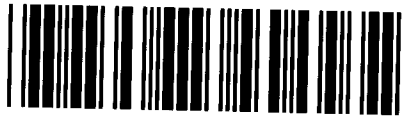


Control Number: 43146



Item Number: 9

Addendum StartPage: 0

43146

RECEIVED  
2015 FEB -6 AM 11:47  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
CAROL D. GILLESPIE  
caroldgillespie@earthlink.net  
3921 Bobbin Lane  
Addison, TX 75001  
214 536-1784 (cell)

July 14, 2014

Tammy Holguin-Benter, Manager  
Utilities and Districts Section  
TCEQ  
MC 153  
P.O. Box 13087  
Austin, TX 78711-3087

Dear Ms. Benter:

In July of 2013 I requested an investigation into the activities of Avalon Water Supply and Sewer Services Corporation. I am a member of AWS&SSC and did not believe that the corporation was operating as a member-owned and member-controlled water supply corporation. TCEQ did open an investigation, and worked for several months on this issue.

AWS&SSC admitted to the allegations that I made in my original complaint. As part of an agreement, they were required to undergo training provided by TRWA. The Board was also to provide copies of agendas/meeting notices and minutes of the meetings to TCEQ. The investigation was closed on June 16, 2014 after AWS&SSC held their annual meeting in April and submitted minutes for the April meeting. The letter that I received from TCEQ states, "Avalon Water Supply and Sewer Service Corporation has provided TCEQ with sufficient documentation to show that it is properly operating as a non-profit, member-owned and member-controlled WSC."

At this time, I am requesting that TCEQ re-open this investigation or open a new investigation. Unfortunately, once AWS&SSC was no longer required to provide agendas/meeting notices and minutes to TCEQ, the meetings returned to repeated indifference to members and ignoring Texas law. Here are the issues support my claims:

- 1) On May 2, 2014 AWS&SSC posted a notice/agenda for a meeting to be held on May 8th at 7PM. On May 8<sup>th</sup> at 12:56PM, a notice was posted adding an "emergency" addition to the agenda. This item was, "Adoption of resolution of the Board of Directors authorizing the purchase of approximately 1.01 acres of land adjacent to the Avalon Water Supply and Sewer Service Corp. Wastewater Treatment plant." According to the Texas Open Meetings Act (TOMA) the purchase of land is not an emergency item and requires a 72 hour notice.

This item was actually about land my family was in the process of selling to AWS&SSC. After reviewing the original agenda, I chose not to attend the meeting. If I had known this item was going to be addressed at the meeting, I would have attended.

Another member addressed the Board about the last minute addition of this item, but the Board signed the resolution anyway. I understand that this member was not treated with respect. She and her husband filed a complaint with the Ellis County District Attorney regarding this and other issues. AWS&SSC is currently under investigation by the DA's office. (See Item #5 regarding members speaking at meetings.)

2) Once AWS&SSC learned there was an open investigation by the District Attorney's office, they posted a notice for a Special Meeting to be held on May 15, 2014. This notice was posted on May 12<sup>th</sup> at 2:44 PM. The only item on the agenda is, "Approve and sign Corporate Resolution related to purchase of land adjacent to Waste Water Treatment Plant."

3) During the meeting on May 15<sup>th</sup>, the resolution was passed around the table to be signed by Directors of the Board. However, it appeared that not all Directors signed. The resolution was not read aloud. During "Open Forum," I requested that it be read aloud. It was, but I was not treated with respect.

During closing on the sale of land, I was given a copy of the resolution. It was dated, "Executed as, but not necessarily on, May 8, 2014." It appears that there was no resolution signed at the meeting on May 15<sup>th</sup>. The resolution from the May 8<sup>th</sup> meeting was given to the title company.

The resolution is signed by all 7 Directors. Only 6 were present at the May 8<sup>th</sup> meeting. Only 5 were present at the May 15<sup>th</sup> meeting. David Walshes was absent from both meetings. Jacob Carter was not present at the May 15<sup>th</sup> meeting. *How can Directors who are not present at a meeting sign a resolution passed at that meeting?*

4) For years the monthly meeting of AWS&SSC has been held on the 2<sup>nd</sup> Thursday of the month. There was no meeting held on June 12, 2014. No notice was posted explaining that the meeting was postponed or why it was postponed. After someone called and questioned why, we were told "something came up." No explanation.

5) As a concerned member of AWS&SSC, I have been attending their meetings since September 2011. I have missed very few. Once TCEQ stopped reviewing their agendas/notices in April 2014, a major change took place. "Visitor Comments and Concerns" has always been listed as the second item on the agenda. It was on the agenda for April 10, 2014. There has also been an "Open Forum" at the end of the meeting. It appears that beginning in May, AWS&SSC is attempting to limit members from speaking at the meetings.

On the May 8, 2014 agenda, it was changed to, "Introduction of guests and visitors and invitation to express any questions or concerns. Each speaker is limited to three minutes." There was still an "Open Forum" at the end of the agenda.

On the May 15, 2014 Special Meeting agenda, there was no "Visitor Comments and Concerns." However, at the end of the meeting there is "Open Forum. Each speaker is limited to three minutes."

On the June 19, 2014 agenda, there is no "Visitor Comments and Concerns." There is an "Open Forum" at the end of the agenda.

On the June 23, 2014 Special Meeting agenda, there is no opportunity for members to address the Board.

On the June 30, 2014 Special Meeting agenda, there is no opportunity for members to address the Board.

On the July 10, 2014 agenda, there is still no "Visitor Comments and Concerns." There is an "Open Forum" at the end.

6) On the July 10, 2014 agenda there is an item, "Assignment of responsibilities of personnel." The Board voted to make one of the Directors (Gary Low) the General Manager. Visitors and members tried to explain to them that they could not vote to make Mr. Low the General Manager because it was not worded on the agenda to vote to make anyone GM. The President replied that they were trying to

Include broad-based topics so they could do what they needed to do. I believe this is a Texas Open Meetings Act violation.

- 7) For two monthly meetings after the training provided by TRWA, agendas, minutes, and financial report copies discussed during the meetings were made available at the door for members/visitors to pick up on their way into the meeting. It was commented that TRWA told them that they must provide copies or read aloud during the meeting.

Now, it has returned to being difficult to obtain copies. Excuses have been that the computer had a virus and they couldn't produce (but the Directors had copies), they don't have enough copies for everyone present, or they just say that they don't have copies. Since they will not give a financial report during the meeting (directors only look at the report and comment on items), I have no idea what they are talking about. I've been to a lot of public and club meetings, and I usually know when the meeting is over how much money the group has. However, that is not the case with AWS&SSC.

- 8) AWS&SSC uses a calendar year. At the Annual Meeting in April 2014, the annual audit for the year 2012 was presented for a second time. It was stated that the 2013 audit was "not complete at this time." In the July 14, 2014 it was stated that the 2013 audit has not been done because of "some circumstances" but would not elaborate. *How long does it take for an audit of a small water supply corporation take?*
- 9) In December 2013, AWS&SSC borrowed \$35,000 from a local bank. (One of the Directors is an employee of the bank.) The loan is secured by a CD that the corporation has at the bank. The corporation only has three CD's. At the time this loan was obtained, two of the CD's were pledged to the USDA for outstanding loans and each are less than \$30,000. The third CD was made up of membership deposits. The value is in excess of \$38,000. I do not know for sure, but I believe that the CD containing member deposits was pledged as collateral for this loan. *Is it legal for a water supply corporation to use member deposits for collateral?* I believe this is why the 2013 audit has not been completed.

In April 2014, AWS&SSC paid off the oldest of the two outstanding USDA loans. One CD is no longer pledged to the loan. However, it does not have enough funds to secure the \$35,000 loan.

