

VELVIN & WEEKS
Consulting Engineers, Inc.
903 E. Corsicana
Athens, Texas 75751

P.O. Box 1007 903-675-3903
Fax: 903-675-8345

JOB Cc
SHEET NO
CALCULATI
CHECKED E
SCALE _____

TERRELL CONTRACT FOR PRESSURE

ANNUAL ALLOTMENT = 157,281,000

* ALLOWABLE PEAK DAILY CAPACITY
DAILY ALLOTMENT.

$$\text{PEAK DAILY CAPACITY} = \frac{157,281,000}{365} \times 2$$

EQUIVALENT MAXIMUM CONNECTIONS =

REQUIRED CAPACITY FOR EXISTING CONNEC
= 522.5 gpm OR 752,472 g

EXCESS SUPPLY CAPACITY = 598
OR 217 CONNECTIONS

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JOB _____

SHEET NO. _____

CALCULATE _____

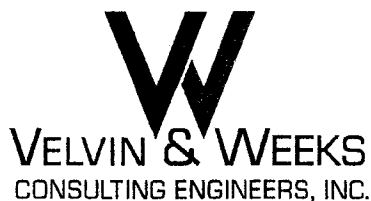
CHECKED BY _____

SCALE _____

EXCESS SUPPLY CAPACITY = 565 - 4
312 CONNECTIONS

* BOTH THE NORTH TEXAS & TERA
EXPANDABLE ON AN ANNUAL BASIS.
INCREASES, SO DOES THE PEAK &
IT IS NEARLY IMPOSSIBLE FOR THE
WHERE THE CORPORATION DO NOT
SUPPLY CAPACITY.

NEAL E. VELVIN, P.E.
WAYNE WEEKS, P.E.
TYLER N. HENDRICKSON, P.E.
CHRISTOPHER WEEKS, P.E.



254-675-3903
EF
930 E. CORSICANA ST.
PO BOX 1007
ATHENS, TX 75751
PH: 903.675.3903
FAX: 903.675.8345
vwce@velvin-weeks.com

February 23, 2007

Texas Commission on Environmental Quality
Utilities and Districts Section
Water Supply Division
P. O. Box 13087 MC - 153
Austin, Texas 78711-3087

RE: College Mound Water Supply Corporation

Dear Sir:

Enclosed you will find the following requested for the College Mound Water Supply Corporation CCN:

- Explanation for the actions to be taken for question 5.B.
- Addendum
- Original Publisher's Affidavit and newspaper clipping
- Attachment A

If you should have any question or comments, please feel free to give Wes Windham a call at 903-675-3903.

Cordially yours,

VELVIN & WEEKS CONSULTING ENGINEERS, INC.

A handwritten signature in cursive script that reads 'Carla Forney'.

Carla Forney
/cf

Enclosures

Cc: Tona Parker, General Manager – College Mound WSC without Enclosures

Question 5.B. was indicated incorrectly. This attachment fully explains the capacity of the system. Please excuse this miscommunication.

College Mound Water Supply Corporation

Existing Connections:

3016 – includes first phase of Shadow Lakes

Required Capacities:

Supply @ 0.35 gpm or 1,350,064 gpd

Booster Pump Capacity @ $1.25 \times 0.35 \text{ gpm} = 0.4375 \text{ gpm} - 1,319 \text{ gpm}$

Total Storage @ 200 gal. - 603,200 gals.

Elevated Storage @ 100 gal. – 301,600 gals.

Available Capacities:

Supply 1,667,628 gpd

Booster Pump: $900 \text{ (PS \#3)} + 900 \text{ (PS \#1 - BJ)} + 1,200 \text{ (PS\#1 - 429)} = 3,000 \text{ gpm}$

Total Storage: 2,366,000 gals.

Elevated Storage: 1,500,000 gals.

College Mound WSC – CCN Amendment Addendum

I. Demonstrate the Need for Service

The areas that were requested to be amended either is existing dual area to be modified as single service area or areas that are currently uncertified where service has been requested.

II. Effect of Granting a Certificate of Amendment

For the areas which already have service, the granting of the CCN request has little impact on the existing customers because service is already being provided in those areas. In these areas College Mound is requesting a single certified boundary over the existing customers. The requested area that is currently uncertified contains a large development that has requested service from College Mound. This developer has already outlaid several millions of dollars toward this project and improvements are currently being constructed to service this development. The economic impact of not approving the CCN request in this area would be devastating.

III. Ability to Provide Adequate Service

College Mound is currently provided wholesale water supply from the City of Terrell and North Texas MWD. There is adequate supply for both the existing customers and for reasonable growth within the expanded CCN area.

IV. Effect on the Land

For the currently uncertified land that is requested to be included in the College Mound CCN boundary, there would be a reduction of the property values because there would not be a community water system in this area.

V. Map Requirements

The required maps in printed and digital form have been provided.

VI. Land Owner Requirements

An appraisal district map of the requested area and a list of landowners that are greater than 25 acres are currently developed. These items will be forward to the TCEQ as soon as they are available.

ADDENDUM
FOR APPLICATION TO OBTAIN OR AMEND A
CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)**

****NOTE: THIS FORM MUST BE COMPLETED AND SUBMITTED WITH ALL APPLICATIONS TO OBTAIN OR AMEND A CCN.**

House Bill 2876 was enacted during the 79th Regular Session of the 2005 Texas Legislature. The enactment of this Bill changed the criteria in Chapter 13 of the *Texas Water Code* to consider when granting or amending CCN certificates. On December 14, 2005, the Texas Commission on Environmental Quality also adopted changes to Chapter 30, *Texas Administrative Code*, Subsection 291, to require additional criteria be considered when granting or amending CCN certificates. The outline below is designed to help us capture the information required to meet the new criteria in accordance with the new statutes and rules. The Commission also reserves the right to request additional information if necessary.

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

- A. 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 *need*
- B. 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
- C. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, failing wells, etc.); and/or
- D. Provide copies of any written applications or requests for service in the requested area; and/or
- E. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.

II. Effect of Granting of a Certificate of Amendment:

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

1. the applicant;

2. any retail public utility of the same kind already serving the proximate area; and
3. any landowner(s) in the requested area.

III. Ability to Provide Adequate Service:

- A. Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking the both of the following items into consideration:
 1. the current and projected density; and
 2. the land use of the requested area.

IV. Effect on the Land

- A. Explain the effect on the land to be included in the certificated area.

V. Map Requirements - Please disregard the map information listed in the CCN application form and attach the following hard copy maps with each copy of the application:

- A. A small scale, general location map delineating the proposed service area(s) with enough detail to locate the area(s) within the county(ies); and
- B. A map showing only the proposed area(s) by:
 1. metes and bounds survey; or
 2. projectable digital data with metadata; or
 3. following verifiable natural and man-made landmarks; or
 4. plat map with metes and bounds; and
- C. A written description of the proposed service area(s); and
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 1. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and

2. any facilities, customers or area currently being served outside the applicant's certificated area(s); and

3. cities must also provide a separate map showing corporate and extraterritorial jurisdictional (ETJ) boundaries.

