

AMENDED ORDER ADOPTING CONSOLIDATED RATE ORDER AND RULES AND REGULATIONS; ESTABLISHING WATER CONSERVATION, DROUGHT CONTINGENCY AND EMERGENCY WATER MANAGEMENT PLAN; ESTABLISHING A WASTEWATER CONTROL ORDER; ESTABLISHING CERTAIN OTHER POLICIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF

THE STATE OF TEXAS
COUNTY OF HARRIS
CHIMNEY HILL MUNICIPAL UTILITY DISTRICT

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WHEREAS, the Board of Directors (the "Board") of Chimney Hill Municipal Utility District (the "District") has from time to time adopted certain orders ("Rate Order") and Rules and Regulations establishing the rates and conditions under which water and sanitary sewer service would be provided; and

WHEREAS, the Board of the District has determined that it is in the best interest of the District to amend and restate its Rate Order;

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF CHIMNEY HILL MUNICIPAL UTILITY DISTRICT THAT:

ARTICLE I
DEFINITIONS

For the purpose of this Order, the following terms shall have the meaning set out hereafter:

A. "Commercial Unit" - shall mean any structure designed for business purposes including office buildings, hotels, retail stores, warehouses, service stations, churches, schools, recreational centers and all other establishments not generally considered as residential structures or defined herein as a residential structure.

B. "Customer" - shall mean any person, partnership, corporation, non-profit corporation, trust or other legal entity served by the District's System with water and/or sewer services to a residence or business establishment owned or occupied by such person, partnership, corporation, non-profit corporation, trust or legal entity.

C. "Domestic Waste" - shall mean liquid-carried sanitary sewage discharge which is normally discharged from residential food preparation and bathroom facilities.

D. "Esplanade Connection" - shall mean a water system connection serving public right-of-way or other public common areas.

E. "Multi-family Unit" - shall mean the individual dwelling unit served through the Multi-family Residential Connection's master meter and shall include condominiums and all individual dwelling units served by a master meter.

F. "Multi-family Residential Connection" - shall mean all multiplex residential connections which are served by a master meter.

G. "Non-taxable" - shall mean any entity not subject to property taxation pursuant to the provisions of the Texas Property Tax Code.

H. "Operator" - shall mean the person, company or corporation which is employed by or under contract with the District to operate the District's water and sewer system, collect amounts owed to the District for such services, report monthly to the District on the operations of the District's System and perform any additional services set out in its contract with the District.

I. "Rules and Regulations" - shall mean the Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections attached to this Order as Appendix "A" and incorporated herein for all purposes.

J. "Separate Connection" - shall mean each residential unit designed for occupancy by a separate family, including each separate unit located within a single multi-unit building, and each commercial unit designed for use by a separate business, including separate establishments within a single building, and which is separately metered.

K. "Single-family Unit" - shall mean any single-family structure within the District designed for occupation as a residence whether by the owner or by a renter or lessee, including any single-family residence, townhouse, multiplex, apartment building, or other structure generally considered to be and used solely for residential purposes.

L. "Single-family Residential Connection" - shall mean any single-family unit which is served by a separate meter.

M. "System" - 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.

ARTICLE II CONNECTION POLICIES; TAP FEES

Section 2.01. Initiation of Water and Sanitary Sewer Connections. Each person desiring a water and sanitary sewer service connection to the District's System shall be required to pay such fees as set forth in this Order. No service shall be established or re-established until such fees are paid. All service connections are subject to the provisions of the District's Rules and Regulations and all other rules, regulations, and policies of the District.

Section 2.02. Policies Governing Initial Connections.

A. Certification of System. Connections shall not be made to the District's System or portions of the System until the District's engineer has certified that the System or applicable portion thereof is operable.

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

Section 2.03. Connections by District Operator. All connections to the District's sewer system shall be made in accordance with the District's Rules and Regulations. No person except the District's Operator or his authorized agent shall be permitted to tap or make any connection to the mains or distribution piping of the District's water system, except for emergency fire-fighting purposes, or make any repairs or additions to or alterations in any meter, box, tap, pipe, cock or other fixture connected with the water service or any manhole, main, trunk or appurtenance of the District's sanitary sewer system, unless otherwise specified by the Board of Directors of the District.

