



Control Number: 42931



Item Number: 13

Addendum StartPage: 0



DOCKET NO. 42931

APPLICATION OF MANVILLE  
WATER SUPPLY CORPORATION  
AND LAKESIDE WATER CONTROL  
AND IMPROVEMENT DISTRICT 1  
FOR APPROVAL OF A SERVICE  
AGREEMENT IN TRAVIS COUNTY  
(37792-C)

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PUBLIC UTILITY COMMISSION  
OF TEXAS

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PUBLIC UTILITY COMMISSION  
FILING CLERK

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1'S  
RESPONSE TO ORDER NO. 5

COMES NOW Lakeside Water Control and Improvement District No. 1 (the "*District*"), by and through its undersigned attorneys of record, and files this Response to the Public Utility Commission ("*Commission*") Administrative Law Judge's ("*ALJ*") Order No. 5.

Commission Staff filed its Response to Order No. 4 on March 23, 2015 and recommended the District amend its application to include all information to request a new water certificate of convenience and necessity ("*CCN*") pursuant to Texas Water Code § 13.241 and 16 Texas Administrative Code §§ 24.102 and 24.105. Commission Staff also suggested that the District be given until May 22, 2015 to file its water CCN application. On May 7, 2015, the ALJ issued Order No. 5, ordering the District to respond by May 22, 2015. Thus, this response is timely filed.

Attached hereto is a copy of an Application for a new water CCN. Additionally, for the efficiency of both the Commission Staff and the District, the District's Application also requests a new sewer CCN for the same geographic area: currently, the District is not only the retail water service provider this area, but it is also the retail sewer service provider (no entity currently possesses a sewer CCN over the area). The Application and associated attachments address the Commission Staff's comments and all applicable water and sewer CCN requirements.

13

Respectfully submitted.

LLOYD GOSSELINK ROCHELLE &  
TOWNSEND, P.C.

816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
(512) 322-5800  
(512) 472-0532 (Fax)



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ATTORNEYS FOR LAKESIDE WATER  
CONTROL AND IMPROVEMENT DISTRICT  
NO. 1

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was transmitted by fax, hand-delivery and/or regular, first class mail on this 22nd day of May, 2015 to the parties of record.

  
David J. Klein



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER  
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

## Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

**Docket Number:** 42931

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas  
Attention: Filing Clerk  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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### Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

#### Purpose of Application

<input checked="" type="checkbox"/> Obtain	<input checked="" type="checkbox"/> New Water CCN	<input checked="" type="checkbox"/> New Sewer CCN
<input type="checkbox"/> Amend	<input type="checkbox"/> Water CCN# (s) _____	
<input type="checkbox"/> Amend	<input type="checkbox"/> Sewer CCN#(s) _____	

#### 1. Applicant Information

##### Applicant

Utility name: Lakeside Water Control and Improvement District No. 1 ("District")

Certificate number:

Street address (City/ST/ZIP/Code): 816 Congress Avenue, Suite 1900

Mailing address(City/ST/ZIP/Code): Austin, Texas 78701

Utility Phone Number and Fax:

##### Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: David Klein	Title: General Counsel for the District
-------------------	---

Mailing address: 816 Congress Avenue, Suite 1900

Email: dklein@lglawfirm.com	Phone and Fax: (512) 322-5818
-----------------------------	-------------------------------

List all counties in which service is proposed:  
Travis

A. Check the appropriate box and provide information regarding the legal status of the applicant:

- ☐ Investor Owned Utility      ☐ Individual      ☐ Partnership
- ☐ Home or Property Owners Association      ☐ For-profit Corporation
- ☐ Non-profit, member-owned, member-controlled cooperative corporation  
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- ☐ Municipality      ☒ District      ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: \_\_\_\_\_
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

## 2. Location Information

- A. Are there people already living in the proposed area?      ☒ Yes      ☐ No
- If YES, are any currently receiving utility service?      ☐ Yes      ☐ No
- If YES, from WHOM? District (Applicant)

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☒ Yes ☐ No

If YES, provide the following: **See Attachment A**

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☒ Yes ☐ No

If YES, within the corporate limits of: District

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

The Applicant is currently providing retail water and sewer service within its jurisdictional boundaries. No franchise, permit, or consent by the District is necessary.

D. Is any portion of the proposed service area inside another utility's CCN area?

☒ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

For water service, yes. Manville WSC has agreed to transfer the portion of its water CCN No. 11144 that overlaps with the District. Accordingly, the District and Manville have also filed an application under Texas Water Code Section 13.248, pending at the Commission, to effectuate the transfer, styled as Docket No. 42931.

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

The Service Area is not within another utility's sewer CCN area.



### 3. Map Requirements

Attach the following hard copy maps with each copy of the application: **See Attachment B**

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
  - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
  - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
  - iii. following verifiable natural and man-made landmarks; or
  - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
  - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
  - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

**Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.**

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

### 4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
  - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system; **See Attachment A.**
  - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity; **See Attachments A, and F - H.**
  - iii. copies of written responses from each system or evidence that they did not reply; and
  - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit. **See Attachment H**
- B. Were your requests for service denied? ☐ Yes ☐ No N/A

- i. If yes, please provide documentation of the denial of service and go to c.
- ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.

C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

Systems already in place--See Attachment I. Phases are built per the agreement in Attachment C.

