



November 19, 2020

Norton Rose Fulbright
c/o HARRIS COUNTY MUD 136
Via Email
dimitri.millas@nortonrosefulbright.com

RE: Requested Price Adjustment

To Our Valued Customer,

We would like to thank you for your continued business and partnership. As our mission states, we strive to continually deliver services that consistently exceed your expectations. We hope our services have been exceptional, and we look forward to continuing to serve your community to the highest standards.

We are reaching out to our customers to make them aware of challenges we are enduring due to the impacts of COVID-19 and its ripple effect on our business model. While our hopes were that these would be challenges we could navigate without adjustment, as we did with our impacts on the recycling market and our 5x increase in processing costs, the pandemic and its effects have clearly become more normal than anticipated. These issues have negatively impacted our most sensitive costs in a significant manner.

Primarily, we have seen a 25% increase in the volume of garbage and recycling we are collecting. With shelter-in-place orders, school closures, work transitioning from the office to home, and restrictions and concerns on dining and entertainment, much of the waste usually generated in schools, offices, restaurants, and entertainment venues is now being generated at home. This represents about a 6% increase in our operating costs.

With the additional volume, this has led to longer collection hours and more trips to and from neighborhoods and disposal sites, which translates to additional overtime and labor, fuel usage, and increased preventative maintenance intervals on our equipment.

Additionally, COVID-19 is wreaking havoc on insurance markets, predicted to inflict some of the most significant losses ever experienced. Driving these losses to some degree is the uncertainty around potential losses that could come from the pandemic, but more directly, low interest rates reducing insurers' investment income coupled with declines in sales, payrolls, and property values, directly reducing the amount of premium able to be collected without adjustment to rates. This hardening environment is leading to tighter underwriting standards and large rate adjustments.

Per Section 4 of our Agreement, we are requesting an adjustment in our current service rates to account for the unexpected impacts of the pandemic. ***Please note, if approved, this requested increase will also supplant any scheduled price adjustment that was planned to occur over the next 12 months.***

Current Service Rate: \$14.65

Requested Increase: \$0.719

Proposed New Service Rate: \$15.37

If you have any questions or concerns, please do not hesitate to reach out. We appreciate the partnership and your understanding during these challenging times.

Regards,
Aimee Ordeneaux Raley
Texas Pride Disposal

HARRIS COUNTY MUD 136

Name: _____

Printed Name: _____

Title: _____

Approved: _____