Section 2.04. Inspections and Fees.

A. Sewer Inspection and Fees. Sewer connections and house service lines shall be inspected by the District's Operator for compliance with the Rules and Regulations. An inspection fee of \$35.00 shall be charged for all connections. Installations which fail to conform at any time to the Rules and Regulations shall be disconnected. Any Customer whose connection is disconnected for such failure shall be notified as to the basis for such disconnection. After noted deficiencies have been corrected, a reinspection shall be made upon payment to the District of a reinspection fee of \$35.00. If subsequent reinspections are required before the sewer connection and service lines are in compliance with the Rules and Regulations, a reinspection fee of \$35.00 shall be charged for each such reinspection. A fee of \$175.00 shall be charged by the District for the expense of making a connection and inspection where a stack, wye, or stub-out in the sewer line is not available and where the sewer line must be tapped.

B. Customer Service Inspection Fees. If the District's Operator performs the inspection and completes the Customer Service Inspection Certification required by Article III of the Rules and Regulations, the District shall charge the Customer a fee of \$100.00 to cover the costs of such inspection and certification.

C. Pre-Construction Inspection and Fees. A builder must contact the District's Operator, prior to starting any work on a lot, to do an inspection to verify the District's facilities. If any District facility is either damaged or cannot be located, the District's

Operator will make necessary repairs or locate and make visible the equipment at the expense of the District. A copy of the inspection will be given to the builder's representative. After the inspection and any necessary work is completed, the builder will then be responsible for paying the costs of all damages, adjustments, relocations, and repairs found during the Final Builder Inspection. The cost for the inspection is \$60.00 payable with the tap fee.

D. Final Builder Inspection and Fees. Upon receipt of instruction from a builder to transfer an account to an initial Customer, the District's Operator shall make a final inspection of the property and make note of the condition of all District facilities. The District's Operator will repair any damaged District facilities, and the builder will be held responsible for all costs incurred. A fee of \$60.00 shall be charged by the District to cover the cost of such inspection and will be collected at the time the tap fee is paid.

D. Backflow Prevention Assembly Inspection and Fees. The backflow prevention assemblies required at all commercial establishments pursuant to Section 3.06.A. of the Rules and Regulations shall be tested annually by the Operator. A fee of \$100.00 shall be charged by the District to cover the cost of such inspection and shall be billed on the customer's regular bill. The Customer shall be responsible for the cost of any repairs.

Section 2.05. Builder's Deposit. Each builder of a residence, commercial unit or other structure shall, at the time a request for a water tap is made, pay a deposit of \$500 for the first lot for which a water tap has been requested and \$100 for each additional lot thereafter. Each \$100.00 deposit shall be refunded within ninety (90) days after the builder certifies the sale of the residence, commercial unit or other structure that is located on the lot for which the deposit was paid, less any amounts forfeited as provided herein. The \$500.00 deposit shall be refunded within ninety (90) days after the builder certifies the sale of its last residence, commercial unit or other structure within the District, less any amounts forfeited as provided herein. The District shall deduct from the deposit the cost to repair any damage caused to the District's property by the builder or the builder's employees, contractors, subcontractors or agents and shall deduct any delinquent water and sewer service bills of the builder. In the event any amounts are so deducted from the builder's deposit, it will be incumbent on the builder to reinstate the original amount of the deposit, and failure to do so will result in the suspension of any additional water taps for the builder.

Section 2.06. Temporary Water Service.

A. Temporary Connections. The District's Operator shall be authorized to make a temporary connection to any fire hydrant or flushing valve upon request for temporary water service. All temporary service shall be metered and billed to the temporary Customer as provided herein. All unauthorized withdrawal of water from flushing valves, fire hydrants, or other appurtenances of the District's System without prior approval of the District, except for emergency fire-fighting purposes, is prohibited.