D. Date of plat approval, if required: See Attachment I  
 Approved by: \_\_\_\_\_

E. Date Plans & Specifications submitted to the TCEQ for approval:  
See Attachment J Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: See Attachment I

G. Date service is scheduled to commence: See Attachment I

## 5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s): **N/A**

2	2	7	0	0	3	3												

ii. Sewer system(s): TCEQ Discharge Permit number(s)

W	Q	1	1	8	4	5	-	0	0	2
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W	Q						-			
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W	Q						-			
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W	Q						-			
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- iii. Date of last TCEQ water and/or sewer system inspection(s): unknown
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s). **N/A**
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates. **N/A**

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number

- Attach additional sheet(s) if necessary -

The City of Pflugerville provides licensed operators under Professional Services Agreement attached hereto as **Attachment D**.

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- ☐ Yes
- ☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	553	0	Residential	553	0
1" meter or larger			Commercial		
Non-Metered			Industrial		

TCEQ Water System			TCEQ Sewer System		
Other:			Other:		
Total Water	553	0	Total Sewer	553	0

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

N/A

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

N/A

G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☐ No, (skip the rest of this question and go to #6)

ii. ☒ Yes, Water

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
Manville Water Supply Corporation	100%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☒ Yes, Sewer treatment capacity

Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
City of Pflugerville	100%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract. **See Attachments G and H.**

I. Ability to Provide Adequate Service. **See Attachment A.**

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- the current and projected density; and
- the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

The effect will be minimal. The Land is already receiving retail water and sewer services from the Applicant and it has entered into wholesale water and sewer service agreements with Manville and Pflugerville, respectively.

## 6. Financial Information

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system: N/A
- the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
  - Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity, 9/1/14 (formerly TCEQ form 10362)  
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should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
- ii. Attach a proposed rate schedule or tariff.

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant. **See 2014-2015 Audit, attached hereto as Attachment K.**

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

## 7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. Notice For Publication:  
The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities: **See Attachment A.**
  - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
  - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.

H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

I. The commission may require the applicant to deliver notice to other affected persons or agencies. See Attachment A

**Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.**


## OATH

STATE OF Texas  
COUNTY OF Travis

I, Thomas C. Amdt, being duly sworn,  
file this application as Board Vice President (indicate relationship to Applicant,  
that is, owner, member of partnership, title as officer of corporation, or other authorized  
representative of Applicant); that, in such capacity, I am qualified and authorized to file  
and verify such application, am personally familiar with the maps and financial information  
filed with this application, and have complied with all the requirements contained in this  
application; and, that all such statements made and matters set forth therein are true and  
correct. I further state that the application is made in good faith and that this application  
does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended  
from its original form.

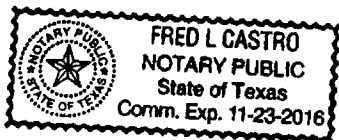
**I further represent that the Applicant will provide continuous and adequate  
service to all customers and qualified applicants for service within its certificated  
service area.**

  
AFFIANT  
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the  
Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
This day 21st of May 20 15

SEAL



  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES \_\_\_\_\_



## Notice for Publication

### NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Travis COUNTY(IES), TEXAS

Name of Applicant Lakeside Water Control and Improvement District No. 1 has filed an application for a CCN to obtain or amend CCN No. (s) new water and sewer CCNs and to decertify a portion(s) of \_\_\_\_\_ with the \_\_\_\_\_  
(Name of Decertified Utility)

Public Utility commission of Texas to provide water and sewer  
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Travis County  
(ies).

The proposed utility service area is located approximately 4.5 miles Northeast  
[direction] of downtown Pflugerville, [City or Town] Texas, and is generally bounded on the north by Rowe Lane; on the east by Hodde Lane; on the south by Avalon Subdivision; and on the west by SH 130

The total area being requested includes approximately 166.19 acres and 553 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 816 Congress Avenue, Suite 1900, Austin, Texas 78701

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

**Persons who wish to intervene or comment should file with the PUC at the following address:**

Filing Clerk  
Public Utility Commission of Texas  
1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

**Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:**

Filing Clerk  
Public Utility Commission of Texas  
1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

***Si desea informacion en Espanol, puede llamar al 1-888-782-8477***

## Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO  
PROVIDE WATER/SEWER UTILITY SERVICE IN

\_\_\_\_\_ COUNTY(IES), TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_ 20 \_\_\_\_\_  
(Neighboring System, Landowner or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

Name of Applicant Lakeside Water Control and Improvement District No. 1 has filed an application for a  
CCN to obtain or amend CCN No. (s) new water and sewer CCNs and to  
decertify a portion(s) of \_\_\_\_\_ with the  
(Name of Decertified Utility)

Public Utility Commission of Texas to provide \_\_\_\_\_  
utility service in Travis \_\_\_\_\_ County(ies).  
(specify 1) water or 2) sewer or 3) water & sewer

The proposed utility service area is located approximately 4.5 miles Northeast  
[direction] of downtown Pflugerville, [City or Town] Texas, and is  
generally bounded on the north by Rowe Lane; on the east by  
Hodde Lane; on the south by Avalon Subdivision; and on the west by SH 130

**See enclosed map of the proposed service area.**

The total area being requested includes approximately 166.19 acres and 553  
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within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

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Public Utility Commission of Texas  
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Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

**Si desea informacion en Espanol, puede llamar al 1-888-782-8477**

## Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO  
PROVIDE WATER/SEWER UTILITY SERVICE IN \_\_\_\_\_

COUNTY(IES), TEXAS

Dear Customer: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_ 20 \_\_\_\_\_

Name of Applicant \_\_\_\_\_ has filed an application for a  
CCN to obtain or amend CCN No. (s) \_\_\_\_\_ and to  
decertify a portion(s) of \_\_\_\_\_ with the  
(Name of Decertified Utility)

Public Utility commission of Texas to provide

(specify 1) water or 2) sewer or 3) water & sewer

utility service in \_\_\_\_\_ County(ies).