NOTE: All maps must have an accurate scale and proposed area(s) should be clearly labeled. Include digital data for all maps created in digital formats.

VI. Additional Notice Requirement to Landowner(s) - In addition to the notice(s) required in the application form, please also submit the following:

- A. A copy of the county(ies) tax appraisal roles of the applicable appraisal district(s) to include all landowner(s) of a tract of land that is at least 25 acres and is wholly or partially included in the proposed area(s).
- B. A copy of the proposed notice to landowner(s) including the required attached map.

NOTE: Notice to landowner(s) must be mailed by first class mail and should not be mailed until the application is accepted for filing by the Commission.



Texas Commission on Environmental Quality

APPLICATION NO. 35467-C

PUBLISHER'S AFFIDAVIT

STATE OF TEXAS

COUNTY OF Kaufman

Before me, the undersigned authority, on this day personally appeared

Michael Gresham

who being by me duly sworn, deposes and says that (s)he is the

Publisher

of

TITLE

The Kaufman Herald

said

; that

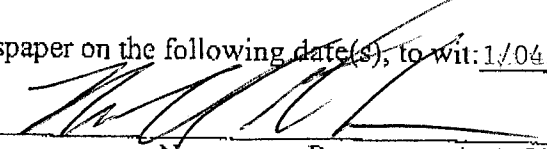
NAME OF NEWSPAPER

newspaper is regularly published in Kaufman

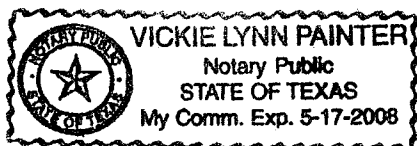
County(ies) and generally circulated in

Kaufman

County (Counties), Texas; and that

the attached notice was published in said newspaper on the following date(s), to wit: 1/04/07, 1/11/07.
Newspaper Representative's SignatureSubscribed and sworn to before me this 22 day of February, 2007, to certify which

witness my hand and seal of office.

Vickie Lynn Painter
Notary Public in and for the State of TexasVickie Lynn Painter
Print or Type Name of Notary PublicCommission Expires 05-17-2008



THANKS

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Mark Sij
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962-6153



be created in portions of Kaufman County and will be located within the geographic area described by the retail water certificate of convenience and necessity number 10837 held by Gastonia-Scurry Water Supply Corporation.

LEGAL NOTICES

LEGAL NOTICES

**NOTICE OF
PUBLIC MEETING**

The Board of Directors of
Gastonia-Scurry Water Supply Corporation
will hold an Informational Meeting
on
Tuesday, January 16, 2007
at 6:00 p.m. at
the old Scurry High School at
10705 South State Highway 34
Scurry, Texas 75158.

At the meeting, there will be a presentation about the proposed creation of a special utility district to acquire the assets and liabilities of the Corporation, and a chance to ask questions and learn about the proposal.

Gastonia-Scurry Water Supply Corporation
P. O. Box 68
Scurry, Texas 75158
(972) 452-3388

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES



PUBLIC HEARINGS

Public hearings will be held to consider the following:

1. The Final Draft of a major update to the Zoning Ordinance O-14-99, regarding text revisions throughout the Ordinance to update and strengthen the zoning regulations, to resolve conflicts and improve its clarity in order to better implement the goals and strategies of the Comprehensive Plan. The proposed text revisions are to be applied city-wide and will not change any Zoning District Boundary or the Zoning Classification on any real property.

The regular City Council meeting scheduled for January 15, 2007 has been rescheduled due to public holiday and the above public hearing, held by the City Council, will be on Monday, January 22, 2007 at 6:00 p.m. City Hall, 209 South Washington, Kaufman, Texas.

All persons interested in the requests are invited to attend public hearings on both dates and to provide their comments at that time.

LEGAL NOTICES

LEGAL NOTICES

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

College Mound Water Supply Corporation (WSC) has filed applications to amend CCN No. 10825 and to decertify a portion of North Kaufman WSC with the Texas Commission on Environmental Quality to provide water utility service in Kaufman County.

The proposed utility service area is located approximately 7 miles southeast of downtown Terrell, Texas, and is generally bounded on the north by Hwy. 80; on the east by FM 2965; on the south by SR 243; and on the west by SR 34. The total area being requested includes approximately 4,000 acres and 2,884 current customers.

A copy of the proposed service area map is available at 12731 FM 429, Terrell, Texas 75161 and Phone Number 972/563-1355

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:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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 Executive Director 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.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

Attachment A

For
College Mound WSC
CCN Amendment

03-19-91
03-17-92 AMENDED
03-16-93 AMENDED
03-01-94 AMENDED
03-07-95 AMENDED

04-17-97 AMENDED
03-03-98 AMENDED
03-02-99 AMENDED
07-11-00 AMENDED
03-03-01 AMENDED

03-01-03 AMENDED
03-06-04 AMENDED

***COLLEGE MOUND WATER SUPPLY CORPORATION
BY-LAWS***

The By-Laws of College Mound Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated 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 custody of all the monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. 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 two of the three officers of the Corporation. The Secretary-Treasurer shall have custody of the Seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer and other Board positions and/or employees 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 a year, by the Board Of Directors. The fidelity bond shall be at least equal to the maximum amount on hand at anyone time, but shall not be less than \$75,000. The Corporation shall not have over \$100,000 or less than the average monthly operating expenses on deposit at any given time.

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 the first Tuesday of March the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer.

To be eligible for one of the offices on the Board, a Director must serve on the Board for at least twelve months. To be eligible to serve on the Board you must be a Member of the Corporation and reside within the service area and must not be in violation of the Conflict of Interest Policy.

The Directors shall be elected by the Members at the Annual Membership 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 Members, after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and the terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification. The number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by State Law.

Upon the death or resignation of a Director, a successor shall be appointed by a majority of the existing Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

SECTION 2: Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: any Member, Officer, or Director may present charges against a Director or Officer by filing such charges with the Secretary-Treasurer of the Corporation.

A. If presented by a Member, the charges must be accompanied with a petition signed by at least ten (10) percent of the Members of the Corporation.

B. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of the majority of those voting, if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person, or by counsel, and to present witnesses: the person(s) presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation.

C. A vacancy on the Board thus created shall immediately be filled by a qualified person other than the removed Director, upon a vote of a majority of the Members present and/or at such meeting in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

D. Officers on the Board are elected by the Members of the Board individually. The Board shall have the right to remove an Officer(s) on the Board from holding that office(s) by a vote of the majority of the Board members and elect a different Board Member to fill that office so created from their ranks.