- 10) On June 23, 2014, AWS&SSC held a Special Meeting with one topic on agenda – "Discuss bids for well repair and decide which bid to accept." The Board voted to pay \$44,652 for well repairs. According to financial reports, at the end of June they only had \$30,986 in the bank account. *Where to they intend to get this money?*

TCEQ has order AWS&SSC to have the well repaired by September 1<sup>st</sup>. The well has not been working since July 2013. State law requires water supply corporations the size of AWS&SSC to have 2 working wells.

- 11) The amount to obtain a water meter with AWS&SSC has always been \$3800 (\$3500 capital investment, \$200 tap fee, and \$100 membership fee). However, in November 2013 AWS&SSC there is a capital investment amount of \$1858.64. What is this amount? In February 2014, there is a capital investment amount of \$1304 and a \$100 membership fee. What is this amount? Is AWS&SSC now discounting the capital investment?
- 12) I recently obtained copies of several checks AWS&SSC wrote in 2012 and 2013. These were obtained through a legal open records request, but not through AWS&SSC. One check is signed by only one person and two checks are signed by two people. However, one of the people is not an officer of the corporation and never has been. The bylaws state that checks MUST be signed by the secretary/treasurer and the president. If the president is not available, then the vice-president may



sign. Although the checks are rather old, I believe that this practice is still ongoing from my observations during meetings.

Two representatives (President and Office Manager) from a neighboring water supply corporation have attended the last two meetings. They have questioned many of AWS&SSC's practices. They are trying to help, but our Board does not like to be questioned. I'm sure these ladies would be willing to speak with TCEQ about their observations.

For these reasons, I am asking that the investigation into Avalon Water Supply and Sewer Services Corporation be re-opened. Or, a new investigation opened. If TCEQ cannot help, please refer me to someone who can. This cannot go. The members of AWS&SSC fear that the corporation is about to go into bankruptcy. The rates were increased earlier this year. A new rate increase is already being discussed less than 6 months later. Our members simply cannot afford to pay the legal expenses incurred by this Board.

I will be happy to discuss this with anyone from TCEQ.

Sincerely,

  
Carol Gillespie

#1, 2, 3

# AVALON WATER AND SEWER SERVICE CORP

PO Box 70

Avalon, Texas 76623  
Phone: 972-627-0044

## AGENDA

### Officers

David Waishes, President  
Jacob Carter, Vice-President  
Robin Donaldson, Secretary/Treasurer

### Directors

Denice Wimbish  
Manuel Rodriguez  
Gary Low  
Ricky Johnston

OFFICIAL - 4-10  
FILED FOR RECORD  
CHERYL POLLEY  
ELLIS COUNTY CLERK  
MAY 11 - 2 PM 2014

### Notice of Monthly Meeting for May, 2014

To All Members:

The regular meeting of Avalon Water Supply and Sewer Service Corporation for May, 2014 will be held at the First Baptist Church, 206 Giles St., Avalon, Texas, on Thursday May 8, 2014 at 7:00 p.m. The governing body of Avalon Water Supply and Sewer Service Corporation reserves the right to adjourn into closed/executive session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply and Sewer Service Corporation board under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act
2. Introduction of guests and visitors and invitation to express any questions or concerns. Each speaker is limited to three minutes.
3. Review minutes of regular meeting of April 10<sup>th</sup> and accept or amend.
4. Review financial report and accept or amend.
5. Replace Ricky Johnston on Credentials Committee as he is up for re-election next year.
6. Discuss interior refinishing of large storage tank.
7. Operations Manager's report.
8. General Manager's report.
9. Presidents Report.
10. Open Forum.
11. Adjournment.

Robin Donaldson, Secretary/Treasurer



2014 MAY -8 PM 12:56

FILED FOR RECORD  
CINDY POLLEY

AVALON WATER SUPPLY & SEWER SERVICE CORP. IS COUNTY CLERK

PO BOX 70

AVALON, TX 76623

972-627-0044

May 8, 2014

**EMERGENCY NOTICE OF ADDITION TO AGENDA FOR DIRECTORS  
MEETING OF MAY 8, 2014**

The following item is added to the existing agenda for the Directors Meeting scheduled for May 8, 2014:

Adoption of resolution of the Board of Directors authorizing the purchase of approximately 1.01 acres of land adjacent to the Avalon Water Supply And Sewer Service Corp. Wastewater Treatment Plant

All other matters remain unchanged.

Robin Donaldson, Secy/Treas.





# AVALON WATER AND SEWER SERVICE CORP

P.O. Box 70

Avalon, Texas 76623  
Phone: 972-627-9044

## AGENDA

### Officers

David Walshes, President

Jacob Carter, Vice-President

Robin Donaldson, Secretary/Treasurer

### Directors

Denise Wimbish

Manuel Rodriguez

Gary Low

Ricky Johnston

### Notice of Special Meeting for May 15, 2014

#### To All Members:

A special meeting of the Board of Directors of Avalon Water Supply And Sewer Service Corp will be held on Thursday, May 15, 2014 at 7:00 pm at the First Baptist Church, 206 Giles St., Avalon, Tx. The governing body of Avalon Water Supply and Sewer Service Corporation reserves the right to adjourn into closed/executive session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in its order deems appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply and Sewer Service Corporation board under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act
2. Approve and sign Corporate Resolution related to purchase of land adjacent to Waste Water Treatment Plant
3. Open Forum. Each speaker is limited to three minutes.
4. Adjournment.

Robin Donaldson, Secretary/Treasurer



HEIDI L. HUNT  
CINDY FOLEY  
FOR THE BOARD  
MAY 12 PM 2:44


Avalon Water Supply and Sewer Service Corporation

Corporate Resolution

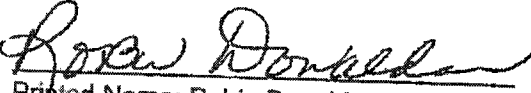
The undersigned, being all members of the Board of Directors of Avalon Water Supply and Sewer Service Corporation, a Texas corporation (the "Company"), acting pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code, adopt by consent the following resolution:

**RESOLVED** that Ed Hettinger, Manager of the Company, is authorized to execute and deliver, on behalf of and in the name of the Company, any agreements, documents or instruments, and to take or cause to be taken any action necessary or appropriate in connection with that certain Farm and Ranch Contract executed as of May 5, 2014, by and between Carol Gillespie, Marcla Gillespie and Mary Grace Gillespie Bates, as Seller, and Avalon Water Supply and Sewer Service Corporation, as Buyer, (the "Contract") for the property described in that Contract (the "Property") or to accomplish the purchase of the Property by the Company, in the form and with the provisions that Ed Hettinger may deem proper.

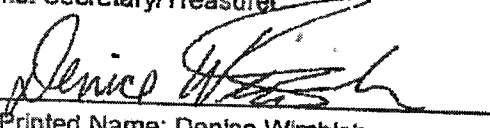
Executed as, but not necessarily on, May 8, 2014.