The proposed utility service area is located approximately \_\_\_\_\_ miles  
[direction] of downtown \_\_\_\_\_, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone  
Number): \_\_\_\_\_

The current utility rates which were first effective on \_\_\_\_\_ 20 \_\_\_\_\_

Monthly Flat Rate of \$ \_\_\_\_\_ Per connection

-OR-

Monthly Base Rate Including per \_\_\_\_\_ gallons  
connection for:

5/8" meter \$ \_\_\_\_\_

1" meter \$ \_\_\_\_\_

1 1/2" meter \$ \_\_\_\_\_

2" meter \$ \_\_\_\_\_

Other \$ \_\_\_\_\_

Gallage charge of \$ \_\_\_\_\_ Per 1,000  
Gallons above minimum (same for all meters sizes)

### Miscellaneous Fees

#### Regulatory Assessment

Tap Fee (Average Actual Cost)

#### Reconnecting fee:

- Non Payment (\$25.00 max)
- Transfer
- Customer's request

#### Late fee

#### Returned Check charge

Customer Deposit (\$50.00 max)

#### Meter test fee

(Actual Cost not Exceed \$25.00)

#### Other Fees

1%
\$
\$
\$
\$
\$
\$5.00 or 10%
\$
\$
\$
\$
\$

**Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.**

**A request for a public hearing must be in writing.** You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

**Persons who wish to intervene or comment should write the:**

Filing Clerk  
Public Utility Commission of Texas  
1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

**IF A HEARING IS HELD,** it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

**Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:**

Filing Clerk  
Public Utility Commission of Texas  
1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

**Si desea informacion en Español, puede llamar al 1-888-782-8477**

## HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

## HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						



## HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
Gross Income						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

## PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve Interest						
TOTAL						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS						

Lakeside WCID 1 -- Attachment List

Attachment A -- Supplemental Application Information Supporting Water and Sewer CCNs

Attachment B -- General Location Map; Metes and Bounds; Written Description; Digital Data

Attachment C -- Agreement for Construction and Purchase of Utility Facilities and Reimbursement for Eligible Costs and first amendment

Attachment D -- Professional Services Agreement, as amended, with the City of Pflugerville

Attachment E -- Manville Water Supply Corporation Consent to Transfer

Attachment F -- Bond Orders

Attachment G -- Consent and Agreement of Manville Water Supply Corporation for Wholesale Water Service to Property

Attachment H -- Agreement Concerning Assignment of Agreement for Providing Wholesale Wastewater Service and first amendment

Attachment I -- Plat Approvals/Service Dates

Attachment J -- TCEQ Approval Letters

Attachment K -- Annual Financial Report (2014-2015 Audit)

## ATTACHMENT A

## Attachment A

### Supplemental Application Information Supporting Water and Sewer CCNs

#### Item 2.B – Demonstrate the Need for Service:

Lakeside Water Control and Improvement District No. 1 (the “*District*”) is requesting single CCN certification for its jurisdictional boundaries (“*Service Area*”), which are more particularly described in Attachment B to this Application. The District is currently the provider of retail water and sewer service in the Service Area, which is in northeast Travis County. The District provides retail water and sewer service to approximately 553 customers. The District has received a request for service from Tiemann Land and Cattle Development, and the parties have entered into an agreement whereby the District will provide water and wastewater service to the customers in the District (see Attachment C). The District owns all of the water distribution and sewer collection facilities in operation in the Service Area. No other entity owns any water distribution and sewer collection facilities in operation in the Service Area. The City of Pflugerville (“*City*”) operates and maintains the District’s water and sewer systems under a Professional Services Agreement, as amended, attached hereto as Attachment D.

Manville Water Supply Corporation (“*Manville*”) currently holds Water CCN No. 11144 over the Service Area, but it does not provide retail water service to the customers within the Service Area. Rather, Manville is a party to an agreement by which it agreed to transfer the portion of water CCN that overlaps with the Service Area to the District (see Attachment E) and to only provide treated water to the District on a wholesale basis. An application under Texas Water Code §13.248 to transfer such water CCN is currently pending at the Commission, styled as Docket No. 42931, and the purpose of this Application is in part to provide the additional information necessary to demonstrate that the District has the financial, managerial, and technical capability to provide retail water service to the Service Area, enabling the District to receive the transferred water CCN from Manville. To be clear, Manville will retain the remainder of its Water CCN service area that does not include the Service Area. The District is submitting this Application, in part, to give effect to the above agreement and to comply with Commission Staff’s request to provide all information it would have to supply for a new CCN application as outlined in Commission Staff’s Amended Response to Order No. 4 and Request for Additional Information filed March 23, 2015 in Docket No. 42931<sup>1</sup>.

No entity currently holds a sewer CCN over the Service Area. The City recently amended its sewer CCN to include areas surrounding the Service Area, but it specifically excluded the Service Area at the request of the District. The City does not provide retail sewer service to the Service Area; rather, the City provides wastewater treatment capacity to the District, on a wholesale basis. The District currently provides retail sewer service to the Service Area.

---

<sup>1</sup> Application of Manville Water Supply Corporation and Lakeside Water Control and Improvement District 1 for Approval of a Service Agreement in Travis County (37792-C).