E. If a Board Member resigns, the Board shall have the right to appoint a qualified individual to fill that vacancy until the next special or regular Membership meeting, provided the appointee has met the qualifications.

SECTION 3: The President of the Board, or the Vice-President, shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-president shall preside. In the event both the President and Vice-President are made the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or any other officer or Director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

SECTION 4: The Board of Directors shall promptly investigate any grievance, complaint or charge presented in written form and render a response in writing to the complainant by the second Board meeting from the time the grievance, complaint or charge has been presented to the Board Of Directors.

SECTION 5: The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Non Profit Corporation Act pertaining to duties and responsibility of the Board of Director.

ARTICLE V

SECTION 1: Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Texas Open Meetings Act, the provisions of the Texas Open meetings Act shall prevail.

SECTION 2: A Director failing to attend any two (2) board meetings within a six month period without prior notice to the Corporation may be given written notice by the balance of the Board of Directors that failure by said Director to attend the next meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall be removed from the Board of Directors. A Member of the Board of Directors may be removed for just cause that has been substantiated by the remainder of the Board of Directors. The types of causes are failure to attend as defined above, Corporation theft, purposeful Corporation misrepresentation, Corporation fraud, felony convictions, etc. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

SECTION 3: The Board shall provide access for the public, new service applicants, or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

SECTION 4: The Board of Directors shall ensure that all meetings comply with the requirements of the Texas Open Meetings Act, as amended, and for no other reason including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Texas Open Meetings Act, the provisions of the Texas Open Meetings Act shall prevail.

SECTION 5: In conducting their duties as Members of the Board, Director(s):

A. Shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporations affairs, that have been prepared or presented by one or more Officers or employees of the Corporation, or, by Legal Counsel, Public Accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence:

B. May believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value: and,

C. In determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations: may rely in good faith and with ordinary care on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporations liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, Legal Counsel, Public Accountants, or other persons; provided the Director(s) reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director(s) must disclose any knowledge they have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

D. The Board of Directors shall be responsible for a one year, three year and five year business plan. This plan must be presented to the Members at each annual meeting.

ARTICLE VI

The Corporation shall conduct its' business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

ARTICLE VII

The Directors of the Corporation, or their agent, shall establish and maintain, so long as the Corporation is indebted to any lender, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

The Directors shall invest all sums in this fund not required to be expended within the year into readily marketable securities backed by the full faith and credit of the United States of America.

Securities so purchased shall be deemed at all times to be a part of the Reserve Fund Account.

ARTICLE VIII

SECTION 1: Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the reasonable requirements of the Corporation governing the purchase of water, charges for connection and operation of and service by the system upon compliance with the conditions of service provided for in the Corporation's Tariff.

Membership shall not be denied because of the applicant's race, religion, sex, age, marital status, familial status, handicap, income from public assistance, disability, or national origin. It is the intent of the Corporation to provide service on a non-discriminatory basis.

SECTION 2: The Membership fee shall be as determined by the Board of Directors and upon payment of the Membership fee or transfer of Membership shall entitle an applicant to further qualify for one connection to the system or shall entitle a transferee of membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's Tariff. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

ARTICLE IX

Where necessary for determining those Members entitled to notice of or those Members entitled to vote at any meeting or any adjournment thereof or where necessary to make a determination of members for any proper purpose, ownership or memberships shall be deemed to be vested in those persons who are the record owners of membership as evidenced by the membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a membership from mortgaging such membership, or, upon notification to the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE X

In order to insure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the members of the Corporation, Membership in the Corporation shall be transferred in accordance with the law.

Membership in the Corporation shall be deemed personal estate, and shall be transferable only upon surrender of the membership certificate.

ARTICLE XI

SECTION 1: There shall be a regular meeting of the Members annually, on the third (3rd) Saturday of March to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place, and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation.

Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership.

Voting will be held at the Corporation office or at another location if deemed necessary by the majority of the Board of Directors.

Members present or represented by proxy shall constitute a quorum for the transaction of business.

SECTION 2: After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting Members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting Member.

Not later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting Members must be available for inspection by any Member entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting at the Corporation's principal office, or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member, or voting Member's agent or attorney, at any time during the meeting, including any adjournments thereof.

ARTICLE XII

A special meeting of the Members or Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these By-Laws, at least two hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these By-Laws.

Prior to convening any special meeting of the Members the President shall request in writing that

the Secretary-Treasurer give ten (10) days notice to the Members, and that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation.

ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the Direction of the Board of Directors. The Board shall set the salary for the manager.

ARTICLE XIV

All Members will be billed, disconnected, or reconnected in accordance with the written policies of the Corporation.

In the event a Member should surrender their Membership Certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and his obligation to pay for water service shall be terminated except for the minimum charge for the current month and the charge for water used during the current month and except for any prior unpaid amounts due the Corporation. Any remaining balance from the Membership fee will be refunded to the Member. In the event Membership is terminated, canceled, withdrawn, or surrendered, whether voluntarily or involuntarily the former Member's rights and interest in the assets of the Corporation will not be forfeited until the equity fee is liquidated.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that, upon such discontinuance of the Corporation by dissolution, or otherwise, all assets of the Corporation transferred to that Member shall be, in turn immediately transferred by the individual Member to an entity that provides a water supply or waste water service, or both, that is exempt from ad valorem taxation. By application for and acceptance of Membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The Corporation shall ensure with a reputable insurance company such of its properties and in such amounts as is required by the Board of Directors, any lender(s), and other applicable agencies.

ARTICLE XVII

The fiscal year of the Corporation shall be January 1 to December 31.

ARTICLE XVIII

SECTION 1: If at the end of any fiscal year or in the event of emergency repairs the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the years operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against each Member in equal proportion.

SECTION 2: In the event a Member should surrender their his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, his obligation to such pay assessments shall be limited to assessments made and levied prior to the date of surrender of his Membership Certificate.

SECTION 3: The Board of Directors shall conduct a rate structure analysis annually by the month of January and shall lower, raise, or leave the rates the same according to the finding of said analysis. A sample rate structure and procedure is included in the Tariff of the Corporation.

SECTION 4: The Board of Directors shall maintain a preventative maintenance contract to ensure that the storage tanks and overhead towers are inspected on a yearly basis. Repairs, if needed, are to be performed based on the results of the inspection to prolong the life of the tanks and towers and to meet regulatory requirements for such maintenance. Monies shall be budgeted each year for the inspection and repair of such facilities.

The Board of Directors shall maintain a preventative maintenance policy on all equipment, lines, tanks, vehicles, etc., that belong to said Corporation.

SECTION 5: The Board of Directors shall maintain a leak adjustment policy.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its Members, Board of Directors, and Committees, and shall keep a record of the names and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually the Board of Directors shall prepare or cause to be prepared an audit of the financial activity of the Corporation for the preceding year including a statement of support, revenue and expenses, changes in fund balance, a statement of functional expenses, and balance sheets for all funds. Such audit shall be prepared by an independent Certified Public Accountant, approved by the Board of Directors and presented to the Members at the annual meeting.

