

STANDARD CONDITIONS APPLICABLE TO
CREATION OF CONSERVATION AND RECLAMATION
DISTRICTS WITHIN THE CORPORATE LIMITS OF
THE CITY OF HOUSTON, TEXAS

(a) DEFINITIONS. As used in this document, the following terms and phrases shall have the following meanings:

(1) "BONDS" means bonds, notes, warrants or any other forms or types of indebtedness payable from or secured by any funds to be raised through the taxing power of the District or the operation of the District's utility facilities.


(2) "BUILDING OFFICIAL" means the Director of the Department of Public Works and Engineering of the City of Houston, Texas, or his designee.

(3) "CITY" means the City of Houston, Texas.

(4) "CITY ATTORNEY" means the City Attorney of the City of Houston, Texas.

(5) "CONDITIONS" means this document which is entitled "Standard Conditions Applicable to Creation of Conservation and Reclamation Districts within the Corporate Limits of the City of Houston, Texas."

(6) "DAILY BOND BUYER" means the publication entitled the Daily Bond Buyer or, should it cease to be published, such other publication as is determined by the City to have an index substantially equivalent to the Daily Bond Buyer's weekly "20 Bond Index."



(7) "DISTRICT" means the conservation and reclamation district which has been created subject to and which has adopted the Conditions.

(8) "FIRE SUPPRESSION FACILITIES" means facilities, equipment and water supply designed or utilized for performing fire fighting services which, under the provisions of state law, may be financed through the issuance of the District's Bonds, and includes, without limitation, buildings, trucks, equipment and water supply facilities.

(9) "PARKS LAND" means real property, and interests therein, which, because of location, character or other reason is suited for use as a public park.

(10) "STORM WATER DRAINAGE FACILITIES" means facilities designed or utilized for the primary purpose of collecting, storing, detaining, pumping, transporting or disposing of storm water, and includes, without limitation, storm sewers, detention ponds and drainage ditches.

(11) "WASTEWATER FACILITIES" means facilities designed or utilized for the purpose of collecting, conveying, pumping, treating or disposing of wastewater and by-products of wastewater treatment and includes, without limitation, sewer lines, sewer mains, wastewater pumping stations, wastewater lift stations, wastewater treatment plants, and sludge handling facilities.

(12) "WATER WORKS FACILITIES" means facilities designed or utilized for producing, storing, conveying, metering, pumping, or treating fresh water, and includes, without limitation, water lines, water mains, pipes, meters, wells, chlorinators, canals, pumps, and treatment plants.

(b) BONDS

(1) Before the District or any person acting for or on behalf of the District sells or offers to sell any Bonds of the District, the undersigned proponents will cause a duplicate of the Conditions to be approved, ratified, and executed by the governing body and officers of the District, and will deliver or cause to be delivered to the office of the City Attorney at least one executed copy of the document by which such approval and ratification is evidenced.

(2) The District shall not issue any Bonds unless the purpose for which the proceeds of such Bonds may be used is limited to one or more of the following and no others:

- A. purchasing or constructing or otherwise acquiring;
 - (i) Water Works Facilities,
 - (ii) Wastewater Facilities,
 - (iii) Storm Water Drainage Facilities,
 - (iv) Fire Suppression Facilities,
 - (v) Park Land,

B. purchasing or constructing or otherwise acquiring interests in real property, equipment, buildings, plants or structures necessary or incidental to the operation of Water Works Facilities, Wastewater Facilities, Storm Water Drainage Facilities or Fire Suppression Facilities.

(3) The District shall not sell or issue any Bonds unless:

- A. the terms of such Bonds expressly provide that the District reserves and shall have the right to redeem the Bonds on any interest payment date subsequent to the 15th anniversary of the date of issuance, without premium;
- B. the Bonds are sold after the taking of public bids therefor;
- C. none of such Bonds, other than refunding Bonds, are sold for less than 95% of par;
- D. the net effective interest rate on Bonds so sold, taking into account any discount or premium as well as the interest rate borne by such Bonds, does not exceed two percent above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next

preceding the date notice of the sale of such Bonds is given and bids for the Bonds will be received not more than forty-five days after notice of sale of the Bonds is given;

- E. the resolution or order authorizing the issuance of the District's Bonds contains a provision that any pledge of the revenues from the operation of the District's utility facilities to the payment of debt service on the Bonds will terminate when and if the City takes over the assets of and assumes all of the obligations of the District;
- F. the terms of sale or issuance of the Bonds have been submitted to and approved, in writing, by the Building Official, provided, however, that if the Building Official fails to approve or disapprove the terms of the sale or issuance of any Bonds within 45 days after receipt by the City of a written application for approval, the sale or issuance of the Bonds shall be deemed to be approved and the conditions contained herein with respect to the approval shall be deemed to have been complied with;

G. if the proceeds of the Bonds or a portion of the proceeds of the Bonds are intended to finance Fire Suppression Facilities or Parks land, the District has submitted a detailed capital plan for such facilities to the City and in the case of Fire Suppression Facilities; the plan has been approved in writing by the City's Fire Chief, or in the case of Park Land, the plan has been approved in writing by the Director of the City's Department of Parks and Recreation; provided, however, that if the City's Fire Chief or the Director of the City's Department of Parks and Recreation, to whom a detailed capital plan has been submitted for approval, fails to approve or disapprove the terms of the plan within 45 days after receipt by the City of a written application for approval, the plan shall be deemed to be approved and the conditions contained herein with respect to the approval shall be deemed to have been complied with.