**Item 4.A.i – List of public drinking water system(s) or sewer system(s) within a 2 mile radius of the proposed system**

**Water**

Manville WSC

City of Pflugerville

City of Hutto

**Sewer**

Windemere Utility

City of Pflugerville

City of Hutto

**Item 4.A.ii – Explanation for why water and sewer service from third parties is not economically feasible.**

It is not economically feasible for the District to receive retail water or sewer service from any of the entities listed in Item 4.A.i., above because the District has already entered into contracts and spent money to construct water distribution and sewer collection systems within the Service Area. In other words, the District owns the water distribution and sewer collection systems installed within its jurisdictional boundaries, and it is already providing retail water and sewer services within the Service Area. Further, it has issued bonds to pay for such facilities (see Bond Orders attached hereto as **Attachment F**). If the District attempted to receive retail water and sewer services from a third party, it would need to abandon its initial investment and be required to pay for a second, separate water distribution and sewer collection system.

Further, the District has already entered into wholesale water and wastewater service agreements with Manville Water Supply Corporation and the City, respectively, and is committed to receiving such wholesale services. Such agreements are attached hereto as **Attachments G and H**.

#### **Item 5.G – Effect of Granting a Certificate**

Granting the District's Application would ratify and correct the existing water and sewer service situation in the Service Area, protecting the District's ability (and taxpayers' investment) to be the sole retail water and sewer services provider to those customers. From a retail water service perspective, granting a certificate would also enable Manville and the District to carry out the goals of its agreement, where Manville agreed to transfer the portion of its water CCN that overlaps with the Service Area to the District. The Applicant will continue to provide the water and sewer service it has provided since its inception. Manville will continue to provide wholesale water to the Applicant and the City of Pflugerville will continue to provide wholesale sewer treatment services to the Applicant. The City of Pflugerville will continue to operate and maintain the systems for the District under the Professional Services Agreement. The landowners in the Service Area will not experience any change in service. Last, Manville will no longer be obligated to provide retail water service on a continuous and adequate basis to the District's customers in the Service Area.

#### **Item 5.I – Ability to provide Adequate Service**

The District has the infrastructure in place to provide continuous and adequate retail water and sewer services to its customers, and it has done so throughout its existence. This will not change once the District secures water and sewer CCNs over the Service Area. The District has contracts with Manville and Pflugerville for wholesale water and sewer capacity that can meet the demands of the District at full buildout, and the District owns the water distribution and sewer collection infrastructure in the Service Area. To the extent that additional water distribution and sewer collection infrastructure is necessary in the Service Area, the District has entered into contracts with a developer to design, build, and install such infrastructure; and such infrastructure will be conveyed to the District, for a fee, once complete.

**Item 7.G. – Notice To Neighboring Utilities:**

- i. **None**
- ii. **Entities within 5 mile radius**

**Water**

City of Round Rock  
Aqua WSC  
Windemere Utility  
T.P. Invest, A Joint Venture  
Jonah Water SUD