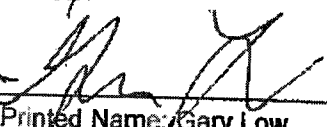
  
Printed Name: David C. Waishes  
Its: President

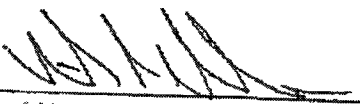
  
Printed Name: Jacob Carter  
Its: Vice-President

  
Printed Name: Robin Donaldson  
Its: Secretary/Treasurer

  
Printed Name: Manuel Rodriguez  
Director

  
Printed Name: Denise Wimblsh  
Director

  
Printed Name: Gary Low  
Director

  
Printed Name: Ricky Johnston  
Director

# 5

# AVALON WATER SUPPLY AND SEWER SERVICE

PO Box 70

Avz  
Phi

## AGENDA

### Officers

David Walshes, President  
Jimmy Brown, Vice-President  
Robin Donaldson, Secretary/Treasurer

Dir

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Mar  
Jen  
Ric

### Notice of Monthly Meeting for April 2014

To All Members:

The regular meeting of Avalon Water Supply and Sewer Service Corporation for April 2014 will be held at the Baptist Church, 206 Giles St., Avalon, Texas, on Thursday April 10, 2014, immediately following the meeting. The governing body of Avalon Water Supply And Sewer Service Corp. reserves the right to adjourn the session at any time during the course of this meeting to discuss any of the matters listed in this agenda deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney which the duty of the attorney to Avalon Water Supply And Sewer Service Corporation under Texas Rules of Professional Conduct of the State Bar of Texas clearly conflict with Texas Government Code Chapter 551 otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Presiding director calls the meeting to order immediately following the annual members requests verification of quorum being present and declares notices legally posted accordingly.
2. Visitors comments and concerns.
3. Elect President, Vice-President, and Secretary/Treasurer for ensuing year.
4. Select Credentials Committee for ensuing year.
5. Review and approve regular meeting minutes for March 13, 2014.
6. Review and approve Financial Report.
7. Review and discuss "Drought Response for Public Water Systems" letter from TCEQ.
8. Review and discuss "Public Hearing Notice" from Texas Water Development Board.
9. Discuss and possibly act on change of Power Supplier.
10. Discussion of paying off one of the USDA loans.
11. Discussion of obtaining new credit cards for company.
12. Discussion of establishing time limit for speakers from the floor.
13. Operations manager's report.
14. General manager's report.
15. President's report.
16. Open forum.
17. Adjourn.

Directors

Ed Marshes, President

Donice Wimbish

Th Carter, Vice-President

Manuel Rodriguez

Lin Donaldson Secretary/Treasurer

Gary Low

Ricky Johnston

4.11.14 2:11:15  
JENNIFER RECORD  
CHERYL POLLEY  
CLERK

Notice of Monthly Meeting for May, 2014

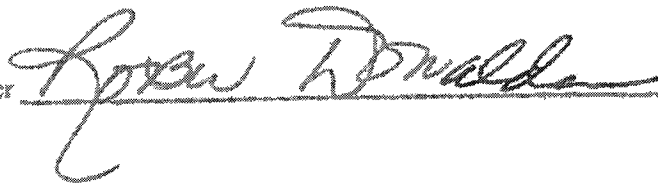
All Members

The regular meeting of Avalon Water Supply and Sewer Service Corporation for May, 2014 will be held at the First Baptist Church, 206 Giles St., Avalon, Texas, on Thursday May 8, 2014 at 7:00 p.m. The governing body of Avalon Water Supply and Sewer Service Corporation reserves the right to adjourn into closed/executive session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the corporation to Avalon Water Supply and Sewer Service Corporation board under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

- Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act
- Introduction of guests and visitors and invitation to express any questions or concerns. Each speaker is limited to three minutes.
- Review minutes of regular meeting of April 10<sup>th</sup> and accept or amend.
- Review financial report and accept or amend
- Replace Ricky Johnston on Credentials Committee as he is up for re-election next year.
- Discuss interior refinishing of large storage tank.
- Operations Manager's report.
- General Manager's report.
- Presidents Report.
- Open Forum
- Adjournment.

Lin Donaldson, Secretary/Treasurer





# AVALON WATER AND SEWER SERVICE CORP

PO Box 70

Avalon, Texas 76523  
Phone: 972-627-2344

## AGENDA

### Officers

David Walshes, President  
Isabel Carter, Vice-President  
Robin Donaldson, Secretary/Treasurer

### Directors

Denise Wimbish  
Manuel Rodriguez  
Garry Low  
Ricky Johnston

### Notice of Special Meeting for May 15, 2014

#### To All Members:

A special meeting of the Board of Directors of Avalon Water Supply And Sewer Service Corp will be held on Thursday, May 15, 2014 at 7:00 pm at the First Baptist Church, 206 Giles St., Avalon, TX. The governing body of Avalon Water Supply and Sewer Service Corporation reserves the right to adjourn into closed executive session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the members to Avalon Water Supply and Sewer Service Corporation board under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or to take any action that may be permitted under 551.

#### The agenda for the meeting is as follows:

1. Call meeting to order, determine presence of a quorum, and declare meeting legally convened pursuant to Open Meetings Act.
2. Approve and sign Corporate Resolution related to purchase of land adjacent to Waste Water Treatment Plant.
3. Open Forum (Each speaker is limited to three minutes).
4. Adjournment.

Robin Donaldson, Secretary/Treasurer





# Avalon Water Supply And Sewer Service Corporation

14 JUN 13 PM 1:20

PO Box 70

FILED FOR RECORD  
JUN 13 2014  
ELLIS COUNTY CLERK

## Agenda

### Officers

Davis Walshes, President

Jacob Carter, Vice-President

Robin Donaldson, Secretary/Treasurer

### Directors

Denice Wimbish

Manuel Rodriguez

Ricky Johnston

Gary Low

## Notice of Monthly Meeting for June 2014

### To All Members:

The regular meeting of Avalon Water Supply And Sewer Service Corp. will be held at the First Baptist Church, 206 Giles St., Avalon, Texas on Thursday June 13, 2014 at 7:00 PM. The governing body of Avalon Water Supply And Sewer Service Corp. reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply And Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Call meeting to order, verify presence of quorum and declare notices legally posted according to TCMA.
2. Discuss and authorize new signature card for bank account.
3. Discuss planning safety deposit box at bank.
4. Discussion and Decision about moving drop box from Fire Department to Water Office.
5. Victor Laramia to address Board about his meter readings.
6. Jimmy Brown to address Board regarding cost of activating old meters in the past and complaint that Fire Department door has been left open.
7. Review minutes of Special Meeting of April 10, 2014 and accept or amend.
8. Review minutes of Regular Meeting of May 8, 2014 and accept or amend.
9. Review minutes of Special Meeting of May 15, 2014 and accept or amend.
10. Review financials and approve or amend.
11. Discussion regarding new rate increase.
12. Discussion of Patsy Russell's claim that residents only have to pay minimum water bill.
13. Discussion of granting Office Administrative authority to develop and collect fees and all items necessary for the day to day administration and operation of the office including but not limited to creating and distributing forms and applications to the public at their request.

**AVALON WATER SUPPLY AND SEWER SERVICE CORPORATION**

**Agenda**

**Page 2**

- 14 Discuss and vote on procedures relating to volunteer workers.
- 15 Operation Manager's report.
- 16 General Manager's report.
- 17 Executive session to discuss replacement of the Hattingers.
- 18 Return to regular session and take any necessary actions, including voting, if needed.
- 19 President's report.
- 20 Open forum.
- 21 Adjournment.

  
Robin Donaldson, Secretary/Treasurer



# Avalon Water Supply And Sewer Service Corp.

PO BOX 711, B...

Avalon, TX 76820

## Agenda

### Officers

David Marshall, President

Jaron Carter, Vice President

Robin Donaldson, Secretary/Treasurer

### Director

Denise Henderson

Mark W. Martinez

Wally Johnston

Carol Lee

## Notice of Special Meeting for June 23, 2014

To All Members:

A special meeting of Avalon Water Supply And Sewer Service Corp. will be held at the First Baptist Church, 2121 G Street, Avalon, Texas on Monday, June 23, 2014 at 7:00 PM. The governing body of Avalon Water Supply And Sewer Service Corp. reserves the right to adjourn into closed sessions at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney, and in all in which the duty of the attorney to Avalon Water Supply And Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct or the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or is otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Call meeting to order, verify presence of the quorum and declare notice legally sufficient to TQMA.
2. Discuss bids for well repair and decide which one to accept.
3. Adjournment.

