

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261

Resolution for Adoption of Order Establishing Policy and Rates for Water and Sewer Service

The Board of Directors (“Board”) of Harris County Utility District No. 261 (“District”) met at the Board’s regular meeting place on December 20, 2017 with a quorum of directors present, as follows:

S. Brady Whitaker, President
Jason VanLoo, Vice President
John F. Oyen, Secretary
Larry Goldberg, Assistant Secretary

And the following were absent:

Emory Milton Dooley, Jr., Director

when the following business was transacted:

The order set out below (“Order”) was introduced for consideration of the Board. It was duly moved and seconded that said Order be adopted; and, after due discussion, said motion carried by the following vote:

Ayes: All directors present.

Noes: None.

The Order thus adopted is as follows:

Any order and amendments thereto, heretofore adopted by the Board of District, providing for policy or rates for water and sewer service for customers within the District, is hereby revoked upon the effective date of this Order.

The Order hereinafter set forth shall become effective on December 20, 2017.

ORDER ESTABLISHING POLICY AND SETTING
RATES FOR WATER AND SEWER SERVICE

ARTICLE I

General Provisions

Section 1.1 Definitions

For purposes of this order, the following words or terms shall have the following meanings:

a) “Commercial Consumers” shall mean and include any office building, hotel, retail store, clubhouse, warehouse, service station, or other establishment rendering a service or offering a product for sale to the public; apartments; and any and all establishments not generally considered a single-family residence or a Nontaxable Entity, unless no specified rates, including tap fees and inspections, are provided for Nontaxable Entities, in which case they shall be treated as “Commercial Consumers.”

b) “Community Consumer” shall mean those consumers which, through the procedures described herein, the District shall determine are not commercial or residential; but which represent characteristics of community benefit. Community Consumers shall include, but shall not be limited to, homeowner associations.

c) “Consumer” shall mean the user of a District utility service at a residential, commercial or industrial structure within the area of the District, whether the owner, renter or lessee thereof.

d) “Cross Connection” shall mean a physical connection or other arrangement through which a potable water system may be contaminated by back siphonage or backflow.

e) “Delinquent bill” 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.

f) “Grease Trap” shall mean a facility connected to the customer’s sanitary sewer line in a manner and form approved by the District’s operator, which is designed to trap grease, oil, or other harmful residue prior to discharge into the District’s waste treatment collection line.

g) “Fee Schedule” shall mean the fees and rates charged to customers within the District for water and sewer services, pursuant to the District’s Order for Adoption of Schedule

of Water and Sewer Service Fees and Rates, as amended from time to time.

h) “Nontaxable Entity” shall mean an entity which is exempt from ad valorem taxation under Chapter 11, Texas Tax Code, as amended.

i) “Operator” shall mean the person, firm, 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.

j) “Residential connection” shall mean and include any single family residence, townhouse, or multiplex (other than apartments), when such is separately metered.

k) “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.

l) “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.

m) “Unacceptable plumbing practices” shall mean practices not accepted by or which are in violation of the Southern Standard Plumbing Code, the Uniform Plumbing Code or the National Standard Plumbing Code.

n) “Unauthorized Usage” shall mean the intentional or unintentional receiving of water and/or sewer service from the District without making prior application, as required herein; or the reestablishment of water or sewer service by someone other than a duly authorized District representative.

Section 1.2 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 whatever, and it is understood that District is only to furnish a connection with its water system and is in no case to be liable for failure or refusal to furnish water or any particular amount or pressure of water.

Section 1.3 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 or additions to or alterations in any tap, pipe, cock, or other fixture connected with the service water pipe.

Section 1.4 Unauthorized practices

a) 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.

b) 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 inspect individual water facilities prior to providing service and periodically thereafter to prevent possible cross-connections between the potable water system and any non-potable water. All water Consumers shall allow their property to be inspected for possible cross-connections and other Unacceptable Plumbing Practices. The District shall notify the Consumer in writing of any cross-connection or other unacceptable plumbing practice which has been identified during an initial inspection or any periodic reinspection. The Consumer shall immediately correct any unacceptable plumbing practice on its premises.

c) Continuous efforts shall be made by the District to locate unauthorized connections or taps, possible interconnections between privately owned water systems and the public water system, and other Unacceptable Plumbing Practices. As Unacceptable Plumbing Practices are located, they shall be eliminated so as to prevent possible contamination of the water supplied by the District.