**Sewer**

City of Round Rock  
Kelly Lane Utility Co.  
Aqua Texas, Inc.  
City of Austin

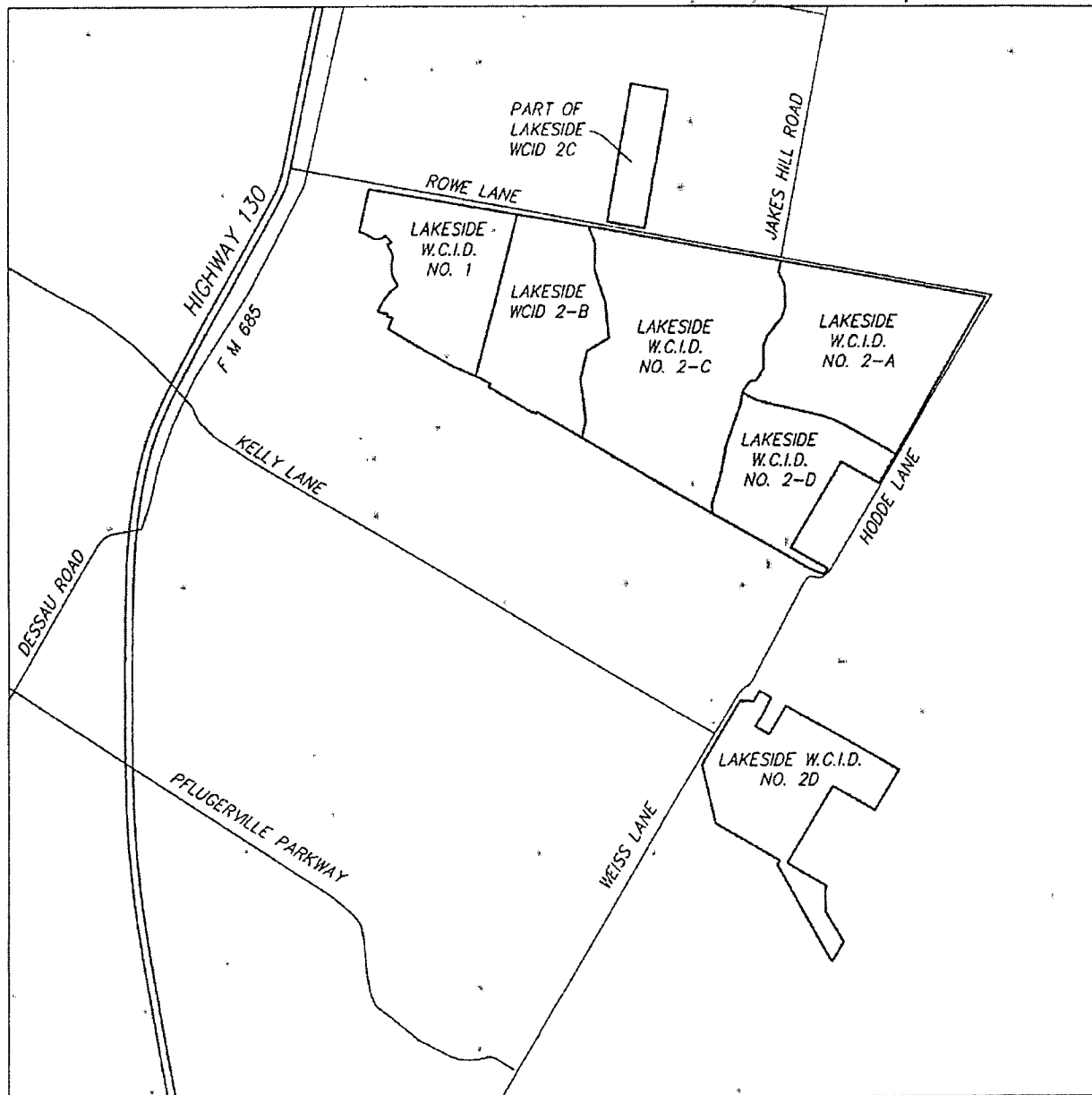
- iii. **N/A**

**Item 7.I. – Notice to other Affected Persons or Agencies**

Travis County  
(no groundwater conservation districts)

## ATTACHMENT B

S:\LAND\700-750\718\DWG\718-loc-map.dwg 2/10/2014 9:59:00 AM CST



LOCATION MAP  
SHOWING LAKESIDE WCID No. 1, 2A, 2B, 2C & 2D  
IN TRAVIS AND WILLIAMSON COUNTIES, TEXAS

DATE: FEB. 10, 2014 SCALE: 1" = 3000'

**RJ SURVEYING & ASSOCIATES, INC.**  
1212 E. BRAKER LANE, AUSTIN, TEXAS 78753  
(512) 836-4793 FAX: (512) 836-4817

**Item 3. D.i Response**    A written description of the proposed service area

**The proposed area of service:**

The proposed area is located within Travis County, and is generally bounded on the north by Rowe Lane; on the east by Hodde Lane; on the south by Avalon Subdivision; and on the west by SH 130.

The total area being requested includes approximately 166.19 acres and 553 current customers.

LAKESIDE WCID No. 1

BEING A TRACT OF LAND SITUATED IN TRAVIS COUNTY, TEXAS, AND BEING A PART OF THE A. BAILEY SURVEY NO. 34 AND THE J. C. LEE SURVEY NO 35 AND BEING A PART OF TRACT ONE AS DESCRIBED IN A WARRANTY DEED FROM GEORGE P. PREWITT, JR., INDIVIDUALLY, AND SHIRLEY J. PREWITT, ON BEHALF OF LOKI, LTD TO ROBERT H. TIEMANN RECORDED IN VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING A PART OF THAT CERTAIN 5.273 ACRE PARCEL LESS AND EXCEPTED FROM THE SAID DEED TO ROBERT M. TIEMANN RECORDED IN VOLUME 12212, PAGE 1510 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING MORE-PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

Begin at the Southeast Corner of Lot 1, Block D, Meadows of Blackhawk Phase One, according to the plat thereof recorded in Volume 95 Pages 96, 97 and 98 of the Plat Records of Travis County, Texas;

Thence N. 22 deg 22'17" E., along the East Line of Lots 1 and 2, Block D, 239.70 feet;

Thence N. 76 deg 02'15" W., along the Northerly Line of Lot 2, Block D, 120.05 feet;

Thence N. 18 deg 04'33" E., along the East Line of Kennemer Drive, 57.21 feet;

Thence N. 72 deg 08'31" W., along the boundary of said plat of Meadows of Blackhawk Phase One, 60.00 feet;

Thence along the arc of a curve to the right (said curve having a radius of 20.00 feet, a central angle of 90 deg 00'00", a chord bearing S. 62 deg 51'29" W., and a chord length of 28.28 feet) and along said plat boundary, 31.42 feet;

Thence N. 72 deg 08'31" W., along said plat boundary, 46.82 feet;

Thence along the arc of a curve to the right (said curve having a radius of 475.00 feet a central angle of 9 deg 28'38", a chord bearing N. 67 deg 24'12" W., and a chord length of 78.48 feet) and along said plat boundary, 78.57 feet;

Thence N. 26 deg 43'12" E., along said plat boundary, 163.96 feet;

Thence N. 31 deg 36'17" E., along said plat boundary, 166.62 feet;

Thence N. 40 deg 37'06" E., along said plat boundary, 154.69 feet;

Thence N. 51 deg 09'50" E., along said plat boundary, 176.23 feet;

Thence N. 30 deg 21'06" W., along said plat boundary, 174.06 feet;

Thence N. 16 deg 12'18" W., along said plat boundary, 92.80 feet;

LAKESIDE WCID No. 1

Thence N. 5 deg 27'58" W., along said plat boundary, 97.97 feet;

Thence N. 2 deg 44'44" E., along said plat boundary, 72.83 feet;

