

SAN JACINTO RIVER AUTHORITY

RATE ORDER

(WOODLANDS DIVISION)

ORDER NO. 2024-0-02

ADOPTED: AUGUST 22, 2024

EFFECTIVE: SEPTEMBER 1, 2024

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SAN JACINTO RIVER AUTHORITY

RATE ORDER

(WOODLANDS DIVISION)

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

RECITALS

WHEREAS, the San Jacinto River Authority (the "Authority"), is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, as amended, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (the "Act"); and

WHEREAS, the Authority is authorized by the Act, and the general laws of the State to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend, inside and outside its boundaries, any and all works, improvements, facilities, plants, equipment and appliances necessary to provide a water supply system and waste disposal system for serving its needs and/or the needs of its customers; and

WHEREAS, the Authority has entered into certain contracts (the "Customer Contracts", as further defined hereinafter) for the financing, construction and operation of the Water Supply System and Waste Disposal System (as such terms are defined in the Customer Contracts) to serve the customers of the Woodlands Division of the Authority (the "Customers", as further defined hereinafter); and

WHEREAS, each of the Customer Contracts provides that the Authority and the Customer recognize the statutory and contractual right and duty of the Authority to fix and, from time to time, to alter and revise the rates for water supply and/or waste disposal services to be furnished to the Customers and made available through the Water Supply System and the Waste Disposal System; and

WHEREAS, the Board of Directors of the Authority deems it necessary and proper at this time to establish certain rates for water supply and waste disposal services furnished to the Customers, as authorized and required under the Customer Contracts, so that the gross revenues received by the Authority from the Customers will at all times be not less than an amount sufficient to: (a) pay or provide for the payment of all operation and maintenance expenses of the Water Supply System and/or Waste Disposal System; and (b) provide net revenues which will at all times be sufficient to (1) pay or provide for the payment of (i) all the interest on and principal of all revenue bonds issued by the Authority pursuant to the Customer Contracts, if, as and when the same shall become due and payable, and (ii) all sinking fund and/or all reserve fund payments to be made in respect of any revenue bonds issued by the Authority pursuant to the Customer Contracts, when and as the same shall become due and payable; and (2) fulfill the terms of any agreements or covenants made with the holders of any revenue bonds issued by the Authority pursuant to the Customer Contracts; and

WHEREAS, the Authority has determined that, consistent with the aforesaid provisions of the Customer Contract, the following rates shall be established, effective as of September 1, 2024: a rate of \$2.73 per 1,000 gallons for water supplied by the Authority to each Customer, and a rate of \$5.65 per 1,000 gallons for waste disposal services furnished by the Authority to each Customer; and

WHEREAS, the Authority presented said rates to the Customers, and the Customers approved said rates, all as required under the terms of the Customer Contracts.

NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY THAT:

ARTICLE I

FINDINGS; EFFECTIVE DATE

Section 1.01: Findings. Each of the recitals stated in this Rate Order are hereby adopted as findings of fact of the Board of Directors. All statutory and contractual requirements and conditions have been met for the establishment of rates under this Rate Order.

Section 1.02: Effective Date. This Rate Order shall be effective as of September 1, 2024 (the "Effective Date").

ARTICLE II

DEFINITIONS; INTERPRETATIONS; REFERENCES

Section 2.01: Definitions. In addition to terms defined elsewhere in this Rate Order, and unless the context requires otherwise, the following terms used in this Rate Order shall have the following meanings and, to the extent applicable, shall serve to supplement terms defined elsewhere in this Rate Order:

"Act" is defined in the recitals hereto and means and includes any amendments to the Act.

"Addenda" means those certain written addendums dated as of November 10, 2009, to each of the Customer Contracts, which addendums address compliance with groundwater reduction requirements imposed by the Lone Star Groundwater Conservation District and that are applicable to the Authority and the Water Supply System.

"Authority" is defined in the recitals hereto and means and includes the legal successors or assigns of the Authority.

"Bonds" means any bonds issued by the Authority that remain outstanding as of the Effective Date, and any additional bonds issued by the Authority after the Effective Date, pursuant to the provisions of the Customer Contracts and that are secured and made payable by a pledge of and lien on the net revenues of the Water Supply and Waste Disposal Systems. Such term specifically excludes any bonds issued by the Authority in connection with the implementation of the Authority's Groundwater Reduction Plan.

"Customer Contracts" means that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and The Woodlands Municipal Utility District No. 2 dated as of September 27, 1983, as amended, modified, or supplemented, and as assumed by The Woodlands Municipal Utility District No. 1, effective as of February 1, 2016; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 6 dated as of June 3, 1975, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 7 dated as of April 6, 1978, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 36 dated as of January 27, 1977, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 39 dated as of October 25, 1999, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 40 dated as of January 9, 1980, as amended, modified, or supplemented, and as assumed by The Woodlands Municipal Utility District No. 1, effective as of February 1, 2016; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 46 dated as of September 27, 1983, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 47 dated as of September 27, 1983, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 60 dated June 25, 1985, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Montgomery County Municipal Utility District No. 67 dated February 26, 1992, as amended, modified, or supplemented; that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and The Woodlands Metro Center Municipal Utility District dated February 26, 1980, as amended, modified, or supplemented; and that certain Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and Harris-Montgomery Counties Municipal Utility District No. 386 dated July 26, 2007, as amended, modified, or supplemented.

"Customers", collectively, or "Customer", individually, means The Woodlands Municipal Utility District No. 1, as successor to The Woodlands Municipal Utility District No. 2 and Montgomery County Municipal Utility District No. 40; Montgomery County Municipal Utility District No. 6; Montgomery County Municipal Utility District No. 7; Montgomery County Municipal Utility District No. 36; Montgomery County Municipal Utility District No. 39; Montgomery County Municipal Utility District No. 46; Montgomery County Municipal Utility District No. 47; Montgomery County Municipal Utility District No. 60; Montgomery County Municipal Utility District No. 67; Woodlands Metro Center Municipal Utility District; and Harris-Montgomery Counties Municipal Utility District No. 386.

"Effective Date" is defined in Section 1.02 hereof.

"Pretreatment Agreements" means that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and The Woodlands Municipal Utility District No. 1 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 6 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 7 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 36 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 39 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 46 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 47 dated as of October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 60 dated October 17, 2017, as amended, modified, or supplemented; that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and Montgomery County Municipal Utility District No. 67 dated October 17, 2017, as amended, modified, or supplemented; and that certain Interlocal Agreement for Industrial Waste Control Services by and between the Authority and The Woodlands Metro Center Municipal Utility District dated October 17, 2017, as amended, modified, or supplemented.

Section 2.02: Interpretations. The article, section, subsection and paragraph headings of this Rate Order are included herein for convenience of reference purposes only and shall not constitute a part of this Rate Order or affect its interpretation in any respect. Except where the context otherwise requires, words imparting the singular number shall include the plural and vice versa. References to an entity refer to the legal successors of such entity, and to the board of directors, officers, or other officials of such entity where appropriate.

Section 2.03: References. For the avoidance of doubt, any reference in this Rate Order to a document shall mean such document and all exhibits thereto, as amended or supplemented from time to time.

ARTICLE III

RATES

Section 3.01: Monthly Rate for Water Supply. (a) The following rate per month, or any part thereof, shall be charged for water supplied by the Authority to each Customer: \$2.73 for each 1,000 gallons.

(b) The volume of water supplied by the Authority to each Customer shall be measured by the Authority pursuant to and in accordance with Article VII of the Customer Contracts. The Authority shall bill and the Customers shall pay for water supply at the above rate pursuant to and in accordance with Article VI of the Customer Contracts.

Section 3.02: Monthly Rate for Waste Disposal Service. (a) The following rate per month, or any part thereof, shall be charged for waste disposal services furnished by the Authority to each Customer: \$5.65 for each 1,000 gallons.

(b) The volume of waste disposal services furnished by the Authority to each customer shall be calculated based on: (i) fifty-one percent (51%) of the water supplied to Harris-Montgomery Counties Municipal Utility District No. 386 ("No. 386"), as to said Customer only, and (ii) the average volume of water supplied to each Customer on a monthly basis during the three-month period of December through February, inclusive, as may be periodically recalculated by the Authority (Winter Averaging), as to each Customer exclusive of No. 386. The Authority shall bill and the Customers shall pay for waste disposal services at the above rate pursuant to and in accordance with Article VI of the Customer Contracts.