(c) APPROVAL OF PLANS AND SPECIFICATIONS

(1) Prior to the commencement of any construction within the District, the District or any affected landowners or developers shall submit to the Building Official complete and

accurate copies of all plans and specifications for the construction of any Water Works Facilities, Wastewater Facilities, Storm Water Drainage Facilities, or Fire Suppression Facilities.

(2) The District shall not commence or permit the commencement of any construction within the District until such plans and specifications have been approved in writing by the Building Official.

(3) The District shall not install, cause to be installed, allow to be installed, or cause or allow the use of any water wells, water meters, fire hydrants, valves, pipes, water service lines, sewer service lines, wastewater lift stations or pump stations, wastewater treatment facilities or other physical utility facilities or appurtenance thereto unless such facilities comply in all particulars with the standard plans and specifications used and maintained by the City, at the time approval is requested, for specifying the design and construction of its own utility facilities.

(4) At least 20 days prior to the construction or installation of any Water Works Facilities, Wastewater Facilities, Storm Water Drainage Facilities, or Fire Suppression Facilities which are or will be owned or operated by or on behalf of the District or which will be in any way connected to or operated with any of the District's utility facilities the District or its agent shall give written

notice, by registered or certified mail, to the Building Official stating the date that such construction is to be commenced.

(5) The District shall permit the Building Official to make such reasonable on-site inspections as he deems necessary during the construction and installation of such facilities.

(6) All construction within the District, including construction undertaken by or on behalf of the District, must be in compliance with the City's Building Code and any other applicable ordinances. The District shall not provide utility service to any structure within the City which has not been constructed in compliance with the City's Building Code.

(d) OPERATION OF CERTAIN DISTRICT FACILITIES

(1) In the event the District retains control and operations of District facilities, the District shall comply with the requirements of state and federal law governing the operation of Wastewater Facilities, Water Works Facilities and Storm Drainage Facilities.

(2) In the event the District retains control and operation of District facilities, the District shall allow, permit and assist the agents of the City to make reasonable periodic inspections of the District's Wastewater Facilities and the District shall deliver to the City's chief public health official at least one copy of any written report concerning the operation or maintenance of its Wastewater Facilities which is failed with any state or federal agency.

(e) ADDING OR EXCLUDING LAND

The District shall not annex, disannex or otherwise add or delete any land to or from the District unless it first receives approval from the City by motion, resolution or ordinance of the City's city council.

(f) SUBDIVISION AND PLATS

The District shall not provide any form of water, wastewater or storm water drainage service, directly or indirectly to any land within or without the District unless prior to the initiation of service to such land a subdivision plat or development plat has been filed with and finally approved by the City Planning Commission of the City of Houston and, in the case of a subdivision plat, the plat has been filed in the real property records of the county in which the subdivided land is located.

(g) CONTRACTS

(1) All contracts, agreements or other undertakings for personal or professional services or supplies, entered into by the District, shall provide, that in the event the District is abolished by the City, the City shall have the unilateral right to terminate such contracts, agreements or other undertakings effective on or after the date of abolition.

(2) The District shall not enter into any contract, agreement or other undertaking which would or might obligate the District in an amount in excess of \$50,000, unless the contract is first approved by the Building Official, or unless

the contract, agreement or undertaking is payable solely from the proceeds of Bonds approved by the City provided, however, that if the Building Official fails to approve or disapprove a contract, agreement or other undertaking, for which his approval is required, within 60 days after receipt by the City of a written application for approval, the contract, agreement or other undertaking shall be deemed to be approved and the District shall be authorized to enter into the contract, agreement or other undertaking.

(3) The District shall not enter into any contract which contains any provision, other than the one described in (1), above, which is or becomes effective upon the annexation or abolition of the District by the City.

(h) RECORDS AND INSPECTIONS

The District shall allow, permit and assist the agents of the City to make reasonable inspections of the books and records of the District and shall deliver to the City, each year, at least one copy of any financial report or reports submitted to the State of Texas or any department or agency thereof.

(i) NOTICE TO PROPERTY OWNERS

The District shall provide written notice to property owners within the District on an annual basis, that property located within the District was developed subject to a Utility Allocation Agreement which conveyed certain rights and responsibilities upon

the District and the City, and further shall advise the property owner that such agreement or agreements are available for inspection by the property owner at all reasonable times at a location specified by the District.

(j) AMENDMENTS

After creation of the District the Conditions applicable to the District may only be amended by an ordinance or ordinances of the City and no City officer or official is authorized or empowered to vary or waive the terms of the Conditions absent such amendment.