Thence N. 7 deg 05'58" E., along said plat boundary, 64.63 feet;

Thence N. 5 deg 42'10" E., along said plat boundary, 98.03 feet;

Thence N. 4 deg 39'14" W., along said plat boundary, 56.21 feet;

Thence N. 23 deg 24'22" W., along said plat boundary, 70.20 feet;

Thence N. 29 deg 26'12" W., along said plat boundary, 139.11 feet;

Thence along the arc of a curve to the left (said curve having a radius of 325.00 feet, a central angle of 13 deg 49'14", a chord bearing N. 51 deg 22'11" E., and a chord length of 78.20 feet) and along said plat boundary, 78.39 feet;

Thence along the arc of a curve to the right (said curve having a radius of 15.00 feet, a central angle of 92 deg 09'43", a chord bearing S. 89 deg 27'34" E., and a chord length of 21.61 feet) and along said plat boundary, 24.13 feet;

Thence N. 43 deg 22'42" W., along said plat boundary, 118.87 feet;

Thence along the arc of a curve to the right (said curve having a radius of 455.90 feet, a central angle of 7 deg 11'27", a chord bearing N. 38 deg 47'48" W., a chord length of 57.18 feet) and along said plat boundary, 57.22 feet;

Thence S. 54 deg 50'45" W., along said plat boundary, 49.83 feet;

Thence S. 73 deg 12'30" W., along said plat boundary, 100.16 feet;

Thence S. 88 deg 40'14" W., along said plat boundary, 95.82 feet;

Thence N. 61 deg 53'26" W., along said plat boundary, 258.78 feet;

Thence N. 78 deg 46'47" W., along said plat boundary, 80.01 feet;

Thence N. 12 deg 58'21" E., along a line 30.00 feet east of and parallel with the Westerly Line of Tract One, as conveyed to Robert M. Tiemann by Warranty Deed recorded in Volume 12212, Page 1510 of the Real Property Records of Travis County, Texas, 871.43 feet, to a line 30.00 feet south of and parallel with the North Line of said Tract One and the South Line of Rowe Lane (also known as County Road No. 139);

Thence S. 79 deg 55'59" E., along said parallel line, 838.05 feet;



LAKESIDE WCID No. 1

Thence S. 80 deg 22'42" E., along a line 30.00 feet south of and parallel with the South Line of Rowe Lane, 2203.02 feet to the West Line of the 95.256 acres as described in a deed to Robert M. Tiemann by deed recorded in Volume 12625, Page 570 of the Real Property Records of Travis County, Texas;

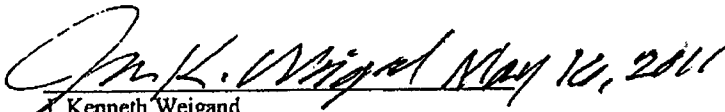
Thence S. 14 deg 40'55" W., along the West Line of the said 95.256 Acre tract and along the East Line of the said 5.273 Acre Tract and along the East Line of said Tract One, 3333.59 feet to the North Corner of Tract Three as described in the said deed to Robert M. Tiemann recorded in volume 12212, page 1510;

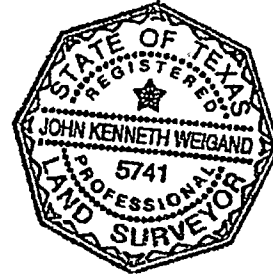
Thence N. 67 deg 14'56" W., crossing said Tract One, 500.57 feet to the Southerly Line of said Tract One;

Thence N. 60 deg 08'22" W., along the Southerly Line of Said Tract One, 665.50 feet;

Thence N. 59 deg 40'15" W., along said Southerly Line, 839.51 feet to the said Point of Beginning.

Containing 166.19 acres, more or less, as shown on the sketch attached.

  
J. Kenneth Weigand  
Registered Professional Land Surveyor No. 4391  
State of Texas



RJ Surveying, Inc.  
1212 East Braker lane  
Austin, Texas 78753

The East Line of Lots 1 and 2, Block D, is assumed to bear N. 22 deg 22'17" E. for the basis of this description.

This document was prepared under 22TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

PUC Docket No. 42931  
Lakeside WCID No. 1

Map Data Disk

## ATTACHMENT C

**AGREEMENT FOR THE CONSTRUCTION AND PURCHASE  
OF UTILITY FACILITIES AND REIMBURSEMENT  
FOR ELIGIBLE COSTS BETWEEN  
ROWE LANE DEVELOPMENT, LTD.**

**AND  
LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**

THIS AGREEMENT is made and entered into as of the 15<sup>th</sup> day of March, 2000, by and between ROWE LANE DEVELOPMENT, LTD. (hereinafter called "Owner"), a Texas corporation, and LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 (hereinafter sometimes referred to as the "District"), a political subdivision of the State of Texas, operating under the provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code, as amended.

**RECITALS**

1. The current boundaries of the District encompass approximately 166.19 acres of land situated in Travis County, Texas.
2. Owner owns, controls, or is developing land in the District which is being planned for inclusion in a development known as the Meadows of Blackhawk; and, Owner has agreed to front the costs for developing water, sanitary sewer, and drainage facilities to serve all the land in the District owned, controlled, or being developed by Owner (hereinafter referred to as "Owner's Land").
3. The District projects that the first bond issue will contain funds for the purpose of obtaining contract rights for water supply and wastewater treatment capacity and the purpose of constructing water, sanitary sewer, and drainage facilities which will serve Owner's Land.
4. Owner wishes to proceed immediately with development on Owner's Land, but such development requires obtaining contract rights for water supply and wastewater treatment capacity and the provision of water, sewer, and drainage facilities prior to the time the District's first bond issue is approved, such bonds are sold and the proceeds thereof obtained.
5. This Agreement is being executed by the District and Owner to set forth the terms and conditions under which owner will obtain contract rights for water supply and wastewater treatment capacity and construct facilities necessary to provide water, sanitary sewer, and drainage services to serve Owner's Land and the terms under which the District will purchase such facilities.