  
Robin Donaldson, Secretary/Treasurer

2014 JUN 27 PM 1:19

# AVALON WATER AND SEWER SERVICE CORP

PO Box 70

ELLIS COUNTY CLERK  
Avalon, Texas 76623  
Phone: 972-627-0044

## AGENDA

### Officers

David Waishes, President

Jacob Carter, Vice-President

Robin Donaldson, Secretary/Treasurer

### Directors

Denice Wimbish

Manuel Rodriguez

Gary Low

Ricky Johnston

### Notice of Special Meeting for June 30, 2014

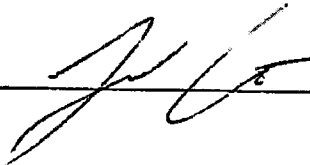
To All Members:

A special meeting of the Board of Directors of Avalon Water Supply And Sewer Service Corp will be held on Monday, June 30, 2014 at 7:00 pm at the First Baptist Church, 206 Giles St., Avalon, TX. The governing body of Avalon Water Supply and Sewer Service Corporation reserves the right to adjourn into closed/executive session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply and Sewer Service Corporation board under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

1. Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act
2. Consideration & action on replacement of office personnel.
3. Adjournment.

Jacob Carter, Vice-President



2014 JUL -3 AM 11: 20

**Avalon Water Supply And Sewer Service Corp.**

PO Box 70

FILED FOR RECORD  
CINDY POLLEY  
Avalon, TX 76629  
ELLIS COUNTY CLERK

**Agenda**

**Officers**

Davis Walshes, President

Jacob Carter, Vice-President

Robin Donaldson, Secretary/Treasurer

**Directors**

Denice Wimbish

Manuel Rodriguez

Ricky Johnston

Gary Low


**Notice of Monthly Meeting for July 2014**

To All Members:

The regular meeting of Avalon Water Supply And Sewer Service Corp. will be held at the First Baptist Church, 206 Giles St., Avalon, Texas on Thursday July 10, 2014 at 7:00 PM. The governing body of Avalon Water Supply And Sewer Service Corp. reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply And Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

The agenda for the meeting is as follows:

- 1 Call meeting to order, verify presence of quorum and declare notices legally posted according to TOMA.
- 2 Operation Manager's report.
- 3 General Manager's report.
- 4 Presidents report
- 5 Assignment of responsibilities of personnel.
- 6 Review minutes of Regular Meeting of June 19, 2014 and accept or amend.
- 7 Review minutes of Special Meeting of June 23, 2014 and accept or amend.
- 8 Review minutes of Special Meeting of June 30, 2014 and accept or amend.
- 9 Review financials and approve or amend.
- 10 Victor Ledesma to address Board about his meter readings. *not here*
- 11 Jimmy Brown to address Board regarding property on Old Blooming Grove Road. *not here*
- 12 Open forum.
- 13 Adjournment.

  
Robin Donaldson, Secretary/Treasurer

#8

# AVALON WATER SUPPLY AND SEWER SERVICE CORP

PO Box 70

Avalon, Texas 76623  
Phone: 972-627-004

## AGENDA

### Officers

David Walshes, President  
Timmy Brown, Vice-President  
Rob J. Donaldson, Secretary/Treasurer

### Directors

Denise Wimbish  
Manuel Rodriguez  
Jeremy Langley  
Ricky Johnston

### NOTICE OF MEMBER MEETING AND ELECTION FOR AVALON WATER AND SEWER SERVICE CORPORATION

To All Members:

The annual meeting of Avalon Water Supply and Sewer Service Corporation will be held at the First Baptist Church, 206 Giles St., Avalon, Texas, on Thursday April 10, 2014 at 7:00 p.m. The governing body of Avalon Water Supply and Sewer Service Corp. reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551 or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply and Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflict with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

Members will check in with the Election Auditor who will verify whether the member has already submitted a ballot. Those members who are voting at the meeting will be provided with a ballot.

Members who want to address the board or the membership must sign in on a separate sheet provided by the presiding director indicating the topic they wish to discuss. Members will be given three minutes each to speak.

No motions may be accepted or action taken on issues brought up at the meeting from the floor. All action items must have been included on the posted agenda. Members can request that items be placed on the agenda for future annual (or special) member meetings or for future meetings of the Board of Directors. This limitation is required by the public notice requirements of the Texas Open Meetings Act and is not an attempt to limit any member's access to address an issue to the Board of Directors or the membership.


### AGENDA FOR MEMBERS' MEETING

1. Presiding director calls the meeting to order at 7:00 p.m. and requests verification of quorum being present and declares notices legally posted according to TOMA.
2. Presiding director makes a last call for submission of ballots.
3. Presiding director announces the total number of members present as of 7:00 p.m. at the meeting and the total number of ballots received prior to the meeting. Presiding director will then announce that quorum of the membership is present and that the meeting may proceed. Election Auditor will begin counting the ballots. Members arriving after a quorum has been established may still vote as long as the Election Auditor has not completed the written report of the election results.
4. Read and approve minutes from previous member meeting.
5. President's report.
6. Review 2012 Auditor's report.
7. Open forum for members who signed up to speak, limited to three minutes per speaker.
8. Election Auditor provides the presiding director with a written report of the election.

FILED FOR RECORD  
CINDY POLLEY  
TALLIS COUNTY CLERK



9. Presiding director announces election results.
10. Presiding director introduces newly elected directors, and if no objections, declares to assume the position of directors immediately.
11. Comments from newly elected directors.
12. Closing comments by presiding director.
13. Adjourn.

  
Robin Donaldson, Secretary/Treasurer

**AVALON WATER AND SEWER SERVICE CORPORATION**  
**ANNUAL MEMBER MEETING AND ELECTIONS**

**April 10, 2014**

**MINUTES**

1. Presiding director, President David Waishes, called the meeting to order at 7:00 p.m. Jimmy Brown declared that a quorum was present. General Manager stated notices were legally posted according to TOMA.
2. Presiding director made last call for submission of ballots
3. Presiding director announced the total number of members present- eleven, number of mailed in ballots - sixty eight, and all seven board members present. Presiding director announced that a quorum of the membership is present and that the meeting may proceed. Election Auditor, Tommie Worthy may now begin counting the ballots.
4. Read and approve minutes from previous member meeting.
  - Robin Donaldson read the 2013 annual member meeting minutes. Motion by Manuel Rodriguez to accept minutes as written. Second by Denice Wimbish. Motion passed unanimously.
5. President Report
  - Copy attached
6. Review 2012 Auditor's report
  - Ed Hettinger stated that audit was not done last year. However it has been completed. Board reviewed 2012 report at a previous meeting. Ed also stated that we lost approximately \$20K last year. 2013 Auditor's report is not complete at this time.
7. Open forum for members who signed to speak limit of three minutes per speaker.
  - Candace Brewster stated her question had already been answered regarding the 2013 audit.
8. Election Auditor provides the presiding director with a written report of the election.
  - Tommie Worthy, election auditor, gave David Waishes the election report.
9. Presiding director announced election results



- Matilda Williams 25
- Chris Brewster 12
- Gary Low 41
- Jacob Carter 46
- David Waishes 50
- Jimmy Brown 25

10. Presiding director introduced newly elected officers, and asked the board members to assume the position of directors immediately.

- David thanked Jeremy and Jimmy for serving on the board. They in turn expressed gratitude for being able to serve on the water board.

11. Comments from newly elected directors

- Jacob Carter expressed appreciation and willingness to serve the community. Gary Lowe was unable to attend the meeting.