B. Application and Deposit. Each temporary Customer desiring temporary water service shall be required to execute an application for such temporary service and shall provide a minimum security deposit of \$500.00, but not more than \$1000.00, with such determination to be made by the District's Operator depending on the length of time

temporary service is required and estimated amount of water to be used. The deposit shall be made by cashier's check or money order payable to the District. The deposit shall be used by the District to secure the payment for temporary water supplied by the District, the installation fee, and the cost of repair of any damages caused by the temporary Customer. The balance of the security deposit, if any, shall be refunded after disconnection from the District's System.

C. Fees and Rates. A fee of \$50.00 for costs of installation, plus the cost of the metered water, shall be charged for temporary water service. The following rates for the sale of water for each temporary water service connection shall be in effect from the effective date hereof until such time as the Board amends said rates:

1. In-District Temporary Customers: The District shall charge each temporary Customer within the District the highest rate charged to commercial Customers within the District.
2. Out-of-District Temporary Customers: The District shall charge each temporary Customer outside the District two times the highest rate charged to commercial Customers within the District.

Section 2.07. Service to Out-of-District Customers. It is the Board's general policy not to provide water and sewer service to property located outside the boundaries of the District; however, requests for water and sewer service for property located outside the boundaries of the District shall be considered on a case by case basis and governed by separate agreement.

Section 2.08. Annexations, Utility Commitments, and Other Requests. The policies and procedures related to applications for water and sewer service, annexations, utility commitments, and other requests for service or information from the District or the District's consultants are set forth in Appendix "D," attached hereto and incorporated herein for all purposes.

Section 2.09. Water Taps. The following charges for the tap of water lines shall be in effect within the District from and after the effective date hereof until amended by the Board of the District:

A. Residential taps (meter sizes up to and including 1"): \$700.00 per connection but in no event shall the cost exceed three (3) times the District's actual and reasonable costs.

B. Connections to Non-taxable Entities: The cost to the District, including the cost of all facilities that are necessary to provide District services to such entity and that are financed or to be financed in whole or in part by tax- supported bonds of the District.

C. All other water taps (to be considered commercial): To be determined by the District's Board of Directors after consultation with the District's Operator and Engineer, but in no event more than three (3) times the District's actual and reasonable cost.

Section 2.10. Title to Facilities. Title to all water meters, water and sewer taps, and all other appurtenances, including meter boxes, shall lie in the District.

Section 2.11. Maintenance and Repair. It shall be the responsibility of each Customer to maintain the water and sewer lines from the point of connection to the District's water and sewer system to the building served.

ARTICLE III
SERVICE RATES AND FEES

Section 3.01. Water Service Rates. The following monthly rates for the sale of water shall be in effect for each Separate Connection within the District from the effective date hereof until such time as the Board of Directors amends said rates:

A. Single-Family Residential Connections:

During construction and after the initial occupancy, single-family residential connections shall be charged as follows:

First 6,000 gallons	\$15.00 (minimum)
6,001 to 15,000 gallons	\$ 2.50/1,000 gallons
15,001 to 20,000 gallons	\$ 3.00/1,000 gallons
20,001 to 25,000 gallons	\$ 3.50/1,000 gallons
All over 25,000 gallons	\$ 4.00/1,000 gallons

B. Commercial Units:

Each commercial unit served by a separate meter, whether occupied by one or more separate businesses, shall be charged for water services at a rate equivalent to a single-family residential connection.

C. Clubs and Private Schools:

Each club or private school shall be charged for water services at a rate equivalent to a single-family residential connection.

D. Multi-Family Units:

1. Single Meter. Each multi-family unit which is served by a single meter shall be charged for water services at a rate equivalent to a single-family residential connection; provided, that a minimum charge equal to \$14.00 times the number of residential units shall be made.

2. Multiple Meters. If a multi-family unit is served by more than one meter, then water delivered through each meter shall be charged for water services at a rate equivalent to a single-family residential connection.

E. Non-Taxable Customers:

After connection to the District's water system, each non-taxable Customer shall be charged as follows:

First 6,000 gallons	\$30.00 (minimum)
All over 6,000 gallons	\$ 4.25/1,000 gallons

F. Esplanade Connections:

Where a Customer such as a homeowners association has a separate metered water connection for irrigation of common areas such as esplanades, water delivered through the irrigation meter shall be charged as follows:

First 4,000 gallons	\$5.00 (minimum)
All over 4,000 gallons	\$1.50/1,000 gallons

No sewer charge shall apply to water delivered through the irrigation meter.

Section 3.02. Sewer Service Rates. The following monthly rates for the collection and disposal of sewage shall be in effect for each Separate Connection within the District from the effective date hereof until such time as the Board amends said rates:

A. Single-Family Residential Connections:

Charges for sanitary sewer service shall be based on metered water usage as follows:

First 10,000 gallons	\$15.50 (minimum)
10,001 to 20,000 gallons	\$ 1.25/1,000 gallons
All over 20,000 gallons	\$ 1.75/1,000 gallons

The minimum sanitary sewer rate specified above shall be increased to \$31.20 for each single-family residential subdivision according to the following schedule: (1) Westbrook Lakes – April 1, 2008; (2) Chimney Hill 4, 5, 6/Eldridge Meadow – July 1, 2008; and (3) Chimney Hill 1, 2, 3 – October 1, 2008.

B. Commercial Units, Including Clubs and Private Schools:

Each commercial unit, including clubs and private schools, served by a separate meter, whether occupied by one or more separate businesses, shall be charged for sewer services at a rate equivalent to a single-family residential connection.

C. Multi-Family Unit:

Multi-family units shall be charged for sewer services at a rate equivalent to a single-family residential connection. A multi-family unit will begin paying for sewer service when completed and ready for occupancy.

D. Non-Taxable Customers:

Following connection to the District's sanitary sewer collection system, each tax exempt user shall be charged monthly the greater of \$30.00 (minimum) or \$4.25 per 1,000 gallons of metered water usage.

Section 3.03. Transfer Fee. A fee of \$25.00 shall be charged by the District to cover the expense to the District for the transfer of water and sewer service from the builder of any residential unit to its initial occupant and an additional fee of \$25.00 will be charged by the District to cover expense to the District for the transfer of water and sewer service to each subsequent occupant of any residential unit. This fee shall cover the establishment of an account to provide service to the new occupant as a separate item on that Customer's first monthly water and sewer invoice.

Section 3.04. Trap Inspections and Fees. The District's Operator will periodically inspect any traps and take samples and flow measurements from any sampling wells that are required to be installed pursuant to the provisions of the Wastewater Control Order, attached hereto as Appendix "C." The District shall bill the Customer for the costs of such inspections, sampling, and lab analysis as follows:

Trap inspection	\$25.00
Sampling	\$25.00
Lab analysis	Cost + 15%

Section 3.05. Regulatory Assessment. Pursuant to Section 5.235, Texas Water Code, as amended, and 30 Texas Administrative Code §291.76, as amended, the District shall pay, by January 30 of each year, a regulatory assessment to the Texas Commission on Environmental Quality in the amount required by law based on the total charges for retail water and sewer service collected from its retail customers in the prior twelve calendar months.

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

Section 3.06. No Reduced Rates or Free Service. All Customers receiving water and/or sewer service from the District shall be subject to the provisions of this Order and shall be charged the rates established in this Order, and no reduced rate or free service shall be furnished to any Customer; provided, however, this provision shall not prohibit the District from establishing reasonable classifications of customers for which rates differing from the rates stated herein may be adopted.

ARTICLE IV
SERVICE POLICY

Section 4.01. Security Deposits and Disconnection Deposits. Due to the billing and collection history of the District, security and disconnection deposits shall be required as follows:

A. Residential Security Deposits. Each Customer establishing a new account for single-family residential service shall be required to pay, prior to the District providing service, a security deposit of \$125.00 where the Customer is the owner of the property ("homeowner") to be served and a deposit of \$150.00 where the Customer is renting or leasing the property ("renter") to be served.

B. Commercial Security Deposits. Each Customer establishing a commercial account or multi-family residential account shall be required to make a security deposit equal to the estimated average monthly bill for such connection, as determined by the District based on typical requirements for similar uses.

C. Full Payment Required. Security deposits may be paid by either mailing or personally delivering the deposits to the offices of the District's Operator, provided, however, that mailed deposits must be in the form of certified checks or money orders, and provided further that mailed security deposits must be received by the District's Operator within ten (10) days after a new service request, or service to the user shall be disconnected.

D. Refund of Security Deposits. Following payment of the final bill and payment of all fees and charges, the balance of the security deposit, if any, shall be refunded by check mailed to the Customer. No interest shall be payable to the Customer on any security deposit.

E. Residential Disconnection Deposits. In the case of service disconnected for nonpayment of charges due pursuant to the terms set forth in Section 4.02 below, a deposit in the amount of \$25.00 (the "disconnection deposit") for each disconnection up to a cumulative maximum limit (the "maximum limit") of \$250.00 for homeowners and \$300.00 for renters, including the security deposit set forth above, shall be charged to the Customer, and service will not be reconnected until the disconnection deposit, the delinquent charges, and the reconnection fee and replacement fee (if applicable) are paid. If the Customer, however, has no security deposit on file with the District at the time service is disconnected, the Customer shall be required to pay a security deposit of \$125.00 if the customer is a homeowner or \$150.00 if the Customer is a renter. If a Customer who has paid the additional disconnection deposit pays his or her monthly service charges in a timely manner for twelve (12) consecutive months, the District shall refund to the Customer upon the Customer's written request any portion of the deposit that is greater than the required security deposit defined in Section 4.01A above.

F. Commercial Disconnection Deposits. In the case of service disconnected for nonpayment of charges due by a Commercial Customer, a deposit in the amount of \$50.00 (the "commercial disconnection deposit") for each disconnection up to a cumulative maximum limit of \$500.00, including the commercial security deposit set forth above, shall

be charged to the Commercial Customer, and service will not be reconnected until the disconnection deposit, the delinquent charges, and the reconnection fee and replacement fee (if applicable) are paid. If a Commercial Customer that has paid the additional disconnection deposit pays its monthly service charges in a timely manner for twelve (12) consecutive months, the District shall refund to the Commercial Customer upon the Customer's written request any portion of the deposit that is greater than the required security deposit defined in Section 4.01B above.

Section 4.02. Billing Procedures. All accounts shall be billed in accordance with the following procedures:

A. Due Date and Delinquency. Payment shall be due on or before the due date shown on the bill. After such date, a late charge of ten percent (10%) will be assessed on the unpaid balance on the water and sewer bill. All accounts not paid in full by the due date shall be deemed delinquent and failure to make payment within thirty (30) days thereafter may result in the termination of water and sewer service pursuant to Section 4.02C.

B. Delinquent Balance Greater Than Deposit. If at any time a Customer's account becomes delinquent for more than thirty (30) days and the delinquent balance is greater than the Customer's Security Deposit currently on file with the District, the Customer's water and sewer service may be terminated pursuant to the terms set forth below in Section 4.02C, and the disconnection deposit shall be paid as required in Section 4.01 above. Further, if notice of termination has previously been sent to a Customer pursuant to Section 4.02C and the delinquent balance remains or becomes greater than the Customer's Security Deposit currently on file with the District, the District may disconnect the Customer's service if the delinquency is not remedied or otherwise resolved within ten (10) days of the Customer receiving notice of termination from the District, and the disconnection deposit shall be paid as required in Section 4.01 above.

C. Disconnection; Notice and Appeal. Failure to pay all charges when due may be deemed by the District as a breach of contract for water and sewer service. The District may disconnect service if the delinquency is not remedied or otherwise resolved after sending written notice by United States first class mail to the Customer at the address of the connection and providing the Customer with an opportunity to contest, explain or correct the charges or services at a meeting of the Board of Directors of the District. The written notice shall inform the Customer of the amount of the delinquent payment, the date service will be disconnected if payment is not made, the date, time and place of the next scheduled meeting of the Board of Directors, and of the opportunity to contest, explain or correct the charges or services by presenting in person or in writing such matter to the Board of Directors at the next scheduled meeting as shown in the notice. The notice shall be deposited, postpaid, in a post office or official depository under the care and custody of the United States Postal Service within two (2) days after the charges become delinquent. A written statement by the District's Operator that the notice was so mailed shall be prima facie evidence of delivery of same. The date for disconnection specified in the notice shall be the day after the scheduled meeting of the Board of Directors, provided that the disconnection notice shall always be mailed at least seven (7) days before the date of the Board's meeting.

If service to a Customer is disconnected for any cause, there shall be charged a reconnection fee of \$55.00 before service is again commenced to such Customer. If a delinquent payment is made prior to disconnection but after the District has given the notice set forth above, the Customer shall be charged a fee of \$10.00 to cover the District's cost of giving the notice.

The District's Operator is hereby designated as the District's representative for purposes of making adjustments to service charges on account of clerical errors or other billing irregularities and for accepting partial payments on an account when such an arrangement is, in the Operator's judgment, in the best interests of the District. The Operator is not required to make adjustments or accept partial payments in any particular case. If the Operator does not make an adjustment or accept a partial payment requested by a Customer, service to the Customer shall not be terminated until the District's Board has considered the matter. The Operator shall notify the Customer making the request of the date, time, and location of the Board of Directors meeting at which the matter will be discussed. Such notice shall be given in writing and delivered in the same manner as the disconnection notice set forth above in this section. Unless specifically authorized by the District's Board, a Customer cannot delay termination of service any more than two (2) times per calendar year by offering to make a partial payment.

D. Returned Checks. A \$25.00 charge will be charged to the Customer's account for any check returned by the bank. Any amounts due on an account which have been paid with a check that has been returned by the bank must be paid in full by cash, cashier's check or money order, including all late charges and returned check charges, within five (5) days from the day the Operator hangs a notice on the Customer's door or otherwise notifies the Customer that the check has been returned by the bank. If the bank charges a fee for reprocessing a check, that fee will be charged to the Customer.

Section 4.03. Entitlement. Customers are not guaranteed a specific quantity or pressure of water or specific capacity in sewer facilities for any purpose whatsoever; furthermore, in no instance shall the District be liable for failure or refusal to furnish water or any particular amount or pressure of water or to provide capacity in sewer facilities.

Section 4.04. Unauthorized and Extraordinary Waste. The rates established herein are applicable for Domestic Waste as defined herein. Customers proposing to generate other types of waste will be assessed additional charges as established by the District.

Section 4.05. Damage to District Facilities.

A. Damage to Meter and Appurtenances. No person other than a duly authorized agent of the District shall tamper with or in any way interfere with a meter, meter box, service line or other water and/or sewer system appurtenance. The District reserves the right, immediately and without notice, to remove the meter or disconnect water service to any Customer whose meter has been tampered with and to assess repair charges to the Customer, plus a damage fee of \$150.00.

B. Right to Repair. The District reserves the right to repair any damage to the District's System and appurtenances without prior notice and to assess against any

Customer such penalties as are provided by law and such penalties provided for in this Rate Order in addition to those charges necessary to repair the portion of the System so damaged.

Section 4.06. Customer Service Agreement Administration Fee. Any time a Customer requests new service from the District or service to a Customer is terminated for any reason, even at the request of the Customer, the Customer must enter into a Customer Service Agreement with the District pursuant to the requirements of Section 3.07 of the Rules and Regulations. There will be a \$10.00 fee to the Customer for administration of the Customer Service Agreement. A Customer will not be required to enter into more than one Customer Service Agreement for each address in the District.

ARTICLE V
ADOPTION OF AMENDED AND RESTATED RULES AND REGULATIONS
GOVERNING WATER AND SANITARY SEWER FACILITIES,
SERVICE LINES, AND CONNECTIONS

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

ARTICLE VI
WATER CONSERVATION, DROUGHT CONTINGENCY
AND EMERGENCY WATER MANAGEMENT PLAN

The Board of the District hereby adopts the Water Conservation, Drought Contingency, and Emergency Water Management Plan attached hereto as Appendix "B" and incorporated herein for all purposes.

ARTICLE VII
WASTEWATER CONTROL ORDER

The Board of the District hereby adopts the Wastewater Control Order, attached hereto as Appendix "C" and incorporated herein for all purposes.