## AGREEMENT

FOR AND IN CONSIDERATION of the mutual promises, covenants, benefits' and obligations hereinafter set forth, the District and Owner hereby agree and contract as follows:

- A. The Owner shall construct and install water, sanitary sewer, and drainage facilities (the "Facilities") needed for commercial and residential development of Owner's Land in the manner provided by the general law for water control and improvement districts and in full compliance with the provisions of the Texas Water Code, the rules and regulations of the Texas Natural Resource Conservation Commission ("TNRCC"), the City of Pflugerville, and Travis County, Texas.
- B. The Owner is authorized by the District to take all steps necessary for provision of the Facilities including, but not limited to, causing construction drawings and plans and specifications to be prepared, obtaining all necessary governmental approvals, publicly inviting and advertising for construction bids, and awarding a contract or contracts with payment and performance bonds and one year maintenance guarantee after completion.
- C. The Owner shall submit the plans and specifications, as well as any subsequent changes in plans or specifications, to the District for approval. The Owner shall also submit all contract documents to the District for its approval.
- D. Owner shall make all payments on the contracts awarded by it for the construction of water, sanitary sewer, and drainage facilities for Owner's Land. Owner shall provide copies of all invoices and engineer's certification recommending payment to the District.
- E. Owner shall pay on behalf of the District and retain invoices for full reimbursement of any and all organizational, administrative and operational fees and expenses incurred on behalf of the District to the extent allowed by TNRCC.
- F. Owner shall obtain contract rights and make payments for water supply and wastewater treatment capacity needed for commercial and residential development of Owner's Land.
- G. The District shall issue bonds to provide funds for full reimbursement of Owner. The District's ability to issue bonds shall be governed by TNRCC rules and regulations concerning Economic Feasibility of Projects, 31 TAC § 293.59. The District shall proceed with issuance and sale of bonds to fully reimburse owner when the requirements of 31 TAC § 293.59 are satisfied.
- H. The District will reimburse any and all organizational, administrative, and operational fees and expenses incurred on behalf of the District, to the extent allowed by TNRCC, and purchase the water supply and wastewater treatment capacity contract rights acquired by Owner and the water, sanitary sewer, and drainage facilities constructed by owner for Owner's Land in accordance with the plans and specifications approved by the District with the proceeds of the first bond issue. If the sizing of the first bond issue does not include reimbursements of all expenditures made on behalf of the District, the District

shall, to the extent allowed by the TNRCC, include such additional reimbursements due Owner in subsequent bond issues. The purchase price of the Facilities will be the amount approved by the TNRCC for the District to purchase or construct such Facilities (which agency may require a "30% developer contribution"), plus interest on such purchase price as approved by TNRCC. Owner shall provide the District with such information and documentation as the District may reasonably request to enable it to calculate interest and verify payments. The District is obligated to purchase the facilities upon the occurrence of and in accordance with the following:

- (1) Voter approval of authorization to issue bonds to finance the Facilities; or District Board approval of authorization to enter into lease-purchase contracts.
- (2) Approval of the plans and specifications of the Facilities by all federal, state, and local bodies having jurisdiction.
- (3) Approval by TNRCC of the issuance and sale by the District of bonds (the "Bonds") for the purchase of the Facilities.
- (4) The amount for District bond issues will be determined by the amount approved by TNRCC under its economic feasibility criteria, 31 TAC § 293.59.
- (5) In compliance with the TNRCC Order approving and authorizing the issuance of District bonds and applicable rules of the TNRCC.
- (6) The receipt of a bid and awarding of sale of the Bonds by the District.
- (7) Approval of the Bonds by the Attorney General State of the State of Texas.
- (8) Registration of the Bonds by the Comptroller of Public Accounts of the State of Texas.
- (9) The Facilities shall be constructed in a good and workmanlike manner, and the materials used shall be free from defects and fit for their intended purposes.
- (10) The Facilities shall be constructed in dedicated public rights-of-way or public utility easements.
- (11) Upon completion of the construction of the Facilities, the owner shall provide the District with "as-built" drawings of the Facilities.
- (12) The Engineers who designed the facilities shall provide the District with certification to the effect that the construction has been completed in accordance with the plans and specifications provided to the District.

H. The District shall use its best efforts to:

- (1) Obtain TNRCC's approval of the issuance and sale of the Bonds.