12. Closing comments by presiding director

- None

13. Adjourn

- 7:30 p.m. Motion made by Manuel Rodriguez to adjourn. Second by Ricky Johnston. Motion passed unanimously.

Approved by the board of directors this \_\_\_\_\_ day of \_\_\_\_\_  
2014. \_\_\_\_\_

David Waishes, President

Robin Donaldson, Sec/Treas

#9

# **AVALON WATER AND SEWER SERVICE CORPORATION**

## **BOARD OF DIRECTORS MEETING**

**December 12, 2013**

### **MINUTES**

Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act.

- The Board of Directors of Avalon Water and Sewer Service Corporation met for their regularly scheduled meeting at the First Baptist Church, Avalon, Tx at 7:00 p.m. on Thursday, December 12, 2013.
  - Chad → • ~~President David Waishes called the meeting to order at 7:00 p.m.~~ Presence of a quorum was confirmed.
  - Directors present were Jimmy Brown, Robin Donaldson, Manuel Rodriguez and Denice Wimbish. Also present Operations Manager, Gregg Rodriguez and General Manager, Ed Hettinger.
  - Visitors present were Carol Gillespie, Marcia Gillespie, Candice Brewster, Chris Brewster, Patsy Russell, Tom Shaw and Gary Smith with TRWA.
1. Vice President Jimmy Brown, called the meeting to order at 7:00 p.m. Denice Wimbish declared that a quorum was present.
  2. Visitors comments and concerns
    - Patsy Russell stated that Kevin Mason, who purchased the Gillespie home at the corner of Giles and 55 had planned to come to the meeting with her. At the last minute he had a problem arise and was unable to attend. Patsy asked that discussion concerning Kevin's concerns below, be placed on the next meeting agenda. He has a travel trailer that an ill relative will be living in temporarily. Kevin has questions about water service for this trailer.
  3. Review and approve of minutes of November 14, 2013 meeting
    - Motion made by Denice Wimbish to accept minutes as written, second by Manuel Rodriguez. Motion passed unanimously.
  4. Review and approve minutes of special meeting held November 18, 2013.

- Motion made by Manuel Rodriguez to table agenda item #4 since the minutes were not present to be reviewed at the meeting. Motion second by Denice Wimbish. Motion carried unanimously.
5. Secretary/Treasurer Report & #Agenda item #6 Financial Report
    - Motion made by Denice Wimbish to accept Sec/Treas report & Financial report, second by Manuel Rodriguez. Motion passed unanimously.
  6. Financial Report (see above)
  7. Change Article IV and Article XI of the by-laws to establish annual meeting appropriate for new requirements of elections.
    - Table #7 and put on agenda for January 2013. Motion made by Denice Wimbish, second by Manuel Rodriguez. Motion passed unanimously.
  8. Discuss and set calendar for 2014 election
    - Table item #8 additional items to be acted upon not fully stated on agenda. Motion made by Manuel Rodriguez, second by Denice Wimbish. Motion passed unanimously.
  9. Decide on loan from FSB
    - Motion made by Manuel Rodriguez to make a CD secured loan in the amount of \$35,000.00 for operating capital at First State Bank. Loan term will be 36 months with an approximate \$1000.00 payment per month. Second by Denice Wimbish. Motion passed unanimously.
  10. Discuss and change electrical supplier.
    - Manuel Rodriguez made a motion for Ed to research this item and discuss with TXU a possible negotiated price before we decide to change companies. Second by Denice Wimbish. Motion passed unanimously.
  11. Discuss obtaining a generator for well pump.
    - Ed and/or Gregg will get prices for generator and come back to board with those amounts.
  12. Discuss Christmas gifts/bonuses for employees.
    - Motion was made by Denice Wimbish to give Gregg a \$500.00 bonus and Joe a \$250.00 bonus. Second by Manuel Rodriguez. Motion passed unanimously.
  13. Operations manager's report
    - Gregg reported freezing up of one of the wells during extreme cold weather conditions. He also reported on a leak involving a bore on Big Onion Creek.

The company that did the bore stands behind their work and will repair at no charge.

**14. General manager's report**

- Workman's comp insurance will run \$3400.00.
- J.L. Meyers is still doing work on the well that was pulled and had camera inspection. Bottom 40 feet is full of sand and trash and must be drilled out. It will be drilled out and fracture the pipe. It is recommended that we stay with a smaller pump to protect the operation and longevity of this well.
- Cate Welding finished the inspection on one of our tanks. Their bid is \$58,000.00 to repair and coat the tank. Their estimate may be inaccurate due to wrong gallon capacity. Ed and Gregg are checking on bids for tank repair before we accept Cate's bid. Also reported repairs cost \$1800.00 on pump at well #2.

**15. President's Report**

- Motion made by Manuel Rodriguez to table #15 since president was not present to make his report. Second by Denise Wimbish. Motion passed unanimously.

**16. Open Forum**

- There was discussion concerning a Special meeting to discuss and finalize election calendar and approval of forms for election in order to meet time lines. The meeting will be on December 19, 2013 at 7:00 p.m. Robin Donaldson made motion to that effect, second by Manuel Rodriguez. Motion passed unanimously.

**17. Adjourn**

- Motion made by Robin Donaldson to adjourn at 8:20 p.m. Motion second by Manuel Rodriguez. Motion passed unanimously.

**Approved by the board of directors this \_\_\_\_\_ day of \_\_\_\_\_ 2013.**

\_\_\_\_\_  
David Waishes, President

\_\_\_\_\_  
Robin Donaldson, Sec/Trea

**CD Rate/APY Comparison on 10/02/2012**

Term	CNB Hillsboro	CSB Itasca	FCCU Hillsboro
6 month	0.60%	1.00%	0.55%
12 month	0.70%	1.10%	0.75%
24 month	0.90%	1.20%	0.95%

**Rates in CD comparison above change daily to weekly and are only intended to provide a current comparison prior to monthly board meeting**

**AVALON WATER SUPPLY AND SEWER SERVICE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2012

**CURRENT ASSETS**

Cash on Hand	\$	50	
Cash in Banks		7,334	
Certificates of Deposit		85,075	
Total Cash			92,459
Accounts Receivable, net			32,375
Prepays			6,019
<b>TOTAL CURRENT ASSETS</b>			<b>130,854</b>

Water Rights	41,510
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Property and Equipment, Net	879,551
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<b>TOTAL ASSETS</b>	<b>1,051,915</b>
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**LIABILITIES & MEMBERSHIP EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	7,853
Accrued Expenses	714
Current Portion of Notes Payable	21,283
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,850</b>

**LONG TERM LIABILITIES**

Membership Deposits	36,271
Note Payable	285,564
<b>TOTAL LONG TERM LIABILITIES</b>	<b>321,835</b>

<b>TOTAL LIABILITIES</b>	<b>351,685</b>
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**MEMBERSHIP EQUITY**

Unrestricted:	
Paid in Capital	117,200
Cumulative Excess of Revenue over Expenditures	583,030
<b>TOTAL MEMBERSHIP EQUITY</b>	<b>700,230</b>

<b>TOTAL LIABILITIES &amp; MEMBERSHIP EQUITY</b>	<b>\$ 1,051,915</b>
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The accompanying notes are an integral part of the financial statements.

#10

# **AVALON WATER SUPPLY AND SEWER SERVICE CORP.**

## **BOARD OF DIRECTORS SPECIAL MEETING**

**June 23, 2014**

### **MINUTES**

Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act.

- The Board of Directors of Avalon Water Supply And Sewer Service Corporation met for a special meeting at the First Baptist Church, Avalon, Tx at 7:00 p.m. on Monday, June 23, 2014.
  - Directors present were David Waishes, Manuel Rodriguez, Ricky Johnston and Denice Wimbish. Also present, General Manager Ed Hettinger and Operations Manager Gregg Rodriguez.
  - Visitors present were Carol Gillespie, Candace and Chris Brewster and Jan Hettinger.
1. President David Waishes called the meeting to order at 7:00 p.m. A quorum was declared present by Ricky Johnston. General Manager stated notices were legally posted according to TOMA.
  2. Discuss and act on bids for repair on well #2
    - Three bids were given. Ed recommended soft start motor at a cost of \$44,652.10. This type motor should have a longer life span because there is less stress on it. TCEQ wants well on line by September 2014.
    - Motion made by Ricky Johnston to accept the bid as stated above. 2<sup>nd</sup> by Manuel Rodriguez. Motion passed unanimously.
  3. Adjournment
    - Motion made by Manuel Rodriguez to adjourn at 7:09 p.m. 2<sup>nd</sup> by Ricky Johnston. Motion passed unanimously.

Approved by the board of directors this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

\_\_\_\_\_  
David Waishes, President

\_\_\_\_\_  
Denice Wimbish, Acting Secretary

[illegible]

## Return of Petty Cash to bank account

100.00

Total Cash Receipts	23,574.63	28,959.23	28,105.41	27,700.25	29,520.10	33,115.16	5,689.29	0.00	0.00	0.00	0.00	176,624.07
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**Membership buy-in**

Capital investment	1,304.00	1,304.00
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**Tap Fee**

Membership	100.00	100.00
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**Total Membership Buy-In**

[illegible]

**Total Monthly Revenue**

23,524.63	30,363.23	26,105.41	27,700.25	29,520.10	33,115.16	5,699.29	0.00	0.00	0.00	0.00	178,028.07
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	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Disbursements</b>													
<b>Attorney &amp; CPA Expense</b>													
Aimee Hess, Attorney			3,750.00			4,165.00							7,915.00
KSA Engineers			385.00										385.00
Kendall Stone CPA													0.00
Wray, Willett & Stoffer		700.00											700.00
<b>Total Attorney &amp; CPA Expense</b>	<b>0.00</b>	<b>700.00</b>	<b>4,135.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,165.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,000.00</b>
<b>Banking Fees</b>													
Charge Back Item					67.41								67.41
Bank Fee					5.00								5.00
Bank to adjust													0.00
Visa Credit Card Interest		6.52	2.14										8.66
<b>Total Banking Fees</b>	<b>0.00</b>	<b>6.52</b>	<b>2.14</b>	<b>0.00</b>	<b>72.41</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>81.07</b>
<b>Chemicals &amp; Supplies Purchased - Water &amp; Sewer</b>													
Blackland Building Supply Inc	134.59			41.89		37.30							213.78
Bowles Sand & Gravel	411.37												411.37
Helena Chemical Co.				72.65									72.65
K W Utilities													0.00
Longhorn Industrial Supply				34.70		89.48	35.00						159.18
Morrison Supply Company						1,129.43							1,129.43
OK Lumber Co	18.79	25.94	53.72		212.34		70.26						355.11
Tractor Supply													25.94
Wiseman Hardware - construct on Vests		43.28	21.64										64.92
<b>Total Chemicals &amp; Supplies - Water &amp; Sewer</b>	<b>564.75</b>	<b>69.22</b>	<b>75.36</b>	<b>148.24</b>	<b>212.34</b>	<b>1,256.21</b>	<b>105.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,432.38</b>
<b>Chemicals &amp; Supplies Purchased - Water</b>													
Britton Meter Supply		1,448.17	710.79	892.10	617.84	1,236.87							4,895.72
Filbott Electric		511.48											511.48
Home Depot		374.23	53.67										427.90
K-D Water Service	257.76		403.75		125.29	208.83							995.63
Lorestar Maintenance Inc	358.10	809.00	35.00	35.00	616.09	831.00							2,684.19
TMS WBS inc			85.42										85.42
Buster Russell Construction													0.00
Smith Pump Company	3,206.28												3,206.28
<b>Total Chemicals &amp; Supplies - Water</b>	<b>3,822.14</b>	<b>3,132.88</b>	<b>1,288.63</b>	<b>927.10</b>	<b>1,359.22</b>	<b>2,276.65</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12,806.62</b>
<b>Chemicals &amp; Supplies Purchased - Sewer</b>													
Hach		114.66	96.23										0.00
Home Depot - equipment													210.91
Kendall Acquisition (sewer bugs)		420.00											420.00
Lowes - Heaters for plant & screwdrivers		78.95											78.95
Walmart - Misc for sewer plant	24.20		37.65										61.85
Russell Bros Contracting													0.00
<b>Total Chemicals &amp; Supplies - Sewer</b>	<b>0.00</b>	<b>637.63</b>	<b>133.88</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>771.71</b>

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Insurance</b>													
AIA Insurance													0.00
Capps Insurance Agency													0.00
Service Lloyds Insurance Company	348.00		953.00	272.00	272.00	272.00							0.00
Rodriguez, Gregg - Insurance	150.00	150.00	150.00	150.00	225.00	150.00							2,117.00
<b>Total Insurance</b>	<b>498.00</b>	<b>150.00</b>	<b>1,103.00</b>	<b>422.00</b>	<b>497.00</b>	<b>422.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,092.00</b>
<b>Office Expense</b>													
Best Buy - computer software, misc items	108.24	106.06	165.68										379.98
Card Service Center				328.73	763.81	723.90							1,816.44
Cash - Reimb Petty Cash				51.03	69.59	69.73							190.35
Deluxe Checks				107.60									107.60
Secretary of State				5.00									5.00
Ink, envelopes misc supplies		419.60											419.60
Office Depot - paper, file boxes		95.21											95.21
Gregg Rodriguez - travel exp			469.92			301.28							771.20
Ellis Associates Surveyors - Gillespie Land				487.13									487.13
Ellis County Abstract & Title - Gillespie Land				1,000.00	5,265.54	170.00							6,265.54
Ellis County Medical Associates					350.00								350.00
TEEX - Class training for Gregg License	475.00												475.00
Ed Hettlinger - Misc supplies and equip				785.66	1,377.10	1,122.92							3,285.70
RVS Software						864.92							864.92
TX Dept State Health Services - Tier 2				50.00									50.00
TRWA - Books and information			178.61	173.20									351.81
USPS - Postage	516.97	115.68	108.49	136.00	102.00	332.00							1,311.14
La Estrella - lunch workers			15.99										15.99
<b>Total Office Expense</b>	<b>1,100.21</b>	<b>736.55</b>	<b>938.69</b>	<b>3,124.37</b>	<b>7,928.04</b>	<b>3,584.75</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,412.61</b>
<b>Payroll</b>													
Gregg Rodriguez - Payroll	3,465.14	3,376.57	3,199.03	3,055.43	4,661.37	3,540.76	1,564.77						22,863.07
Valdez, Joe - payroll	1,587.26	1,598.58	1,739.64	1,544.10	2,439.76	1,544.10	827.92						11,281.36
Waisches, Daniel - payroll	603.45	166.23	147.76	110.82	383.25	475.60							1,887.11
Waisches, Jacob - payroll						64.64							64.64
Elton Crocker - part time			27.70										27.70
Baker, Scott - part time			147.76		73.88	380.79							602.43
<b>Total Payroll</b>	<b>5,655.85</b>	<b>5,141.38</b>	<b>5,261.69</b>	<b>4,710.35</b>	<b>7,558.26</b>	<b>6,005.69</b>	<b>2,392.69</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>36,716.31</b>
<b>Sanitation / Landfill Services</b>													
DCL Sanitation - Dumpster	136.00	68.00	68.00	68.00	44.62	68.00							452.62
Lee Way Sanitation													
Richland Sanitation	75.00	75.00	75.00		150.00	111.81							111.81
<b>Total Sanitation/Landfill Services</b>	<b>211.00</b>	<b>143.00</b>	<b>143.00</b>	<b>68.00</b>	<b>194.62</b>	<b>179.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>939.43</b>

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Services Required</b>													
Calfee Boring					4,094.75								4,094.75
H2O Steel Contractors, LLC						22,500.00							22,500.00
Joe Valdez - mileage to repair lines			38.64										38.64
J.L. Myers		535.84	6,000.00										6,535.84
KW Utilities						400.00							400.00
Brian Roberts - Repair pump				375.00									375.00
Cate Welding		850.00											850.00
Nepturme - Wilkinson - maps					328.67								328.67
Buster Russell Construction					150.00								150.00
<b>Total Services Required</b>	<b>0.00</b>	<b>1,385.84</b>	<b>6,038.64</b>	<b>375.00</b>	<b>4,573.42</b>	<b>22,900.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>35,272.90</b>
<b>Taxes</b>													
United States Treasury - 2012 taxes	4,291.41												4,291.41
United States Treasury - 2013 taxes	7,040.06			584.65	23.39								7,648.10
United States Treasury - 2014 taxes				3,165.51	889.58	1,439.46							5,494.55
Texas Workforce Audit 2012							248.28						248.28
Texas Workforce Quarterly Taxes				30.77			24.35						55.12
<b>Total Taxes</b>	<b>11,331.47</b>	<b>0.00</b>	<b>0.00</b>	<b>3,780.93</b>	<b>912.97</b>	<b>1,439.46</b>	<b>272.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>17,737.46</b>
<b>Testing &amp; Misc Fees</b>													
Bio Chem Lab, Inc	433.00	540.00	421.00	706.00	1,433.00	986.00							4,519.00
Crisp Analytical Laboratories													0.00
Environmental Monitoring Lab													0.00
Lower Colorado River Authority													0.00
Prairielands Groundwater	561.51	453.96	413.63	402.45	397.22	574.26							2,803.03
TCEQ - 1/2% sales tax	1,418.06												1,418.06
TCEQ - Annual Wastewater Permit Fee													0.00
TCEQ - Annual Water Permit Fee													0.00
Texas Dept. St Health Service													0.00
Texas Workforce Commission	41.31												41.31
Trinity River Authority	186.00		186.00	93.00	93.00	93.00							651.00
<b>Total Testing &amp; Misc Fees</b>	<b>2,639.88</b>	<b>993.96</b>	<b>1,020.63</b>	<b>1,201.45</b>	<b>1,923.22</b>	<b>1,653.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,432.40</b>
<b>Loans</b>													
First State Bank Loan Payment	1,065.45	1,087.91	1,081.89	1,082.21	1,087.52	1,080.00							6,484.98
USDA Loan Payment	1,447.00	1,447.00	1,447.00	1,447.00	1,447.00	1,447.00							8,682.00
USDA Loan Payment (Apr final prnt)	1,449.00	1,449.00	1,449.00	7,530.97									11,877.97
<b>Total USDA Loan Payments</b>	<b>3,961.45</b>	<b>3,983.91</b>	<b>3,977.89</b>	<b>10,060.18</b>	<b>2,534.52</b>	<b>2,527.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>27,044.95</b>
<b>Utilities</b>													
AT&T	213.96	214.29	214.29	214.29	214.35	214.35	215.13						1,500.66
TXU Electric	6,236.68		5,767.59	3,042.30	3,276.02	3,580.55							21,903.14
Windstream Comm	386.60	188.63	198.28	188.99	188.99	188.99							1,340.48
<b>Total Utilities</b>	<b>6,837.24</b>	<b>402.92</b>	<b>6,180.16</b>	<b>3,445.58</b>	<b>3,679.36</b>	<b>3,983.89</b>	<b>215.13</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>24,744.28</b>

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Vehicle Expense</b>													
Avenue Fuel Distributors - Diesel						679.80							679.80
Ellis City Tax Assessor - Truck License	62.75												62.75
Emm's Ford - Service truck parts	127.77												127.77
Cornelius Tire Shop						419.25							419.25
Varner Alton	436.34	515.01	437.28	462.75	555.06	482.09	439.54						3,328.07
AutoZone		61.82	47.14										108.96
Maxhachie Auto Supply Inc													0.00
<b>Total Vehicle Expense</b>	<b>626.86</b>	<b>576.83</b>	<b>484.42</b>	<b>462.75</b>	<b>555.06</b>	<b>1,581.14</b>	<b>439.54</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,726.60</b>
<b>Total Expenses for Month</b>	<b>37,248.85</b>	<b>18,060.84</b>	<b>30,783.33</b>	<b>28,726.95</b>	<b>32,000.44</b>	<b>51,975.06</b>	<b>3,425.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>202,220.72</b>



Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
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	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Deposits													
	4,042.28	7,695.79	837.34	1,306.44	1,079.13	1,394.07	4,455.53	1,121.57	4,635.89	1,593.28	837.75	2,873.50	31,872.57
	1,347.22	1,970.07	1,336.93	5,861.46	749.76	3,449.93	3,968.03	1,816.99	1,358.60	2,769.83	810.50	579.23	26,018.55
	3,888.22	4,213.34	1,692.92	5,144.54	2,482.31	1,148.49	1,966.51	1,558.23	1,621.03	1,372.41	359.14	1,977.49	27,424.63
	6,813.79	3,476.81	246.00	4,327.80	4,356.78	2,517.34	83.92	4,602.87	1,131.22	989.72	3,005.41	1,345.30	32,896.96
	12,275.43	1,611.66	1,850.82	6,673.73	3,310.56	1,327.47	236.83	3,077.77	1,779.79	2,085.66	4,466.27		38,695.99
	2.00	1,015.44	5,690.53	2,201.79	2,254.43	2,785.54	2,963.72	805.88	1,285.27	2,126.84	1,462.39		22,593.83
	2,181.69	1,678.99	5,602.19	999.52	2,910.67	3,321.29	1,371.94	1,947.36	10,805.62	280.00	2,608.35		33,707.62
	1,409.08	1,446.00	1,346.61		3,021.28	3,568.69	1,958.08	2,338.66	1,982.14	500.75	1,505.16		19,076.45
	415.36				1,059.04	2,708.11	1,792.48	4,440.73	2,825.74	2,162.62	3,035.02		18,439.10
					80.00		3,678.36	236.00	987.27	1,775.79	1,034.68		7,792.10
							844.29	2,954.12	2,098.36	3,582.90	1,384.43		10,864.10
							2,738.36	75.00	406.95	3,301.89	635.06		7,157.26
							206.93	267.86	1,993.89	2,230.55	1,852.89		6,552.12
								2,806.25		2,265.44			5,071.69
								317.92		1,537.43			1,855.35
										1,587.87			1,587.87
										259.98			259.98
										2,210.12			2,210.12
										520.92			520.92
													0.00

<b>Total Cash Receipts</b>	32,375.07	23,108.10	18,603.34	26,515.28	21,303.96	22,220.83	26,264.98	28,367.21	32,911.77	33,154.00	22,997.05	6,775.52	294,597.21
Rodriguez, Gregg - workmen's comp check				1,105.26	70.84	53.12							1,229.22
<b>Total Workmen's Comp Deposited</b>	0.00	0.00	0.00	1,105.26	70.84	53.12	0.00	0.00	0.00	0.00	0.00	0.00	1,229.22
<b>Membership buy-in</b>													
Capital Investment													
Tap Fee													
Membership													
<b>Total Membership Buy-In</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,800.00	1,858.64	3,800.00	9,458.64
<b>Total Monthly Revenue</b>	32,375.07	23,108.10	18,603.34	27,620.54	21,374.80	22,274.05	26,264.98	28,367.21	32,911.77	36,954.00	24,855.69	10,575.52	305,285.07