ARTICLE VIII
ENFORCEMENT/CIVIL PENALTIES

Section 8.01. Enforcement.

A. Civil Penalties. The Board hereby imposes the following civil penalties for breach of any rule of the District: The violator shall pay the District twice the costs the District has sustained due to the violation up to \$5,000. A penalty under this Section is in addition to any other penalty provided by the laws of this State and may be enforced by complaints filed in the appropriate court of jurisdiction in the county in which the District's

principal office or meeting place is located. If the District prevails in any suit to enforce its rules, it may, in the same action, recover any reasonable fees for attorneys, expert witnesses, and other costs incurred by the District before the court. The amount of the attorneys' fees shall be fixed by the court.

B. Liability for Costs. Any person violating any of the provisions of this Order and/or the Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections shall become liable to the District for any expense, loss or damage occasioned by the District by reason of such violation, and enforcement thereof shall be in accordance with Section 8.01(A) of this Order and Article X of the Rules and Regulations.

Section 8.02. Non-waiver. The failure on the part of the District to enforce any section, clause, sentence, or provision of this Order shall not constitute a waiver of the right of the District later to enforce any section, clause, sentence, or provision of this Order.

Section 8.03. Appeal. Any determination by the District's Operator or the District's engineer or any authorized agent of the District of any dispute regarding the terms and provisions of this Order may be appealed to the Board of the District, which shall conduct a hearing on the matter. The District's Operator and/or attorney shall provide the Customer with information regarding appeals and hearing procedures upon the Customer's request.

ARTICLE IX SOLID WASTE

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

ARTICLE X MISCELLANEOUS

Section 10.01. Amendments. The Board of the District has and specifically reserves the right to change, alter or amend any rate or provision of this Order at any time.

Section 10.02. Severability. The provisions of this Order are severable, and if any provision or part of this Order or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Order and application of such provision or part of this Order shall not be affected thereby.

Section 10.03. Headings. The section and paragraph headings used herein are for reference only and are not to be construed as part of the text of the section or paragraph.

ARTICLE XI
REPEAL OF PREVIOUS ORDERS

All previous Orders adopted by the Board of Directors pertaining to the subject matter hereof are each hereby repealed in their entirety as of the effective date hereof.

ARTICLE XII
EFFECTIVE DATE

This Order shall be effective as of April 1, 2008.

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

PASSED, ADOPTED, ORDERED and APPROVED as of the 22nd day of February, 2008.

/s/ W. Jay Szinyei
President, Board of Directors

ATTEST:

/s/ Camille Sowell
Secretary, Board of Directors

(DISTRICT SEAL)

LIST OF APPENDICES AND EXHIBITS

- APPENDIX "A" - Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections
 - Exhibit 1 - Plumber's Certificate
 - Exhibit 2 - Service Inspection Certification
 - Exhibit 3 - Backflow Prevention Assembly Test and Maintenance Report
 - Exhibit 4 - Customer Service Agreement
 - Exhibit 5 - Application for Service
 - Exhibit 6 - Sanitary Sewer Inspection Form

- APPENDIX "B" - Water Conservation, Drought Contingency, and Emergency Water Management Plan
 - Exhibit 1 - Map of District Boundaries (furnished upon request)
 - Exhibit 2 - Notice to Customers regarding Drought/Emergency Condition Stage 1
 - Exhibit 3 - Notice to Customers regarding Drought/Emergency Condition Stage 2
 - Exhibit 4 - Notice to Customers regarding Drought/Emergency Condition Stage 3
 - Exhibit 5 - Notice to Customer regarding Violation of Water Use Restrictions
 - Exhibit 6 - Notice to Customer regarding Violation of Water Use Restrictions (second notice)
 - Exhibit 7 - Notice to Customers regarding End of Drought/Emergency Condition

- APPENDIX "C" - Wastewater Control Order

- APPENDIX "D" - Policies and Procedures Related to Applications for Water and Sewer Service, Annexations, Utility Commitments and Other Requests
 - Exhibit 1 - Application for Service