d) The District shall consider the existence of a health hazard as identified in 30 Texas Administrative Code § 290.47 (i), or other serious threat to the integrity of the water supplied by the District, to be sufficient grounds for immediate termination of water service to Consumers who may be vulnerable to possible water supply contamination. If terminated under such circumstances, water service shall be restored by the District when it determines that such health hazard or other source of potential contamination no longer exists, or when the health

hazard or other contamination source has been isolated from the District's water supply system in accordance with 30 Texas Administrative Code § 290.44 (h). The District is not required to follow the provisions of Section 2.3 when terminating water service under this Section 1.4d).

e) The District may invoke the procedure described in Section 2.3 of this Order to discontinue water service to a Consumer in the event such Consumer either (1) refuses to permit an inspection pursuant to this Section, or (2) fails, within a reasonable time after receiving written notice issued by the Board, to correct or remove any unauthorized connection, tap, plumbing or other condition found to be contributing to or causing contamination of the District's water supply.

f) All tampering with District meters, taps or other District facilities, Unauthorized Usage of water or sewer service, and illegal discharges into the District's sanitary or storm sewer systems are prohibited. In addition to any of the foregoing, the District may bill and collect from any Consumer who violates the terms of this section any costs or expenses incurred by the District as a result of such violation. Any fees or penalties assessed pursuant to this section shall be in addition to the fees required for the restoration of service.

Section 1.5 Plumbing restrictions

The following Unacceptable Plumbing Practices are prohibited by State regulations and the District:

a) No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.

b) No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

c) No connection which allows water to be returned to the public drinking water supply is permitted.

d) With respect to plumbing installed after on or after July 1, 1988 and prior to January 4, 2014, no pipe or pipe fitting which contains more than 8.00% lead may be used for the installation or repair of plumbing at any connection which provides water for human use. For plumbing installed after January 4, 2014, 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 and should bear the expected labeling indicating $\leq 0.25\%$ lead content.

e) No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

f) No plumbing fixture shall be installed which is not in compliance with a State approved plumbing code.

g) To ensure that neither cross-connections nor other Unacceptable Plumbing Practices are permitted, each new Consumer and each Consumer whose service has been suspended or terminated and is proposed for reconnection must sign a copy of the Service Agreement attached hereto as Exhibit "A" prior to commencement of service by the District.

Section 1.6 Plumbing material restrictions; Customer Service Inspection Certifications.

No new connections to the District's water system shall be made unless (a) a customer service inspection has been made by a qualified inspector and (b) a Customer Service Inspection Certification in the form attached hereto as Exhibit "B" has been completed and submitted to the District. Such an inspection and certification also shall be required at any existing service location when the District has reason to believe that cross-connections or other Unacceptable Plumbing Practices exist, or after any material improvement, correction or addition to the private plumbing facilities. The District shall recognize only the individuals specified in 30 Texas Administrative Code §290.46(j)(1) as capable of conducting customer service inspection certifications, and shall retain copies of properly completed certifications on file for a minimum of ten (10) years. If the Consumer requests the Operator to conduct the service inspection, the Consumer shall be charged a fee per inspection in accordance with the Fee Schedule.

If a customer service inspection is made at the District's direction because the District has reason to believe that Unacceptable Plumbing Practices exist, the Consumer shall not be charged for the inspection unless Unacceptable Plumbing Practices are found. Customer service inspection certifications for new construction shall be submitted to the District before continuous service to the connection is provided, preferably at the same time that the tap fee is paid, and the District shall not transfer the account from the builder to the initial occupant until it has received the certificate. Certifications for inspections in all other instances (when the District has reason to believe Unacceptable Plumbing Practices exist or after a material change to private plumbing facilities has been made) shall be submitted to the District no later than ten (10) days after the inspection has been completed.

Section 1.7 Backflow prevention devices

a) In the event that the District, in its sole discretion, requires a Consumer to install a backflow prevention device in order to prevent possible contamination of the District's water supply, the Consumer shall, at its own expense, properly install, test and maintain according to Commission rules such backflow prevention device, and shall provide all testing and maintenance records to the District. If the Consumer fails to comply with the requirements of this Section, the District may, at its option, either terminate service in accordance with the provisions of Section 2.3 of this Order, or, the District may properly install, test and maintain such backflow prevention device and bill the Consumer all expenses relating thereto. If installed by the Operator, the District shall charge the Consumer a fee in accordance with the Fee Schedule. b) All backflow prevention assemblies that are required according to 30 Texas Administrative Code §§ 290.44 (h) and 290.47 (i) shall be tested upon installation by a recognized backflow prevention assembly tester and shall be certified to be operating within specifications. Further, backflow prevention assemblies installed to provide protection against health hazards as defined in 30 Texas Administrative Code § 290.38 must be tested and certified at least annually by a recognized backflow prevention assembly tester. If tested by the Operator, the District shall charge the Consumer a fee per backflow prevention assembly tested in accordance with the Fee Schedule.