## Avalon Water Supply and Sewer Service Corporation

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
<b>Deposits</b>													
	2,426.18	1,114.32	511.87	1,433.02	1,881.99	809.76	625.51						8,802.65
	1,530.64	1,590.65	705.03	2,778.48	1,348.20	2,093.69	553.35						10,600.04
	818.23	1,608.84	1,071.01	2,718.10	2,158.02	5,310.20	675.98						15,360.38
	3,237.63	2,644.73	1,706.68	3,140.17	2,195.69	1,889.85	681.11						15,495.86
	1,534.69	2,521.47	3,179.78	1,265.20	2,791.01	1,446.34	874.02						13,612.51
	996.37	1,159.99	2,326.52	1,911.58	2,277.11	329.96	2,289.32						11,240.85
	3,329.51	2,776.79	734.50	1,635.61	1,449.00	1,597.45							11,522.86
	1,180.12	1,181.75	617.93	1,325.20	1,983.98	2,396.22							8,685.20
	548.59	1,347.15	1,722.07	1,459.71	2,124.73	2,058.43							9,260.68
	1,701.19	1,323.61	1,356.84	1,197.19	1,533.44	1,902.21							9,014.48
	2,034.31	398.41	471.45	1,711.03	1,153.95	2,360.19							8,129.34
	1,635.90	1,576.98	1,615.98	2,157.36	427.54	1,296.77							10,143.33
	1,120.19	1,849.27	1,677.40	990.08	1,654.54	1,296.77							8,588.25
	770.45	3,481.00	1,583.39	1,115.55	1,579.75	1,806.12							10,336.26
	660.63	468.73	1,716.32	1,230.37	1,149.45	2,215.52							7,440.72
		680.62	2,044.16	574.10	1,603.43	1,772.88							6,675.19
		1,140.51	109.27	841.79	1,316.64								3,408.21
		1,089.31	1,232.66	100.00	941.93								3,363.90
		22.00	413.42	115.71									551.13
		983.10	1,029.33										2,012.43
			943.50										943.50
			1,043.42										1,043.42
			292.88										292.88
						100.00							0.00
													0.00
													100.00
<b>Return of Petty Cash to bank account</b>													
<b>Total Cash Receipts</b>	<b>23,524.63</b>	<b>28,859.23</b>	<b>28,105.41</b>	<b>27,700.25</b>	<b>29,520.10</b>	<b>33,115.16</b>	<b>5,699.29</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>175,624.07</b>
<b>Membership buy-in</b>													
Capital Investment													
Tap Fee													
Membership		1,304.00											1,304.00
<b>Total Membership Buy-In</b>	<b>0.00</b>	<b>1,404.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,404.00</b>
<b>Total Monthly Revenue</b>	<b>23,524.63</b>	<b>30,263.23</b>	<b>28,105.41</b>	<b>27,700.25</b>	<b>29,520.10</b>	<b>33,115.16</b>	<b>5,699.29</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>178,028.07</b>



AVALON WATER SUPPLY  
SPECIAL ACCOUNT  
P.O. BOX 70  
AVALON, TX 76623

68-1200/1119

1140

Attachment #1

DATE 4-5-12

PAY TO City of Italy \$ 1225.<sup>00</sup>/xx  
THE ORDER OF One Thousand Two Hundred Twenty Five Dollars

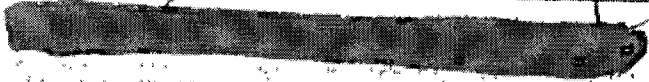


100 W. Main  
Italy, Texas 76651  
972-483-7329

POST SERVICE BANK  
MEMO

sludge treatment

R. O. B. Donald



TOTAL DUE THIS INVOICE:

Please make check payable to and remit to:

RECEIVED APR 15 2013

\$ 1,225.00

CITY OF ITALY  
PO BOX 840  
ITALY, TX 76651  
972-483-7329

AVALON WATER AND SEWER  
CORPORATION  
PO BOX 0246  
ITASCA, TX 76055-0246

P.O. Box 840 • Italy, Texas 76651 • (972) 483-7329 • [www.ci.italy.tx.us](http://www.ci.italy.tx.us)

<b>CITY OF ITALY</b> P.O. Box 840 • 101 W. Main ITALY, TEXAS 76651 (972) 483-7329	<b>CASH RECEIPT</b>		Date <u>4-15-13</u>		155828	
	Received From		<u>AVALON WATER SUPPLY</u>			
	Address		<u>KH 1140</u>			
	For		<u>SLUDGE PUMPING</u>			
			Dollars \$ <u>1225<sup>00</sup></u>			
<b>ACCOUNT</b>		<b>HOW PAID</b>				
AMT. OF ACCOUNT		CASH				
AMT. PAID		CHECK	<u>1225<sup>00</sup></u>			
BALANCE DUE		MONEY ORDER CREDIT CARD		By <u>AB</u>		

Attachment #2

No. 3599

Date: 07/12/2012

DATE	INVOICE	DESCRIPTION	GL ACCOUNT	DEPT ACTV	AMOUNT
06/19/2012	SLUDGE TREATMENT	SLUDGE TREATMENT	736.73	0 0	700.00
Vendor: 10184 CITY OF ITALY					Totals: 700.00

**CASH RECEIPT**

Date 7-13-12 153304

Received From AVALON WATER SUPPLY

Address # 3599

For SLUDGE TREATMENT Dollars \$ 700.00

ACCOUNT		HOW PAID	
PAY TO ACCOUNT		CASH	
AMT. PAID		CHECK	700.00
BALANCE DUE		MONEY ORDER <input type="checkbox"/>	
		CREDIT CARD <input type="checkbox"/>	

081113

THIS CHECK IS VOID WITHOUT A COLORED BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

AVALON WATER SUPPLY & SEWER SERVICE CORP. No. 3599

ITASCA, TX 76055

DATE 07/12/2012 CHECK NO. 3599 AMOUNT \$700.00

PAY TO THE ORDER OF CITY OF ITALY

*Rex Donald*  
*James R. [Signature]*

Attachment #3

No. 3619

Date: 08/09/2012

DATE	INVOICE	DESCRIPTION	GL ACCOUNT	DEPT ACTV	AMOUNT
07/27/2012	SLUDGE TRTMT 8000GL	HAUL SLUDGE 8,000GL	736.75	0 0	1,400.00
Vendor: 10184 CITY OF ITALY					Totals: 1,400.00

RECEIVED AUG 13 2012

THIS CHECK IS VOID WITHOUT A COLORED BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

AVALON WATER SUPPLY & SEWER SERVICE CORP.  
P.O. BOX 427  
ITASCA, TX 78035

No. 3619  
88-1260/1219

ONE THOUSAND FOUR HUNDRED AND NO / 100 \*\*\*\*\*

PAY TO THE ORDER OF CITY OF ITALY  
PO BOX 440  
ITALY, TX 78551

DATE	CHECK NO.	AMOUNT
08/09/2012	3619	\$1,400.00

10184

*Lois Donaldson*  
*Lois D. Donaldson*

BY-LAWS

AVALON WATER SUPPLY AND SEWER SERVICE CORPORATION

Bylaws of Avalon Water Supply and Sewer Service Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside at all Members' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have the custody of all the monies and securities of the Corporation. The Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings of Members and Directors. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer and the President or Vice-President, in

the absence of the President. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to the office of Secretary.

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all FmHA loans and be evidenced by a position fidelity schedule bond as acceptable to the Farmers Home Administration.

#### ARTICLE IV

Section 1. The Board of Directors shall consist of seven (7) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on fourth Thursday of March, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XI of the By-Laws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the shareholders after their election, the terms of the Directors of