Semi-annually the Board of Directors shall prepare or cause to be prepared an unaudited report of the financial activity of the Corporation for the preceding six (6) month period including a statement of support, revenue and expenses, changes in fund balance, a statement of functional expenses, and balance sheets for all funds. Such semi-annual report shall be prepared by an independent Certified Public Accountant, and approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representative during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Public Information Act and the provisions of these By-Laws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members present at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a regular or special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the

USDA Rural Development, RUS, or any other lender, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the state of Texas..

ARTICLE XXI

The Seal of the Corporation shall consist of a circle within which shall be inscribed "**COLLEGE MOUND WATER SUPPLY CORPORATION**".

The above By-Laws and regulations were unanimously adopted by the Membership of College Mound Water Supply Corporation, at a meeting of the membership on the 3rd of March, 2001. They were amended on March 3, 2003.

RICK KING
SECRETARY-TREASURER

*COLLEGE MOUND WATER SUPPLY CORPORATION
CONFLICT OF INTEREST POLICY*

*ATTACHMENT OF BY-LAWS
ADOPTED MARCH 16, 1993*

1. A person is disqualified from serving as a Director on the Board for the Corporation if:
 - A. He or she is a developer of property within the service area of the Corporation;
 - B. He or she is an employee of any developer of property within the service area of the Corporation;
 - C. He or she is an employee of any Director, Manager, Engineer, or Attorney for the Corporation;
 - D. He or she is serving as a Consultant, Engineer, Attorney, Manager, or in any other professional capacity for the Corporation or for a developer of property within the service area of the Corporation;
 - E. He or she is a party to a contract with the Corporation, except a contract for the purchase of water/sewer services furnished by the Corporation to the Corporation's Members generally, or;
 - F. He or she is a party to a contract with any developer of property within the service area of the Corporation, other than a contract limited solely to the purpose of purchasing or conveying real property within the service area of the Corporation for the purpose of establishing a residence or establishing a commercial business within the service area of the Corporation.
 - G. He or she is serving as a decision-maker, managerial employee, or in some professional capacity representing a municipality, district, or utility which is currently contracting with the Corporation for water utility or other service or other conditions or considerations.
 - H. He or she is a member of the immediate family in the first degree (as defined by nepotism charge's), of any Director of the Corporation or of any other person serving in a managerial capacity, as Attorney, Accountant, or as Engineer on behalf of the Corporation or if he or she serves as a Director or as an Officer for any bank or savings and loan association retained as a depository for the funds of the Corporation, or any bank or savings and loan association which holds any indebtedness of the Corporation.
2. A person is disqualified from employment by the Corporation if he or she is a member of the immediate family in the first degree (as defined by nepotism chart's) of any Director of the Corporation or any other person serving in a managerial capacity on behalf of the Corporation.
3. For the purposes of College Mound Water Supply Corporation a developer shall be defined as any individual who invests in and develops real estate for profit, either real or potential. Such real estate, (land or buildings), must be located within an area served by the College Mound Water Supply Corporation, and any land must be divided into two or more parts for the specific purpose of generating improvements either residential, industrial or commercial, which will be sold to others for profit. Such normal improvements can consist of, but are not limited to:
 - A. Additions of utilities
 - B. Streets
 - C. Landscaping
 - D. Egress-access roads
 - E. Installation of sewerage systems, etc.

Any individual who is presently, or who has been involved in the Development of land or buildings,

as stipulated above, for a period of up to three (3) years prior to attaining a position as an Officer or Director of the CMWSC will be deemed to have a personal agenda and will be in direct conflict with the interest of the Corporation.

A developer is not to be construed as an individual who sells a small portion of their property to a relative or close friend as a means of family convenience, as long as this is a one time occurrence and it is not done to circumvent the By-Laws of this Corporation.

4. Any relationship or employment which constitutes a disqualification as set forth herein shall be considered grounds for removal or for termination of employment.

5. No Officer or Director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his duties as such Officer or Director, provided, however, that the actual reasonable expenses of an Officer or Director incurred on the business of the Corporation may, with the approval of the Board of Directors, be paid to them.

6. No Officer or Director of the Corporation shall:

A. Solicit or accept or agree to accept a financial benefit, other than from the Corporation, that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the Officer's or Director's performance of his or her duties;

B. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;

C. Accept outside employment or compensation that might reasonably be expected to create a substantial conflict between the Officer's and Director's private interest and duties of the Corporation; or

D. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as an Officer or Director of the Corporation in favor of that person.

7. The Board of Directors may accept on behalf of the Corporation or any contribution, gift, request, or device for the general purpose or for any special purpose of the Corporation, provided, however, that the Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interests of the Corporation.

8. The removal of any Director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board of Directors during the time of service by that Director, even though the Director may have been acting under the disqualification at the time of such service.

9. If at any time any Officer or Director is required to vote in his or her capacity as a Director on an issue which may create a conflict of interest, which may be deemed a conflict of interest by the Board, or which may be interpreted by the Membership as a conflict of interest, the Officer or Director shall abstain from voting, as a matter of record, on that issue.

10. Except as otherwise provided by the laws of the State or Federal Government, the Corporation shall adhere to the following policy for awarding contracts:

A. The Board shall advertise for bids for contracts for the purchase of materials, machinery, and all things to constitute the plant, works, facilities, and improvements of the Corporation or for construction. Bonding and proof of insurance will be required on all bids or contracts over \$5,000.

B. A contract may cover all the improvements to be provided by the Corporation, or the various elements of the improvements may be segregated for the purpose of receiving bids and awarding contracts. A contract may provide that the improvements will be constructed in stages over a period of years.

C. A contract may provide for the payment of a total sum that is the completed cost of the improvements or may be based on bids to cover cost of units of the various elements entering into the work as estimated and approximately specified by the Corporation's engineers, or a contract may be let and awarded in any other form or composite of forms and to any responsible person or persons that, in the Board's judgement, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements, facilities, works, equipment, and appliances.

D. For contracts for \$25,000 or more, the Board shall advertise the letting of the contract, including the general conditions, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the State, and one or more newspapers published in any newspaper with general circulation in the area. If no newspaper is published in the county or counties in which the Corporation is located, publication in one or more newspapers with general circulation in the State is sufficient. The notice shall be published once a week for three consecutive weeks before the date that the bids are opened, and first publication shall be not later than the 21st day before the date of the opening of the sealed bids.

E. For contracts for \$5,000 or more but less than \$25,000 the Board shall solicit written competitive bids on uniform written specifications from at least three bidders.

F. For contracts of less than \$5,000 the Board is not required to advertise or seek competitive bids.

G. The Board may not subdivide work to avoid the advertising requirements specified in this policy.

H. The Board may not accept bids that include substituted items, either before or after the Corporation enters into a construction contract, unless the substituted items were included in the original bid proposal and all bidders had the opportunity to bid on the substituted items.

I. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction or changes in regulatory criteria, or to facilitate project coordination with other political entities.

J. These policy provisions do not apply to contracts for personal or professional services or for utility service operator. Purchase orders are required for all except expense items purchased with petty cash.



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

COLLEGE MOUND WATER SUPPLY CORPORATION

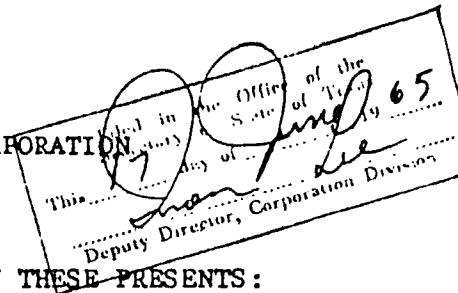
ARTICLES OF INCORPORATION

JUNE 17, 1965

ARTICLES OF INCORPORATION

OF

COLLEGE MOUND WATER SUPPLY CORPORATION



THE STATE OF TEXAS

COUNTY OF KAUFMAN

KNOW ALL MEN BY THESE PRESENTS:

WE, the undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a Corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is College Mound Water Supply Corporation.

ARTICLE II.

The Corporation is a non-profit Corporation organized under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a Corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The Corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of College Mound, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be the College Mound Community in Kaufman County, Texas and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the Corporation is Route 3, Terrell, Texas, and the name of its initial registered agent at such address is George H. Mitchell.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is five (5), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>George H. Mitchell</u>	<u>Route 3</u>	<u>Terrell, Texas</u>
<u>B. J. Bridges</u>	<u>R. F. D.</u>	<u>Wills Point, Texa</u>
<u>Jim R. Copeland</u>	<u>R. F. D. 1</u>	<u>Kaufman, Texas</u>
<u>L. R. Garrison</u>	<u>Route 2</u>	<u>Terrell, Texas</u>
<u>W. B. Flanery</u>	<u>Route 2</u>	<u>Terrell, Texas</u>

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>George H. Mitchell</u>	<u>Route 3</u>	<u>Terrell, Texas</u>
<u>B. J. Bridges</u>	<u>R. F. D.</u>	<u>Wills Point, Texas</u>
<u>Jim R. Copeland</u>	<u>Route 1</u>	<u>Terrell, Texas</u>
<u>L. R. Garrison</u>	<u>Route 2</u>	<u>Terrell, Texas</u>
<u>W. B. Flanery</u>	<u>Route 2</u>	<u>Terrell, Texas</u>

Each incorporator shall be a member of the Board of Directors who are to serve as directors until the first annual meeting of the members, or until their successors are elected and qualified.

ARTICLE VIII.

The Corporation is and shall continue to be a Corporation without capital stock, and membership in the Corporation shall be deemed personal estate and shall be transferable only on the books of the Corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this the 14th
day of June, 1965.

George H. Mitchell
B. J. Bridges
Jim R. Copeland
L. R. Garrison
W. B. Flanery

THE STATE OF TEXAS

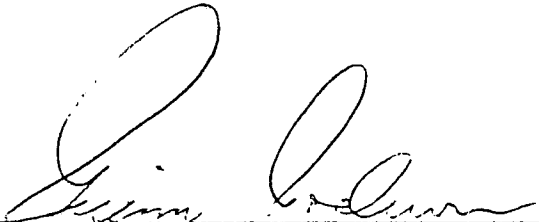
COUNTY OF KAUFMAN

I, Guinn Godwin, a Notary Public, do
hereby certify that on this 14th day of June, 1965,
personally appeared before me, George H. Mitchell, B. J. Bridges, Jim
R. Copeland, L. R. Garrison and W. B. Flanery,

who each being by me first duly sworn, severally declared that they are the per-
sons who signed the foregoing document as incorporators, and that the statements
therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and
year above written.

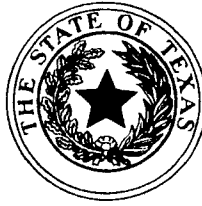
Guinn Godwin



Notary Public in and for
Kaufman County, Texas

(Notarial Seal)

My Commission expires June 1, 1967.



The State of Texas

Secretary of State

FEB. 13, 1989

GENE TAYLOR
ROUTE 3
KAUFMAN, TX 75142

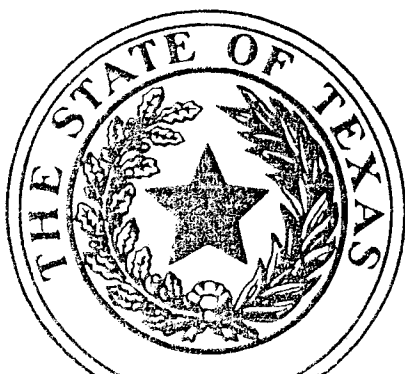
RE:
COLLEGE MOUND WATER SUPPLY CORPORATION
CHARTER NUMBER 00214395-01

THIS IS TO ADVISE YOU THAT THE ABOVE REFERENCED CORPORATION'S REPORT REQUIRED BY ARTICLE 1396-9.01, TEXAS NON-PROFIT CORPORATION ACT, HAS BEEN FILED IN THIS OFFICE, AND YOUR REMITTANCE OF \$5.00 HAS BEEN APPLIED AS THE FILING FEE FOR SAME.

AS THE LAW DOES NOT PROVIDE FOR THE FURNISHING OF A CERTIFICATE OF FILING, THIS LETTER MAY BE USED AS EVIDENCE OF SUCH FILING.

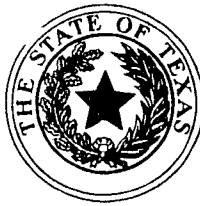
SINCERELY,

CORPORATIONS SECTION
STATUTORY FILINGS DIVISION



Paul M. Reines

Secretary of State



463-5701

The State of Texas

Secretary of State

JAN 17, 1989

GEORGE H MITCHELL, REGISTERED AGENT
COLLEGE MOUND WATER SUPPLY CORPORATION
ROUTE 3
TERRELL, TX

RE: COLLEGE MOUND WATER SUPPLY CORPORATION
CHARTER NO. 00214395-01

DEAR SIR OR MADAM:

YOU ARE HEREBY NOTIFIED THAT ARTICLE 1396-9.01, TEXAS NON-PROFIT CORPORATION ACT, REQUIRES NON-PROFIT CORPORATIONS TO FILE THE ATTACHED REPORT WITH THE SECRETARY OF STATE. THE FILING FEE IS \$5.00.

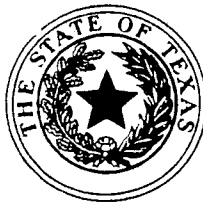
THE CORPORATION SHOULD RETURN ONE COPY OF THE REPORT TO THE SECRETARY OF STATE AND RETAIN THE OTHER COPY FOR ITS PERMANENT RECORDS.

FAILURE TO FILE THIS REPORT WITHIN 30 DAYS FROM THE ABOVE DATE WILL RESULT IN THE FORFEITURE OF THE CORPORATION'S RIGHT TO CONDUCT AFFAIRS IN THE STATE OF TEXAS. SUBSEQUENTLY, THE CORPORATION'S CHARTER WILL BE FORFEITED PURSUANT TO ARTICLE 1396-9.02E, TEXAS NON-PROFIT CORPORATION ACT.

IF YOU HAVE ANY QUESTIONS, PLEASE DO NOT HESITATE TO CONTACT THIS OFFICE.

SINCERELY,

CORPORATIONS SECTION
STATUTORY FILINGS DIVISION



The State of Texas

Secretary of State

JACK RAINS
SECRETARY OF STATE

CHARTER NO. 00214395-01
ARTICLE 9.01, T.N.P.C.A. REPORT
FILING FEE \$5.00

PURSUANT TO THE PROVISIONS OF ARTICLE 9.01 OF THE TEXAS NON-PROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION HEREBY FILES ITS REPORT SETTING FORTH:

1. THE NAME OF THE CORPORATION IS:

COLLEGE MOUND WATER SUPPLY CORPORATION

2. IT IS INCORPORATED UNDER THE LAWS OF: TEXAS

3. THE STREET ADDRESS OF THE REGISTERED OFFICE OF THE CORPORATION IN THE STATE OF TEXAS IS: ROUTE 3 TERRELL, TX Rt 3 Kaufman, Texas 75142

4. ITS REGISTERED AGENT AT SUCH ADDRESS IS: GEORGE H MITCHELL Gene Taylor

5. IF A FOREIGN CORPORATION, THE STREET ADDRESS OF ITS PRINCIPAL OFFICE IN THE STATE OR COUNTRY UNDER THE LAWS OF WHICH IT IS INCORPORATED IS:

6. THE NAMES AND RESPECTIVE ADDRESSES OF ITS DIRECTORS (OR TRUSTEES, ETC.) AND OFFICERS ARE:

NAME	OFFICE	ADDRESS
Bobby H. Anglin	President/Director	5310 Harvest Hill LB126 Dallas7
Don Lambert	Vice President/Director	3326 Creekbend Dr. Garland 7504
Bill Pruitt	Secretary-Treasurer/Direct	Rt 3 Box 472 Kaufman 75142
Gayle Box	Member /Director	Rt 2 Box 754 Terrell 75160

SEE ATTACHED LIST

7. THE FOREGOING INFORMATION IS GIVEN AS OF THE DATE OF THE EXECUTION OF THIS REPORT:

DATED February 7, 19 89

College Mound Water Supply Corporation

NAME OF CORPORATION

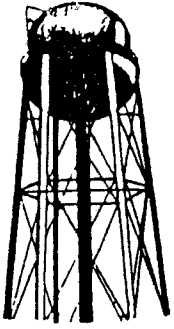
BY

ITS

Secretary-Treasurer

(AUTHORIZED OFFICER)

NOTE: ALL ITEMS MUST BE COMPLETED. MAKE CHANGES TO ITEMS 3 AND 4 AS NECESSARY. RETURN TO SECRETARY OF STATE, CORPORATIONS SECTION, P.O. BOX 13697, AUSTIN, TEXAS 78711-3697 WITH \$5.00 FEE.



College Mound Water Supply Corporation

Route 3
Kaufman, Texas 75142
(214) 932-6672

<i>Name</i>	<i>Office</i>	<i>Address</i>
<i>Bobby Crow</i>	<i>Member/Director</i>	<i>Rt 3 Box 564 Kaufman 75142</i>
<i>Harvey Chitty</i>	<i>Member/Director</i>	<i>P.O. Box 13 Terrell 75160</i>
<i>Tommie Sneed</i>	<i>Member/Director</i>	<i>Rt 3 Box 685B Kaufman 75142</i>

NEAL E. VELVIN, P.E.
WAYNE WEEKS, P.E.
TYLER N. HENDRICKSON, P.E.
CHRISTOPHER WEEKS, P.E.



35467
EF
930 E. CORSICANA ST.
PO BOX 1007
ATHENS, TX 75751
PH: 903.675.3903
FAX: 903.675.8345
vwce@velvin-weeks.com

February 23, 2007

Texas Commission on Environmental Quality
Utilities and Districts Section
Water Supply Division
P. O. Box 13087 MC - 153
Austin, Texas 78711-3087

RE: College Mound Water Supply Corporation

Dear Sir:

Enclosed you will find the following requested for the College Mound Water Supply Corporation CCN:

- Explanation for the actions to be taken for question 5.B.
- Addendum
- Original Publisher's Affidavit and newspaper clipping
- Attachment A

If you should have any question or comments, please feel free to give Wes Windham a call at 903-675-3903.

Cordially yours,

VELVIN & WEEKS CONSULTING ENGINEERS, INC.

Carla Forney
Carla Forney
/cf

Enclosures

Cc: Tona Parker, General Manager -- College Mound WSC without Enclosures

Question 5.B. was indicated incorrectly. This attachment fully explains the capacity of the system. Please excuse this miscommunication.

College Mound Water Supply Corporation

Existing Connections:

3016 – includes first phase of Shadow Lakes

Required Capacities:

Supply @ 0.35 gpm or 1,350,064 gpd

Booster Pump Capacity @ $1.25 \times 0.35 \text{ gpm} = 0.4375 \text{ gpm} - 1,319 \text{ gpm}$

Total Storage @ 200 gal. - 603,200 gals.

Elevated Storage @ 100 gal. – 301,600 gals.

Available Capacities:

Supply 1,667,628 gpd

Booster Pump: $900 \text{ (PS \#3)} + 900 \text{ (PS \#1 - BJ)} + 1,200 \text{ (PS\#1 - 429)} = 3,000 \text{ gpm}$

Total Storage: 2,366,000 gals.

Elevated Storage: 1,500,000 gals.

I. Demonstrate the Need for Service

II. Effect of Granting a Certificate of Amendment

III. Ability to Provide Adequate Service

IV. Effect on the Land

V. Map Requirements

VI. Land Owner Requirements

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 05-22-2011 BY 60322 UCBAW

ADDENDUM
FOR APPLICATION TO OBTAIN OR AMEND A
CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)**

****NOTE: THIS FORM MUST BE COMPLETED AND SUBMITTED WITH ALL APPLICATIONS TO OBTAIN OR AMEND A CCN.**

House Bill 2876 was enacted during the 79th Regular Session of the 2005 Texas Legislature. The enactment of this Bill changed the criteria in Chapter 13 of the *Texas Water Code* to consider when granting or amending CCN certificates. On December 14, 2005, the Texas Commission on Environmental Quality also adopted changes to Chapter 30, *Texas Administrative Code*, Subsection 291, to require additional criteria be considered when granting or amending CCN certificates. The outline below is designed to help us capture the information required to meet the new criteria in accordance with the new statutes and rules. The Commission also reserves the right to request additional information if necessary.

- I. Demonstrate the Need for Service by providing the following:
 - A. 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
 - B. 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
 - C. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, failing wells, etc.); and/or
 - D. Provide copies of any written applications or requests for service in the requested area; and/or
 - E. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- II. Effect of Granting of a Certificate of Amendment:
 - A. Explain in detail the effect of the granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:
 1. the applicant;

2. any retail public utility of the same kind already serving the proximate area; and
3. any landowner(s) in the requested area.

III. Ability to Provide Adequate Service:

- A. Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking the both of the following items into consideration:
1. the current and projected density; and
 2. the land use of the requested area.

IV. Effect on the Land

- A. Explain the effect on the land to be included in the certificated area.

V. Map Requirements - Please disregard the map information listed in the CCN application form and attach the following hard copy maps with each copy of the application:

- A. A small scale, general location map delineating the proposed service area(s) with enough detail to locate the area(s) within the county(ies); and
- B. A map showing only the proposed area(s) by:
1. metes and bounds survey; or
 2. projectable digital data with metadata; or
 3. following verifiable natural and man-made landmarks; or
 4. plat map with metes and bounds; and
- C. A written description of the proposed service area(s); and
- D. Provide separate and additional maps of the proposed area(s) to show the following:
1. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and

2. any facilities, customers or area currently being served outside the applicant's certificated area(s); and

3. cities must also provide a separate map showing corporate and extraterritorial jurisdictional (ETJ) boundaries.

NOTE: All maps must have an accurate scale and proposed area(s) should be clearly labeled. Include digital data for all maps created in digital formats.

VI. Additional Notice Requirement to Landowner(s) - In addition to the notice(s) required in the application form, please also submit the following:

A. A copy of the county(ies) tax appraisal roles of the applicable appraisal district(s) to include all landowner(s) of a tract of land that is at least 25 acres and is wholly or partially included in the proposed area(s).

B. A copy of the proposed notice to landowner(s) including the required attached map.

NOTE: Notice to landowner(s) must be mailed by first class mail and should not be mailed until the application is accepted for filing by the Commission.



Texas Commission on Environmental Quality

APPLICATION NO. 35467-C

PUBLISHER'S AFFIDAVIT

STATE OF TEXAS

COUNTY OF Kaufman

Before me, the undersigned authority, on this day personally appeared

Michael Cresham

who being by me duly sworn, deposes and says that (s)he is the
the Publisher of

TITLE

The Kaufman Herald; that
said

NAME OF NEWSPAPER

newspaper is regularly published in Kaufman

County(ies) and generally circulated in

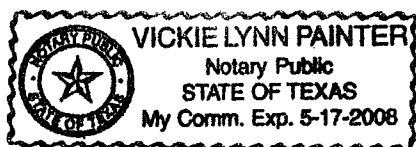
Kaufman County (Counties), Texas; and that

the attached notice was published in said newspaper on the following date(s), to wit: 1/04/07, 1/11/07.

[Signature]
Newspaper Representative's Signature

Subscribed and sworn to before me this 22 day of February, 2007, to certify
which

witness my hand and seal of office.



Vickie Lynn Painter
Notary Public in and for the State of Texas

Vickie Lynn Painter
Print or Type Name of Notary Public

Commission Expires 05-17-2008



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described by the retail water certificate of convenience and necessity number 10837 held by Gastonia-Scurry Water Supply Corporation.

LEGAL NOTICES

LEGAL NOTICES

**NOTICE OF
PUBLIC MEETING**

The Board of Directors of
Gastonia-Scurry Water Supply Corporation
will hold an Informational Meeting
on
Tuesday, January 16, 2007
at 6:00 p.m. at
the old Scurry High School at
10705 South State Highway 34
Scurry, Texas 75158.

At the meeting, there will be a presentation about the proposed creation of a special utility district to acquire the assets and liabilities of the Corporation, and a chance to ask questions and learn about the proposal.

Gastonia-Scurry Water Supply Corporation
P. O. Box 68
Scurry, Texas 75158
(972) 452-3388

LEGAL NOTICES

LEGAL NOTICES



PUBLIC HEARINGS

Public hearings will be held to consider the following:

1. The Final Draft of a major update to the Zoning Ordinance O-14-99, regarding text revisions throughout the Ordinance to update and strengthen the zoning regulations, to resolve conflicts and improve its clarity in order to better implement the goals and strategies of the Comprehensive Plan. The proposed text revisions are to be applied city-wide and will not change any Zoning District Boundary or the Zoning Classification on any real property.

The regular City Council meeting scheduled for January 15, 2007 has been rescheduled due to public holiday and the above public hearing, held by the City Council, will be on Monday, January 22, 2007 at 6:00 p.m. City Hall, 209 South Washington, Kaufman, Texas.

All persons interested in the requests are invited to attend public hearings on both dates and to provide their comments at that time.

LEGAL NOTICES

LEGAL NOTICES

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

College Mound Water Supply Corporation (WSC) has filed applications to amend CCN No. 10825 and to decertify a portion of North Kaufman WSC with the Texas Commission on Environmental Quality to provide water utility service in Kaufman County.

The proposed utility service area is located approximately 7 miles southeast of downtown Terrell, Texas, and is generally bounded on the north by Hwy. 80; on the east by FM 2965; on the south by SR 243; and on the west by SR 34. The total area being requested includes approximately 4,000 acres and 2,884 current customers.

A copy of the proposed service area map is available at 12731 FM 429, Terrell, Texas 75161 and Phone Number 972/563-1355

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:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

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 Executive Director 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.

Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

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Spacious 1 & 2 Bdrm
• **Quality Affordable Rents**
• **Energy Efficient/New Appliances**
• **Playground, Gazebo**
• **Laundry Facility**
 **Immediate Occupancy** 
TDD #800-735-2989

LEGAL NOTICES

LEGAL NOTICES

NOTICE TO BIDDERS

The Kaufman County Commissioners' Court will accept sealed Bids for the Annual Contract for Oil Sand for All Precincts.

Bid 07-05 will close on January 26, 2007 at 5:00p.m. All Bids must be turned in by 5:00p.m. Bids will be publicly acknowledged on January 29, 2007 at the 9:30 a.m. Commissioner's Court meeting, in the Kaufman County Annex Building.

Specifications are available in the Purchasing Department located at the South Campus 3001 S. Washington Ste. C. Kaufman, TX 75142

The Kaufman County Commissioners' Court reserves the right to reject any or all Proposals.