For each assembly tested, a signed and dated original Test Report in the form attached hereto as Exhibit "C" must be completed by the recognized backflow prevention assembly tester and submitted to the District.

c) The District must retain for a minimum of three (3) years such test reports and maintenance records submitted to it under subsections a) and b) of this section.

Section 1.8 Plumbing code

The District hereby adopts by reference as the District's plumbing code the Uniform Plumbing Code, a nationally recognized set of rules governing plumbing practices.

Section 1.9 Monitoring Plan

a) Legal Authority and Purpose The District shall implement a chemical and microbiological monitoring plan (the "Monitoring Plan") in accordance with the requirements of 30 Texas Administrative Code, Chapter 290, Subchapter F, Drinking Water Standards Governing Drinking Water Quality and Reporting Requirements for Public Water Supply Systems, effective September 13, 2001 ("Subchapter F"); the federal Safe Drinking Water Act, 42 United States Code § 300f et. seq.; and the Primary Drinking Water Regulations promulgated by the United States Environmental Protection Agency.

b) Monitoring Plan

(1) The District's operator is authorized and directed prepare and carry out the Monitoring Plan as required by the applicable rules and regulations of the Texas Natural Resource Conservation Commission ("Commission") or any successor governmental agency thereof.

(2) In accordance with 30 Texas Administrative Code § 290.121 (b), the Monitoring Plan shall identify all sampling locations, describe the sampling frequency, and specify the analytical procedures and laboratories that the District will use to comply with the monitoring requirements of Subchapter F.

(3) The Operator shall maintain a copy of the current Monitoring Plan at each treatment plant and at a central location and shall update the Monitoring Plan in accordance with the rules of the Commission.

(4) Public water systems such as the District that treat groundwater that is not under the direct influence of surface water or that purchase treated water from a wholesaler must submit a copy of their Monitoring Plan to the Commission's public drinking water program upon the request of the Commission's Executive Director. Failure to maintain an up-to-date Monitoring Plan is a monitoring violation.

ARTICLE II

Commencement and Termination of Service

Section 2.1 Connection to District's system

Each structure within the District may be connected to the system of the District 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 to the sewer system at the time sewer service becomes available. Each single family residence, townhouse, or multiplex (other than apartments) shall have its own individual connection and be separately metered.

Section 2.2 Termination of service upon request of Consumer

Whenever a Consumer of District water 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 in accordance with the Fee Schedule shall be made for discontinuing and restoring water service where such service is discontinued or restored at the request of the Consumer and he is not delinquent in the payment of any bill at the time of either request.

Section 2.3 Termination of service upon initiative of District

- a) The District may terminate water service to a tract:
 - (1) at any time after a Consumer's bill becomes delinquent as defined in Subsection 1.1(e) above; or
 - (2) upon the occurrence of an event described in Subsections 1.4(e) or 1.7a) of this Order.

(3) to prevent or discontinue conduct which interferes with the orderly provision of utility service by the District or the implementation of any provision or requirement of this Order; or

(4) to abate any condition in connection with the District's facilities which in the opinion of the Board is harmful to the health, safety or welfare of District Consumers or the public.

b) Except for termination of service upon the occurrence of an event described in Subsections 1.4d) or 5.1b) of this Order, notice to the Consumer shall be made as follows:

(1) at least ten (10) days prior to termination of a Consumer's service pursuant to this Section, a notice shall be delivered to the Consumer advising the Consumer of termination of service pursuant to this Section.

(2) Delivery of the notice shall be considered complete upon (a) deposit of the notice in the United States mail, certified, return receipt requested, postage prepaid, addressed to the Consumer at his last known mailing address, or (b) delivery of a handbill, hung on the door of the residence where service is to be terminated.

(3) The notice shall include:

- (a) a statement that service will be terminated;
- (b) the date of termination; and
- (c) the reason for termination.

In the event the termination is based upon failure to pay a delinquent bill, then the notice shall also include:

(d) a statement that in the event the Consumer desires to object to a delinquent bill on account of clerical error or other billing irregularity, then the Consumer must notify the operator or other representative of the District of such objection; and the notice shall contain the name, mailing address and telephone number of the operator or other representative.

Such statement shall read as follows:

You are advised that the District's utility operator Texas Operations & Professional Services, 9835 Whithorn, Houston, Harris County, Texas 77095, may make an adjustment of a utility bill if there is a clerical error or other billing irregularity. If your bill contains an error, notify the

operator at once. If the operator is unable to adjust your bill, your service will not be terminated until the District's Board considers the matter. You will be notified of the time, date, and place of the meeting at which the matter will be considered. You may present your objection to the Board at that time.

c) Adjustment of bill by designated representative:

(1) The District's designated representative for purposes of this Section is Texas Operations & Professional Services.

(2) The designated representative is authorized to receive and consider Consumer objections presented in accordance with Subsection 2.3b)(3)(d) and to make adjustments in a Consumer's billing to correct clerical errors or other billing irregularities.

(3) The designated representative is not required to make an adjustment in any particular case; any Consumer objection received pursuant to this Section and not adjusted by the designated representative to the satisfaction of the Consumer shall be referred for a hearing in a meeting of the Board.

d) Hearing before Board of Directors:

(1) In the event a Consumer objection is referred to the Board pursuant to Subsection 2.3c)(3), the termination of service shall be held in abeyance until further order of the Board.

(2) The Consumer shall be given notice, at least seventy-two (72) hours in advance, of the time, date, and place of the meeting at which the Board will consider the Consumer objection.

(3) At such meeting, the Board shall consider all matters set forth by the Consumer and take such action, including termination of service, as it deems advisable.

e) A charge in accordance with the Fee Schedule, together with any delinquent bills, shall be paid by a Consumer in advance of restoration of service when service has been terminated pursuant to this Section 2.3. Such payment shall be paid in cash, cashier's check or money order.

f) Additionally, a charge in accordance with the Fee Schedule shall be made to any

Consumer who is issued a delinquent letter from the District's operator for a late bill notice or any other violation of this rate order ("Delinquent Letter Fee"), and a charge in accordance with the Fee Schedule shall be made to any Consumer who receives a door hanger notice from the District's operator for a late bill notice or any other violation of this rate order ("Door Hanger Fee"), or for collection of delinquent taxes.

Section 2.4 Application for installation of water meter with two-inch or less connection

Every person desiring the installation of a water meter with a connection of two inches or less shall be required to sign and execute an application for installing a meter before the District will make such installation.

The installation of water meters with connections of more than two inches shall be covered by separate agreements.

Section 2.5 Request for residential sewer service

Every person requesting sewer service from the District shall so notify the District's operator. After the notification, the person requesting said service shall have a plumber make the tap on the District's sewer line. After the tap has been completed, the applicant shall notify the District's operator, who shall make an inspection of the tap before sewer service is commenced.

Section 2.6 Deposit to secure payment

The District's operator is hereby given authority to require persons requesting water and/or sewer service from the District to post a deposit with the District in accordance with the Fee Schedule for each connection to the District's system. Such deposit is solely to secure the payment of charges established by this order. Upon termination of service, the District shall apply the deposit on hand to the unpaid service charges of the Consumer, and the excess, if any, will be paid to the Consumer. Notwithstanding the foregoing, however, if a Consumer establishes a good payment and credit record with the District for a period of two (2) years, such security deposit will be refunded to the Consumer, by means of a credit to the Consumer's account. No interest will be paid by the District on such deposit.

Section 2.7 Transfer fee

A non-refundable fee in accordance with the Fee Schedule shall be charged by the District to cover the expense to the District of the transfer of water and sewer service from the builder of any housing unit to its initial occupant and to each subsequent occupant. This fee shall cover the establishment of an account to provide service to the new occupant. The transfer fee shall be billed to each new occupant as an item on that customer's first monthly bill for water and/or sewer service.

Section 2.8 Charge for returned checks

The District shall charge a fee in accordance with the Fee Schedule for each check issued for payment of water and/or sewer bills which is returned to the District by a bank due to insufficient funds.

Section 2.9 Community Consumers

Every consumer requesting water or sewer service from the District under the Community Consumer classification shall so notify the District. The District will review the request and determine whether the consumer falls within the Community Consumer classification. A consumer found by the District to be a "Community Consumer" shall so notify the District's operator.

ARTICLE III

Tap Charges

Section 3.1 Residential water tap charges

a) A charge in accord with the Fee Schedule shall be made for every residential (including duplex) tap or connection, up to and including a 1-inch connection, to the District's water distribution system, which charge shall include the meter and meter box and the installation thereof.

b) All tap charges shown above shall be paid when application for the tap or connection is made, and the request for service shall be held in abeyance until such charges have been paid.

Section 3.2 Residential sewer tap inspection fee

After the completion of a sewer tap as provided in Section 2.5, and the inspection thereof by the District's operator, the person requesting such sewer tap shall pay an inspection fee in accordance with the Fee Schedule.

Section 3.3 Commercial water and sewer tap charges

a) A deposit in the amount of the estimated costs of construction, installation and inspection of all commercial taps and connections shall be paid when application for the tap or connection is made. The balance of the charges, as appropriate, shall be paid prior to commencement of service at the tap or connection, and the request for service shall be held in abeyance until such charges have been paid.

b) An inspection fee according to the Fee Schedule will be assessed for each commercial sewer tap.

c) Plumbing plans and specifications for commercial establishments must be submitted to the District for approval before water or sewer service will be provided.

Section 3.4 Community Consumer water tap charge

Prior to any connection being made to the District's water system by a Community Consumer, such Community Consumer shall pay a tap fee in accordance with the Fee Schedule, which includes the cost of the meter, the meter box and the installation thereof.

Section 3.5 Facility inspections

a) Prior to starting any construction or improvement on a lot or tract in the District, the builder shall contact the Operator to arrange an inspection ("Pre-Construction Inspection") to verify the location and condition of District facilities on and in the vicinity of the lot or tract on which the construction or improvement will be built. At the time of the Pre-Construction Inspection, if any District facility has been damaged or cannot be located, the Operator will make necessary repairs to or locate such facilities at the expense of the District. A copy of the Pre-Construction Inspection report will be given to the builder. After the Pre-Construction

Inspection has been performed and any necessary work has been completed, the builder will then be responsible for paying the costs of all damages, adjustments, relocations and repairs found during the inspections described in b) below.

b) After construction has been completed on the lot or tract, but before service is transferred to or initiated for a Consumer, the Operator will conduct an inspection (“Post-Construction Inspection”) to verify the location and condition of District facilities on and in the vicinity of the lot or tract on which the construction or improvement has been built. The builder will be held responsible for any damages or adjustments to or relocations of District facilities found to be necessary as a result of the Post-Construction Inspection and shall pay the cost of repairing, adjusting or relocating the facilities before service will be transferred to or initiated for a Consumer. The Operator may conduct any re-inspections as necessary to ensure that the District’s facilities are repaired, adjusted or relocated, and the builder shall pay the fee for any such re-inspections before service will be transferred to or initiated for a Consumer. The District may withhold service to the lot or tract or to other property owned by any builder who has failed to pay the District for any other repairs, adjustments, relocations or re-inspection fees, including specifically the provision of additional taps to such builder.

c) The total fee for the Pre-Construction and Post-Construction Inspections described in Section 3.5 a) and b) shall be assessed in accordance with the Fee Schedule, which is due at the time the tap fee is paid. If any re-inspections are required, a fee of in accordance with the Fee Schedule shall be paid for each such re-inspection.

ARTICLE IV

Rates for Service

Section 4.1 Monthly rates for water service

a) A monthly rate pursuant to the Fee Schedule shall be charged for water service furnished by the District through meters to each separate connection in every instance in which a different charge is not expressly and clearly provided for elsewhere.

b) Until a meter is installed, the minimum amount shall be charged each month.

Section 4.2 Monthly rates for out-of-district water service

A monthly rate in accordance with the Fee Schedule shall be charged for out-of-district water service furnished by the District through meters to each separate connection.

Section 4.3 Monthly rates for sewer service

A monthly rate in accordance with the Fee Schedule shall be charged for sewer service furnished by the District.

Section 4.4 Prevailing Garbage Charge

The Prevailing Garbage Charge shall mean the monthly rate per residence for solid waste services by a third party contractor pursuant to an agreement with such contractor which is in effect during the month that sewer services are provided to the Consumer. A monthly rate in accordance with the Fee Schedule shall be charged to residential Consumers for solid waste services, plus an additional charge of \$0.25.

Section 4.5 Monthly rates for out-of-district sewer service

A monthly rate in accord with the Fee Schedule shall be charged for out-of-district sewer service furnished by the District.

Section 4.6 Monthly rates to builders for water and sewer service to unoccupied residences

A monthly rate in accord with the Fee Schedule shall be charged to builders for water and sewer service to unoccupied residences connected to the District's system.

Section 4.7 Community Consumer irrigation rates

A monthly rate in accord with the Fee Schedule shall be charged to Community Consumers for water used for irrigation purposes

Section 4.8 Texas Commission on Environmental Quality regulatory assessment

The District shall assess and collect from each customer that receives retail water and/or sewer service from the District a regulatory assessment equal to 0.5% of the District's charges for such water and/or sewer service. The District shall remit such regulatory assessments to the Texas Commission on Environmental Quality in the manner required by law.

Section 4.9 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.

Section 4.10 Penalty for failure to pay bill before delinquent

A charge of 10% of the amount of the Consumer's bill shall be added thereto when such bill has become delinquent as "delinquent" is defined in Subsection 1.1(e) of this Order.

ARTICLE V

Meters

Section 5.1 Title, tampering, maintenance, setting

a) Title to all water meters and appurtenances, including the meter boxes enclosing same, shall vest in the District.

b) No person other than a duly authorized agent of the District shall open the meter box or tamper or in any way interfere with the meter, meter box, service line, or other water and/or sewer system appurtenance. The District reserves the right to immediately and without notice remove the meter or disconnect water service to any Consumer whose meter has been tampered with, and assess repair charges to such Consumer plus a damage fee in accordance with the Fee Schedule, and pursuant to Section 6.1 below, to impose a penalty.

c) The District will maintain, repair and replace all meters and appurtenances in connection therewith at its cost.

d) All meters shall be set by employees or agents of the District.

Section 5.2 Meters and boxes to be free from rubbish and obstructions

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.

ARTICLE VI

Grease Traps

Section 6.1 Grease traps

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 as defined in Section 1.1 of this Order.

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 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 require that any customer who installs and maintains a grease trap submit a report on the cleaning and condition of the grease trap. Such report shall be under the terms of and in the form of a report required by the District.

f) The District may invoke the procedure described in Section 2.3 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 (1) refuses to permit an inspection pursuant to this Section; (2) fails to timely submit a report on the condition of the customer's grease trap as required by the District; or (3) fails, within seven 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 in accordance with the Fee Schedule to any party that fails, within seven days after receiving written notice of violation, to correct the condition prompting the notice.

Section 6.2 Grease trap fee

An initial inspection or monthly inspection charge in accordance with the Fee Schedule shall be made against each person responsible for maintenance of a grease trap pursuant to this Order. The charge (monthly grease trap fee) shall defray the District's expenses of a monthly inspection of grease traps as provided in this Order.

ARTICLE VII

Enforcement

Section 7.1 Penalties

Pursuant to the authority granted by Sections 49.004 and 54.205, Texas Water Code, as amended, it is hereby declared and ordered that the Board may levy reasonable penalties for the breach of any requirement or rule herein stated, which penalties shall not exceed the jurisdiction of a justice court as provided in Section 27.031, Texas Gov't Code, currently, up to \$10,000.00. Such penalties shall be in addition to any other penalties provided by the laws of the State of Texas. Further, in any suit to enforce its rules, the District shall seek to recover reasonable fees for attorneys, expert witnesses and other costs incurred by the District before the court. Notice of the rules and penalties set forth herein shall be published once a week for two (2) consecutive weeks in one or more newspapers with general circulation in the area in which the District is located upon the District's initial adoption of such rules and penalties.

ARTICLE VIII

Miscellaneous

Section 8.1 Savings

If any word, phrase, clause, paragraph, sentence, part, portion or provision of this Order or the application thereof to any person or circumstance shall ever be held by a court of competent jurisdiction to be invalid or unconstitutional, the remainder of this Order shall nevertheless be valid, and the Board declares that this Order would have been adopted without such invalid or unconstitutional word, phrase, clause, paragraph, sentence, part, portion or provision.

The President or Vice President is authorized to execute and the Secretary or Assistant Secretary to attest this Order on behalf of the Board and the District.

Passed and adopted, this December 20, 2017.

S. BRADY WHITAKER

President

ATTEST:

JOHN F. OYEN

Secretary

EXHIBIT "A"

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 261 RETAIL SERVICE AGREEMENT

I. PURPOSE. Harris County Municipal Utility District No. 261 (the "District") is responsible for protecting the drinking water supply from contamination or pollution which could result from improper system construction or configuration on the retail connection owner's side of the meter. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The District enforces these restrictions to ensure the public health and welfare. Each retail customer must sign this agreement before the District will begin service. In addition, when service to an existing retail connection has been suspended or terminated, the District will not re-establish service unless it has a signed copy of this agreement.

II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.

A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.

B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.

C. No connection which allows water to be returned to the public drinking water supply is permitted.

D. For plumbing installed after on or after July 1, 1988 and prior to January 4, 2014, no pipe or pipe fitting which contains more than 8.00% lead may be used for the installation or repair of plumbing at any connection which provides water for human use. For plumbing installed after January 4, 2014 no pipe or pipe fitting which contains more than 0.25% lead, or such other minimum standard as may be established by the EPA or TCEQ, may be used for the installation or repair of plumbing at any connection which provides water for human use and should bear the expected labeling indicating $\leq 0.25\%$ lead content.

E. No solder or flux which contains more than 0.2 percent lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

III. SERVICE AGREEMENT. The following are the terms of the service agreement between the District and the undersigned (the "Customer").

A. The District will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the District's water system.

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

C. The District shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.

D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.

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

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

DATE: _____

CUSTOMER'S SIGNATURE

Name: _____

Address: _____

Telephone No.: _____

EXHIBIT "C"

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

BACKFLOW PREVENTION ASSEMBLY TEST AND MAINTENANCE REPORT

NAME OF PWS: _____
 PWS I.D. # _____
 MAILING ADDRESS _____
 CONTACT PERSON _____
 LOCATION OF SERVICE: _____

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

TYPE OF ASSEMBLY

- | | | | |
|--------------------------|----------------------------|--------------------------|---|
| <input type="checkbox"/> | Reduced Pressure Principle | <input type="checkbox"/> | Reduced Pressure Principle-Detector |
| <input type="checkbox"/> | Double Check Valve | <input type="checkbox"/> | Double Check-Detector |
| <input type="checkbox"/> | Pressure Vacuum Breaker | <input type="checkbox"/> | Spill-Resistant Pressure Vacuum Breaker |
| Manufacturer | _____ | Size | _____ |
| Model Number | _____ | Located At | _____ |
| Serial Number | _____ | | |

Is the assembly installed in accordance with manufacturer recommendations and/or local codes? _____

	Reduced Pressure Principle Assembly			Pressure Vacuum Breaker	
	Double Check Valve Assembly		Relief Valve	Air Inlet	Check Valve
	1st Check	2nd Check		Opened at _____ psid	Held at _____ psid
Initial Test	Held at _____ psid Closed tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Held at _____ psid Closed tight <input type="checkbox"/> Leaked <input type="checkbox"/>	Opened at _____ psid Did not open <input type="checkbox"/>	Did not open <input type="checkbox"/>	Leaked <input type="checkbox"/>
Repairs and Materials Used					
Test After Repair	Held at _____ psid Closed tight <input type="checkbox"/>	Held at _____ psid Closed tight <input type="checkbox"/>	Opened at _____ psid	Opened at _____ psid	Held at _____ psid

Test gauge used: Make/Model _____ SN: _____ Tested for Accuracy Date: _____

Remarks: _____

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

Firm Name _____ Certified Tester (print) _____
 Firm Address _____ Certified Tester (signature) _____
 Cert. Tester No. _____ Date _____ Firm Phone # _____ *

TEST RECORDS MUST BE KEPT FOR AT LEAST THREE YEARS ** USE ONLY MANUFACTURER'S REPLACEMENT PARTS

I, the undersigned secretary of the Board of Directors of Harris County Municipal Utility District No. 261, hereby certify that the foregoing is a true and correct copy of the Order establishing policy and rates for water and sewer service for the District, adopted by said Board at its regular meeting of December 20, 2017, together with excerpts from the minutes of said Board's meeting on that date showing the adoption of said Order, as same appear of record in the official minutes of the Board on file in the District's office.

I further certify that said meeting was open to the public, and that notice thereof was posted in compliance with the provisions of Tex. Gov't. Code Ann. § 551.001 et seq.

Witness my hand and the official seal of said District this December 20, 2017.

Secretary

