection/failure
Grinder Pump	\$	District cost plus 15% per inspection/failure

Section 11: Payment

- A. Charges for water and sewer service shall be billed monthly. All bills shall be payable on or before the 25th of the month following the month during which services were rendered. Unless payment is received on or before the 25th (the "penalty date"), such account shall be considered delinquent.
- B. Any bill for which payment is not received by the penalty date shall incur a late penalty of \$10.80.
- C. If a check is returned because of insufficient funds, there shall be a charge of \$40.00.
- D. The Operator may delay, postpone, or otherwise temporarily adjust the foregoing in case of hardship arising from an Extreme Weather Emergency, including the use of reasonable payment plans.

Section 12: Disconnection

A. General: The District may, in its discretion, disconnect service, lock or remove metering devices, or otherwise suspend services to a user for failure to pay all charges by the 25th day after the penalty date; provided, however, that prior to disconnecting services, locking or removing metering devices, or otherwise suspending or interrupting service, the District shall send written notice by United States first class mail to the user at the address of the connection and provide the user with an opportunity to contest or explain the charges, services, or disconnection at a regularly scheduled meeting of the District's Board of Directors. The written notice shall be sent not less than 10 days prior to the meeting and shall inform the user of the amount of the delinquent payment, the date service will be disconnected if payment is not made, and of the opportunity to contest, explain, or correct the charges, services, or disconnection, by a presentation in person or in writing. The notice shall also state the place and time at which the account may be paid and that any errors in the bill may be corrected by contacting the Operator, whose telephone number shall also be given in such notice. If the user appears before the Board in person or by written correspondence, the Board shall hear and consider the matter and inform the user of the Board's determination at the meeting or after by sending written notice by United States first class mail to the user at the address of the connection stating whether service will be continued or disconnected and, if necessary, a revised date for disconnection of service. A written statement by the Operator that any notice required by this section was so mailed shall be prima facie evidence of delivery of same.

B. Reconnection Fee: If service to a user is disconnected for any cause, there shall be a reconnection fee of \$81.00 before service is again commenced to such user. If the user requests the reconnection after regular business hours (8:00am-4:00pm) the reconnect fee will be \$135.00.

Section 13: Renting/Leasing

Whenever a single family residence, which is connected to the District's system, is leased or rented, the lessee or tenant shall have the water and sewer service account transferred into the name of the lessee or tenant and shall be responsible for the payment of all water and sewer charges incurred after the earlier of the date that the account is transferred or the date that the residence is first occupied by the lessee or tenant. The lessee or tenant shall be responsible for the payment of all water and sewer charges incurred after the date of occupancy by the lessee or tenant regardless of whether said account is transferred.

Section 14: Unavoidable Leak Adjustments

When a verifiable water leak has occurred, which was neither caused by the Customer, nor within the ability of a prudent person to foresee, a variance may be allowed for the rate charged for the water used. Proof of the repair of such water leak shall be provided by the Customer to the District via a valid printed receipt from

the person who performed such repair, dated within seven (7) days of the detection of such leak. The District will calculate the water loss resulting from the unavoidable leak, and a recalculated cost to the Customer will be assessed for the lost water at the then-current lowest District rate per 1,000 gallons.

Section 15: No Free Service

No free service shall be provided by the District to any person, organization, or institution, including charitable institutions.

Section 16: Required Service

No service shall be given from the District's water and sewer service unless a user agrees to take both water and sewer service, except as follows: (i) temporary construction sites; (ii) areas where only one service is available; (iii) irrigation or sprinkler only meters; and (iv) park and recreational facilities.

Section 17: Maintenance and Repair

It shall be the responsibility of a user to maintain the water and sewer lines from the point of connection to the District's water and sewer system to the building served.

Section 18: Industrial Waste

The Board hereby adopts the policy set forth in Exhibit "A".

Section 19: Penalties for Violation

Any user, person, corporation, or other entity who:

- A. violates any section of this Rate Order, or
- B. makes unauthorized use of District services or facilities, or
- C. uses or permits the use of any septic tank or holding tank within the District, or
- D. causes damage to District facilities by improperly tampering or interfering with such facilities or by using such facilities in a manner or for a purpose contrary to the purpose for which they were designed, or
- E. reconnects to the District's system after termination of service by the District without having paid all outstanding charges due to the District, or
- F. violates the District's Rules and Regulations Governing the Installation and use of House Sewer Lines and Sewer Connections, or
- G. violates the District's Plumbing Regulations shall be subject to a penalty of up to \$5,000.00 for each breach of the foregoing provisions. Each day that a breach of any provision hereof continues shall be considered a separate breach. This penalty shall be in addition to any other (i) charges, fees, costs, and/or penalties authorized or described herein; (ii) penalties provided by the laws of the State of Texas or the United States; or (iii) legal rights or remedies of the District as otherwise allowed by law.

Section 20: Out of District Service

For utility service to land outside the boundaries of the District, all rates, fees, and charges set forth herein shall be determined by multiplying the applicable amount *times* 1.5. Notwithstanding the foregoing, the

District in its contract for service to out-of-district areas may provide for different rates, fees, charges, or conditions.

Section 21: Superseding Orders

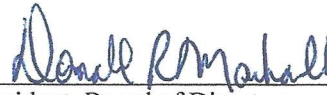
This Rate Order supersedes all prior policies relating to water and sewer service (and revisions thereto), orders, resolutions, and other actions of the Board of Directors concerning fees and charges for water and sewer services.

Section 22: Effective Date

This order shall be effective from and after its adoption.

[SIGNATURE PAGE FOLLOWS]

Adopted this 21st day of March, 2025.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)

EXHIBIT A

POLICY REGARDING INDUSTRIAL WASTE

Section 1. "Industrial waste" shall mean waste discharges (other than domestic sewage) of industries identified in the Standard Industrial Classification Manual, Bureau of the Budget, 1967, as amended and supplemented, under the category "Division D -- Manufacturing," and such other waste as the Commissioner of the Federal Water Quality Administration deems appropriate pursuant to 18 C.F.R., §601.34(c), as amended.

Section 2. If any customer of the District's sanitary sewer system proposes to discharge industrial waste into such system, the Board of Directors of the District shall request the recommendation of the District Engineer and shall establish rates and charges to provide for an equitable assessment of costs whereby such rates and charges for discharges of industrial waste correspond to the cost of waste treatment, taking into account the volume and strength of the industrial, domestic, commercial waste and all other waste discharges treated, and techniques of treatment required. Such rates and charges shall be an equitable system of cost recovery which is sufficient to produce revenues, in proportion to the percentage of industrial wastes proportionately relative to the total waste load to be treated by the District for the operation and maintenance of the treatment works, for the amortization of the District's indebtedness for the cost of such treatment works and for such additional costs as may be necessary to assure adequate waste treatment on a continuing basis.

Section 3. The Board of Directors of the District shall also request the recommendation of the District Engineer and shall require pretreatment of any industrial waste which would otherwise be detrimental to the treatment works or to its proper and efficient operation and maintenance or will otherwise prevent the entry of such industrial waste into the treatment plant.