LEGAL NOTICES

LEGAL NOTICES

HELP WANTED

HELP WANTED

TOOL & DIE

Consolidated Systems, Inc., a progressive multi-location manufacturer of steel building components headquartered in Columbia, South Carolina is seeking a talented **Tool & Die** maker at the Terrell Texas location. Responsibilities include all work pertaining to the repair, and changeover, of dies used in the facility; fabrication of new dies and die parts when feasible; assists production in troubleshooting die and roll problems; and operation of various equipment including lathes, milling machine, surface grinders. The successful candidate has a high school diploma or equivalent, and two-year degree in machine shop technology or five years experience in a tool and die shop.

Competitive benefit package includes 401k, Medical/Dental/Vision, STD/LTD, Paid Holiday/Vacation and more.

Please forward cover letter and resume to: Fax# 803-744-6033

or email to:

Sandy.Czajkowski@csisteel.com

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

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Si desea informacion en Espanol, puede llamar al 1-512-239-0200.

Attachment A

For
College Mound WSC
CCN Amendment

03-19-91	04-17-97 AMENDED	03-01-03 AMENDED
03-17-92 AMENDED	03-03-98 AMENDED	03-06-04 AMENDED
03-16-93 AMENDED	03-02-99 AMENDED	
03-01-94 AMENDED	07-11-00 AMENDED	
03-07-95 AMENDED	03-03-01 AMENDED	

COLLEGE MOUND WATER SUPPLY CORPORATION BY-LAWS

The By-Laws of College Mound Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated 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 custody of all the monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. 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 two of the three officers of the Corporation. The Secretary-Treasurer shall have custody of the Seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer and other Board positions and/or employees 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 a year, by the Board Of Directors. The fidelity bond shall be at least equal to the maximum amount on hand at anyone time, but shall not be less than \$75,000. The Corporation shall not have over \$100,000 or less than the average monthly operating expenses on deposit at any given time.

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 the first Tuesday of March the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer.

To be eligible for one of the offices on the Board, a Director must serve on the Board for at least twelve months. To be eligible to serve on the Board you must be a Member of the Corporation and reside within the service area and must not be in violation of the Conflict of Interest Policy.

The Directors shall be elected by the Members at the Annual Membership 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 Members, after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and the terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification. The number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by State Law.

Upon the death or resignation of a Director, a successor shall be appointed by a majority of the existing Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

SECTION 2: Officers and Directors may be removed from office in the following manner except as otherwise provided in Article V: any Member, Officer, or Director may present charges against a Director or Officer by filing such charges with the Secretary-Treasurer of the Corporation.

A. If presented by a Member, the charges must be accompanied with a petition signed by at least ten (10) percent of the Members of the Corporation.

B. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of the majority of those voting, if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person, or by counsel, and to present witnesses: the person(s) presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation.

C. A vacancy on the Board thus created shall immediately be filled by a qualified person other than the removed Director, upon a vote of a majority of the Members present and/or at such meeting in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

D. Officers on the Board are elected by the Members of the Board individually. The Board shall have the right to remove an Officer(s) on the Board from holding that office(s) by a vote of the majority of the Board members and elect a different Board Member to fill that office so created from their ranks.

E. If a Board Member resigns, the Board shall have the right to appoint a qualified individual to fill that vacancy until the next special or regular Membership meeting, provided the appointee has met the qualifications.

SECTION 3: The President of the Board, or the Vice-President, shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-president shall preside. In the event both the President and Vice-President are made the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or any other officer or Director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

SECTION 4: The Board of Directors shall promptly investigate any grievance, complaint or charge presented in written form and render a response in writing to the complainant by the second Board meeting from the time the grievance, complaint or charge has been presented to the Board Of Directors.

SECTION 5: The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Non Profit Corporation Act pertaining to duties and responsibility of the Board of Director.

ARTICLE V

SECTION 1: Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Texas Open Meetings Act, the provisions of the Texas Open meetings Act shall prevail.

SECTION 2: A Director failing to attend any two (2) board meetings within a six month period without prior notice to the Corporation may be given written notice by the balance of the Board of Directors that failure by said Director to attend the next meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall be removed from the Board of Directors. A Member of the Board of Directors may be removed for just cause that has been substantiated by the remainder of the Board of Directors. The types of causes are failure to attend as defined above, Corporation theft, purposeful Corporation misrepresentation, Corporation fraud, felony convictions, etc. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

SECTION 3: The Board shall provide access for the public, new service applicants, or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

SECTION 4: The Board of Directors shall ensure that all meetings comply with the requirements of the Texas Open Meetings Act, as amended, and for no other reason including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Texas Open Meetings Act, the provisions of the Texas Open Meetings Act shall prevail.

SECTION 5: In conducting their duties as Members of the Board, Director(s):

A. Shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporations affairs, that have been prepared or presented by one or more Officers or employees of the Corporation, or, by Legal Counsel, Public Accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence:

B. May believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and,

C. In determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations: may rely in good faith and with ordinary care on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporations liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, Legal Counsel, Public Accountants, or other persons; provided the Director(s) reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director(s) must disclose any knowledge they have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

D. The Board of Directors shall be responsible for a one year, three year and five year business plan. This plan must be presented to the Members at each annual meeting.

ARTICLE VI

The Corporation shall conduct its' business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

ARTICLE VII

The Directors of the Corporation, or their agent, shall establish and maintain, so long as the Corporation is indebted to any lender, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

The Directors shall invest all sums in this fund not required to be expended within the year into readily marketable securities backed by the full faith and credit of the United States of America.

Securities so purchased shall be deemed at all times to be a part of the Reserve Fund Account.

ARTICLE VIII

SECTION 1: Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the reasonable requirements of the Corporation governing the purchase of water, charges for connection and operation of and service by the system upon compliance with the conditions of service provided for in the Corporation's Tariff.

Membership shall not be denied because of the applicant's race, religion, sex, age, marital status, familial status, handicap, income from public assistance, disability, or national origin. It is the intent of the Corporation to provide service on a non-discriminatory basis.

SECTION 2: The Membership fee shall be as determined by the Board of Directors and upon payment of the Membership fee or transfer of Membership shall entitle an applicant to further qualify for one connection to the system or shall entitle a transferee of membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's Tariff. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

ARTICLE IX

Where necessary for determining those Members entitled to notice of or those Members entitled to vote at any meeting or any adjournment thereof or where necessary to make a determination of members for any proper purpose, ownership or memberships shall be deemed to be vested in those persons who are the record owners of membership as evidenced by the membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a membership from mortgaging such membership, or, upon notification to the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE X

In order to insure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the members of the Corporation, Membership in the Corporation shall be transferred in accordance with the law.

Membership in the Corporation shall be deemed personal estate, and shall be transferable only upon surrender of the membership certificate.