ARTICLE IV

MISCELLANEOUS

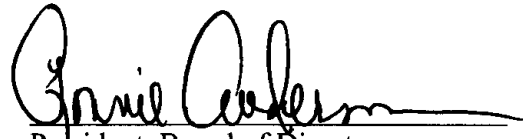
Section 4.01: Conflict with Customer Contracts; Other Fees, Rates and Charges. (a) In the event that any provision of this Rate Order is in conflict with any provision of the Customer Contracts, the terms and provisions of this Rate Order shall control unless the Customer Contracts specifically provide otherwise.

(b) The rates adopted by the Authority under Sections 3.01 and 3.02 of this Rate Order are not exhaustive of all fees, rates, and charges that are, or may be, fixed, imposed and collected by the Authority under the terms of the Customer Contracts or under other agreements between the Authority and any of the Customers. Without limiting the generality of the foregoing, the Authority specifically finds and declares that (i) the rates adopted by the Authority and charged to the Customers under Section 3.01 of this Rate Order are exclusive of any fees, rates or charges that may be fixed, imposed and collected by the Authority under the under the terms of the Addenda; and (ii) the rates adopted by the Authority and charged to the Customers under Section 3.02 of this Rate Order are exclusive of any fees or charges that may be fixed, imposed and collected by the Authority under the terms of the Pretreatment Agreements.

Section 4.02: Future Amendments. As determined necessary by the Authority, the Authority reserves the right to amend from time to time: (1) the rates contained in this Rate Order; and (2) any other terms and provisions of this Rate Order.

Section 4.03: Bond Authorization Proceeding. The rates adopted under this Rate Order are intended to provide net revenues which will at all times be sufficient to (1) pay or provide for the payment of (i) all the interest on and principal of the Bonds, if, as and when the same shall become due and payable, and (ii) all sinking fund and/or all reserve fund payments to be made in respect of the Bonds, when and as the same shall become due and payable. Therefore, the adoption of this Rate Order, and the terms and provisions hereof, shall constitute a "public security authorization" for purposes of Chapter 1205 of the Texas Government Code.

PASSED AND APPROVED on August 22, 2024.


President, Board of Directors

ATTEST:


Secretary, Board of Directors

(SEAL)



CERTIFICATE

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

I, the undersigned General Manager of the San Jacinto River Authority (the "Authority"), hereby certify as follows:

1. That I am the duly qualified and General Manager of the Authority, and that as such, I have custody of the minutes and records of the Authority.

2. That the Board of Directors of the Authority convened in Regular Session on August 22, 2024, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board of Directors, to-wit:

- | | |
|-------------------|-------------------|
| Ronnie Anderson | President |
| Ed Boulware | Vice President |
| William Faubel | Secretary |
| Dr. Ricardo Mora | Secretary Pro-Tem |
| Mark Micheletti | Treasurer |
| Stacey Buick | Director |
| Stephanie Johnson | Directors |

and all of said persons were present, except Director(s) Micheletti and Johnson, thus constituting a quorum, whereupon, among other business, the following was transacted at such meeting: a written

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ORDER NO. 2024 - 0 - 02

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

AYES: 5
NOES: 0
ABSTENTION: 0

3. That a true and correct copy of such Order adopted at such meeting is attached to and follows this certificate; that such Order has been duly recorded in the minutes of the Board of Directors

for such meeting; that the persons named in the above and foregoing Paragraph 2. were the duly chosen, qualified and acting officers and members of the Board of Directors as indicated therein, that each was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of such meeting, and that such Order would be introduced and considered for adoption at such meeting, and that each consented in advance, to the holding of such meeting for such purpose; that the canvassing of the officers and members of the Board of Directors present at and absent from such meeting and of the votes of each on such motion, as set forth in the above and foregoing Paragraph 2., is true and correct; that such meeting was open to the public as required by law; and that sufficient and timely notice of the hour, date, place and subject of such meeting was given and posted as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED the 22nd day of August 2024.

(SEAL)



Audrey Spear
General Manager