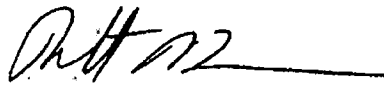
- (2) Obtain the Attorney General's approval of the Bonds.
  - (3) Obtain registration of the Bonds by the Comptroller of Public Accounts of the State of Texas.
  - (4) Obtain TNRCC approval of the Bonds and market the Bonds at the earliest time or times advised by the District's financial advisor; provided, however, that the TNRCC economic feasibility rules determine and decide the size of the bond issue.
- I. Concurrently with the purchase of the Facilities by the District, the owner shall transfer and convey the Facilities to the District by warranty deed or other appropriate instrument with warranties, as provided by contractor and specified in the plans and specifications, free and clear of all liens, claims, encumbrances, options, charges, assessments, restrictions, limitations, and reservations, including liens for ad valorem taxes for past and current years, payments due to construction contracts, laborers, or materialmen. The conveyance or conveyances shall include all easements where the collection, distribution, and drainage systems are located (where such easements have not been dedicated to the public) and which are necessary to own, operate, and maintain the Facilities, and fee simple title to any sites, together with the necessary right-of-way thereto where such site or sites are not directly accessible to a dedicated public street, and all licenses, franchises, and permits for the Facilities. The Owner shall also assign in writing all of its contractors' and materialmen's warranties and guaranties relating to the Facilities concurrently with the purchase of the Facilities by the District. The District shall not be liable to any contractor, engineer, attorney, or materialman employed by or contracted with by the Owner.
  - J. The District shall, upon completion of the Facilities to serve Owner's Land, assume responsibility for the operation and maintenance of such facilities and shall be entitled to collect fees and charges for services provided by such facilities. However, the District shall not own the water, sanitary sewer, and drainage facilities constructed by Owner to serve the Owner's Land until same have been purchased and conveyed to it by Owner as provided above. Additionally, the District agrees to pay Owner an annual lease-purchase fee, equivalent to the cost of the Facilities plus interest at published New York prime interest rate plus two per cent (2%), which amortizes the cost of the Facilities over the useful life of the Facilities, if the District refuses to proceed with issuance and sale of bonds.
  - K. This Agreement and the obligations of the parties hereunder are subject to all rules, regulations, and laws which may be applicable by the United States, the State of Texas, or any regulatory agency having jurisdiction, including the TNRCC.
  - L. The failure of either party thereto to insist, in any one or more instances, upon performance of any of the terms, covenants, and conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any such term,

covenant, or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.

- M. This Agreement shall be for the sole and exclusive benefit of the District and Owner and shall not be construed to confer any benefit or right upon any other party.
- N. This Agreement shall be subject to change or modification only with the mutual written consent of the Owner and the District.
- O. This Agreement shall be assignable by owner with written notice to the District of such assignment.
- P. This Agreement constitutes the entire agreement between the parties relative to the subject matter hereof. There have not been and are not any other agreements, covenants, representations, or warranties between the parties concerning the subject matter of this Agreement other than those expressly stated or provided for herein.
- Q. Each party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.
- R. This Agreement shall be binding on the parties hereto and their respective successors and assigns.
- S. If any party hereto is a corporation, such party represents to the other party that the execution and delivery of this Agreement has been duly authorized by all necessary proceedings and actions, including action on the part of such corporation's board of directors.

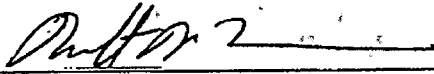
IN WITNESS WHEREOF, the parties have executed the Agreement as of the date and year first written above.

ROWE LANE DEVELOPMENT, LTD.

By:   
Tiemann Land and Cattle Development, Inc.  
its General Partner

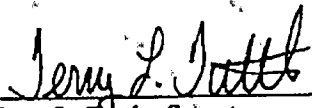


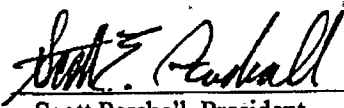
TIEMANN LAND AND CATTLE DEVELOPMENT, INC.

By:   
Robert M. Tiemann, President

LAKE SIDE WATER CONTROL AND IMPROVEMENT  
DISTRICT NO. 1

ATTEST:

By:   
Terry L. Tuttle, Secretary

By:   
Scott Parshall, President

## FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT

THIS FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT (the "Amendment") is made and entered into as of the 16<sup>th</sup> day of April 2007, by and between ROWE LANE DEVELOPMENT, LTD. (hereinafter called "Owner"), a Texas limited partnership; and LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 (hereinafter sometimes referred to as the "District"), a political subdivision of the State of Texas, operating under the provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51, Texas Water Code, as amended.

### RECITALS

1. The Owner and the District have previously entered an agreement dated March 15, 2000 and entitled "Agreement for the Construction and Purchase of Utility Facilities and Reimbursement for Eligible Costs between Rowe Lane Development, Ltd. and Lakeside Water Control and Improvement District No. 1" (the "Reimbursement Agreement").
2. The Board of Directors has determined that the District should acquire, develop and maintain recreational facilities, as such terms are defined in Section 49.462 of the Texas Water Code, including parks, landscaping, parkways, greenbelts, sidewalks, trails, public right-of-way beautification projects, and recreational equipment and facilities, and including associated street and security lighting.
3. Owner and the District wish to amend the Reimbursement Agreement to include recreational facilities within the definition of the "Facilities" that may be constructed by Developer and purchased from the Developer by the District.

### AGREEMENT

NOW, THEREFORE, in consideration of the promises and agreements contained in the Reimbursement Agreement and this Amendment and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner and the District hereby agree to amend the terms and provisions of the Reimbursement Agreement as follows:

1. The above Recitals are incorporated as part of this Amendment
2. The title of the Reimbursement Agreement is amended to read as follows:

Agreement for the Construction and Purchase of Utility and Recreational Facilities and Reimbursement for Eligible Costs between Rowe Lane Development, Ltd. and Lakeside Water Control and Improvement District No. 1.

3. Section A of the Reimbursement Agreement is replaced in its entirety with the following revised Section A: