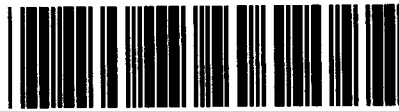




Control Number: 43922



Item Number: 42

Addendum StartPage: 0

House Bill (HB) 1600 and Senate Bill (SB) 567 83rd
Legislature, Regular Session, transferred the functions
relating to the economic regulation of water and sewer
utilities from the TCEQ to the PUC effective
September 1, 2014

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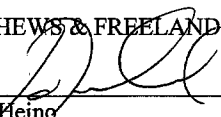
APPLICATION OF DOUBLE	§	BEFORE THE STATE OFFICE
DIAMOND UTILITIES	§	
COMPANY, INC. TO CHANGE	§	OF
WATER RATE TARIFF FOR	§	
SERVICE IN HILL, PALO PINTO,	§	ADMINISTRATIVE HEARINGS
AND JOHNSON COUNTIES	§	

White Bluff Subdivision Ratepayers' Objections and Responses to Double Diamond Utilities Company, Inc.'s Requests for Disclosure, Interrogatories, Requests for Admission and Requests for Production

To: Double Diamond Utilities Company, Inc. by and through its attorney of record, Ali Abazari Attorney for Double Diamond Utilities Company, Inc., Jackson Walker, LLP, 100 Congress Ave. Suite 1100, Austin, TX 78701

The White Bluff Subdivision Ratepayers ("WBSR") makes the following objections and responses to DDU's discovery requests. Counsel for the WBSR agrees that these responses may be treated as if filed under oath.

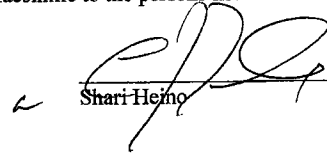
MATHEWS & FREELAND, L.L.P.

By: 
 Shari Heino
 State Bar No. 90001866
 327 Congress Ave., Ste. 300
 Austin, Texas 78701
 Telephone (512) 404-7800
 Facsimile (512) 703-2785
shari@mandf.com

ATTORNEYS FOR THE WHITE BLUFF SUBDIVISION
RATEPAYERS

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of October, 2009, a true and correct copy of the foregoing document was sent by first class, agency mail and/or facsimile to the persons listed below.


Shari Heino

Docket Clerk
Texas Commission on Environmental Quality
Office of the Chief Clerk
PO Box 13087
Austin, TX 78711-3087

Ali Abazari
Attorney for Double Diamond Utilities Company, Inc.
Jackson Walker, LLP
100 Congress Ave. Suite 1100
Austin, TX 78701

Phillip Day
Representative for the Cliffs Utility Committee
90 Glen Abbey Dr. S
Graford, TX 76449

Jack D. McCartney and John T. Bell
Representatives for the Retreat Homeowners Group
6300 Annahill Street
Cleburne, TX 76033-8957

James Murphy
Office of the Public Interest Counsel
P.O. Box 13087
Austin, TX 78711-3087

Stefanie Skogen
Staff Attorney
TCEQ, MC-173
P.O. Box 13087
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RESPONSES TO REQUESTS FOR DISCLOSURE

1. Names of Parties and Potential Parties (Rule 194.2(a) and (b))

- (a) The correct names of the parties to the lawsuit
- (b) The name, address, and telephone number of any potential parties

RESPONSE: The names of the parties to this proceeding are those identified in the ALJ's initial order in this docket. The WBSR is unaware of any additional potential parties to this proceeding.

2. The WBSR' Claims (Rule 194.2(c))

The legal theories and, in general, the factual bases of the responding party's claims or defenses

RESPONSE: The WBSR is still reviewing information provided by DDU and will develop its claims more fully as this case progresses. At this time, the WBSR contends that, based on information provided by DDU:

- DDU has inappropriately combined the White Bluff Subdivision water system with the Cliffs and the Retreat water system for rate setting purposes although these systems are all dissimilar.
- DDU proposed rates are unjust and unreasonable.

3. Persons with Knowledge of Relevant Facts (Rule 194.2(e))

The name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case

RESPONSE: All ratepayers in the White Bluff Subdivision may have knowledge regarding the rates they are now paying to DDU. The WBSR's testifying expert, listed below, also has knowledge of relevant facts. The WBSR assumes that the other parties' representatives also have knowledge of relevant facts. The five representative ratepayers of the WBSR, who have knowledge of relevant facts as ratepayers of DDU, are as follows:

John Bass
01148 Overlook Drive
Whitney, TX 76692
254-694-1371

Karen Williams
24011 Oak Shadow
Whitney, TX 76692
254-694-8181

Lou Storm
01366 Spring Valley Trail

Whitney, TX 76692
254-694-7272

Tom Gibson
34082 Stonewood Court
Whitney, TX 76692
254-694-7697

John Weatherman
32002 Dove Trail
Whitney, TX 76692
254-694-6640

4. Testifying Expert (Rule 194.2(f))

For any testifying expert:

- (1) the expert's name, address, and telephone number;
- (2) the subject matter on which the expert will testify;
- (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to the control of the responding party, documents reflecting such information;
- (4) if the expert is retained by, employed by, or otherwise subject to the control of the responding party:
 - (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - (B) the expert's current resume and bibliography

RESPONSE: The WBSR has retained Nelisa Heddin to testify regarding the appropriateness of the components and calculation of DDU's rates. Her contact information is as follows:

Nelisa Heddin
Vice President, Business and Financial Services
Water Resources Management, L.P.
1617 W. Koenig Lane
Austin, TX 78756
512-420-9841

Ms. Heddin's resume is provided. She is in the process of reviewing documentation provided by DDU to the WBSR and is still developing her mental impressions regarding DDU's application. Ms. Heddin's opinions and recommendations will be fully discussed in her prefiled testimony, and her work papers will be provided contemporaneously.

5. Witness Statements (Rule 194.2(i))

Any witness statements described in Rule 192.3(h)

RESPONSE: The WBSR knows of no discoverable witness statements relating to this matter.

OBJECTIONS AND RESPONSES TO INTERROGATORIES

INTERROGATORY NO.1

Identify every person who is expected to be called to testify at the evidentiary hearing, including your experts.

RESPONSE: The WBSR expects to call Nelisa Heddin.

INTERROGATORY NO.2

Identify each individual component in DDU's proposed capital structure you believe should not be included in ratemaking formulas in this Application and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.3

Describe whether you believe the rate of return on equity or debt or both of DDU's proposed capital structure should not be included in ratemaking formulas in this Application and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.4

Identify and describe all alternative rate design methodologies you believe are more appropriate for use in this Proceeding and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.5

Identify each element of DDU's proposed tariff you believe is not appropriate for approval in this Proceeding and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.6

Identify and describe by name and address (if known) each DDU service area that you contend is receiving poor or inadequate water service and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and investigating this matter and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.7

Identify each instance of poor or inadequate water service in the White Bluff subdivision. For each instance identified, please provide the customer name, date, nature of problem, to whom it was reported, remedial action taken and date problem was resolved.

The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c).

RESPONSE: The WBSR is still reviewing DDU's documentation and investigating this matter and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.8

Identify the water rates you believe that DDU should charge and explain how those rates will recover all reasonable and necessary operating expenses, taxes, and depreciation on used and useful utility plant dedicated to public service and will provide a reasonable opportunity to earn a fair return on that same plant while maintaining the utility's financial integrity.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR is,

therefore, not required develop rates for DDU or explain how those rates will recover expenses, etc. Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an analysis on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO.9

For the rates identified in Interrogatory No.8, please identify each component of your cost of service that these rates are recovering.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an analysis on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 10

Identify each cost, tax, assessment or expense in DDU's proposed water utility cost of service or revenue requirement you believe is not reasonable and/or necessary and should not be recovered partially or in its entirety through rates in this Proceeding, and explain the basis for your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 11

Identify each individual item, asset, or investment in DDU's proposed water utility rate base you believe is not priced reasonably or properly and that should not be included as a component of ratemaking in this Proceeding, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and should not be required to marshal all of its evidence or arguments in discovery. Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 12

Identify each individual item, asset or investment in DDU's proposed water utility rate base you believe is not used and useful, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 13

Identify each cost of service allocation proposed by DDU that you believe is improperly used and/or should not be approved, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 14

Identify each rate base allocation proposed by DDU that you believe is improperly used and/or should not be approved, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 15

Identify each individual element of DDU's proposed rate design or rate design methodology you believe is not appropriate in determining rates, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 16

Identify all alternative rate design methodologies you believe are more appropriate for use in this Proceeding, and explain the basis of your opinion.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 17

Identify each individual affiliate transaction you believe should not be approved and recovered through rates in this docket. Explain the basis of your opinion for each transaction identified.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR is still reviewing DDU's documentation and has not yet formulated an opinion on this topic. The WBSR may supplement this response via the filing of its direct case and reserves the right to supplement this response.

INTERROGATORY NO. 18

If you denied Request for Admission No.9, in whole or in part, please describe the basis for your denial.

RESPONSE: Please see the Response to Request for Admission No 9.

INTERROGATORY NO. 19

If you denied Request for Admission No. 10, in whole or in part, please describe the basis for your denial.

RESPONSE: Please see the Response to Request for Admission No. 10.

INTERROGATORY NO. 20

If you denied Request for Admission No. 11, in whole or in part, please describe the basis for your denial.

RESPONSE: Please see the Response to Request for Admission No. 11.

INTERROGATORY NO. 21

If you denied Request for Admission No. 13, in whole or in part, please describe the basis for your denial.

RESPONSE: Please see the Response to Request for Admission No. 13.

INTERROGATORY NO. 22

Is it your contention that the rates proposed by DDU in this Application do not promote water conservation? If so, please explain the basis of your contention.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). Subject to the foregoing objection, the WBSR responds as follows:

RESPONSE: The WBSR does not believe that inclining block pricing always promotes water conservation for single-family residences and landscape irrigation. The WBSR believes that there may be other factors besides the pricing structure, such as landscaping requirements, which may affect water consumption patterns, and thus water conservation. The WBSR is still reviewing documentation and has yet to formulate a final opinion on this topic.

RESPONSES TO REQUESTS FOR ADMISSION

REQUEST FOR ADMISSION NO.1

DDU provided continuous and adequate water utility service within the certificated service area in which you reside during the test year ending December 31, 2007.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.2

DDU is providing continuous and adequate water utility service within the certificated service area in which you reside at this time.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.3

DDU is entitled to rates that provide it a reasonable opportunity to earn a fair and reasonable return on its used and useful invested capital over and above its reasonable and necessary operating expenses in order to preserve its financial integrity.

RESPONSE: DENY; DDU is only entitled to the rates it requests if DDU has met the requirements of Texas statutes and TCEQ rules.

REQUEST FOR ADMISSION NO.4

DDU's proposed rates provide it a reasonable opportunity to earn a fair and reasonable return on its used and useful invested capital over and above its reasonable and necessary operating expenses in order to preserve its financial integrity.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.5

DDU's proposed rates are just, fair and reasonable.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.6

Every individual component in DDU's proposed capital structure should be included in the ratemaking formulas in this Proceeding.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.7

Every individual element of DDU's proposed tariffs is appropriate for approval this Proceeding.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.8

DDU has appropriately responded to every report of poor or inadequate water or sewer service in the White Bluff subdivision.

RESPONSE: DENY

REQUEST FOR ADMISSION NO.9

The facilities of the DDU water system that serves White Bluff are substantially similar to the facilities of the DDU water system that serves The Retreat.

RESPONSE: DENY; DDU has not demonstrated that these systems are substantially similar. The WBSR is still reviewing documentation and has yet to formulate a full opinion on this topic.

REQUEST FOR ADMISSION NO. 10

The quality of service of the DDU water system that serves White Bluff is substantially similar to the quality of service of the DDU water system that serves The Retreat.

RESPONSE: DENY; DDU has not demonstrated that the quality of service of these two systems is substantially similar. The WBSR is still reviewing documentation and has yet to formulate a full opinion on this topic.

REQUEST FOR ADMISSION NO. 11

The cost of service of the DDU water system that serves White Bluff is substantially similar to the cost of service of the DDU water system that serves The Retreat.

RESPONSE: DENY; DDU has not demonstrated that the cost of service of these two systems is substantially similar. The WBSR is still reviewing documentation and has yet to formulate a full opinion on this topic.

REQUEST FOR ADMISSION NO. 12

DDU's proposed tariffs incorporate inclining block pricing for water service.

RESPONSE: ADMIT

REQUEST FOR ADMISSION NO. 13

Inclining block pricing promotes water conservation for single-family residences and landscape irrigation.

RESPONSE: DENY; the WBSR does not believe that inclining block pricing always promotes water conservation for single-family residences and landscape irrigation. The WBSR believes that there may be other factors besides the pricing structure, such as landscaping requirements, which may affect water consumption patterns, and thus water conservation. The WBSR is still reviewing documentation and has yet to formulate a final opinion on this topic.

OBJECTIONS AND RESPONSES TO REQUESTS FOR PRODUCTION**REQUEST FOR PRODUCTION NO.1**

All documents supporting your responses to the preceding Requests for Disclosure, Requests for Admission and Interrogatories.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.2

Copies of all documents, including studies, reports, correspondence, photographs, maps, charts, financial documentation, and other documents reviewed and relied upon by any witness for White Bluff in this Proceeding.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.3

Copies of all documentation in your possession or control that demonstrates that DDU cannot provide continuous and adequate water utility service to any portion of its certificated service area subject to this rate change. Please indicate on the document, if not already discernable, which portion of DDU's certificated service area is receiving inadequate service.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.4

Copies of all documentation in your possession or control that demonstrates that any cost, tax, assessment or expense in DDU's proposed water utility cost of service (or revenue requirement) is not reasonable and necessary.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such documentation exists, it is provided. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.5

Copies of all documentation in your possession or control that demonstrates that any item or plant or investment in DDU's proposed water utility rate base is not reasonably priced for ratemaking purposes.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further

objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.6

Copies of all documentation in your possession or control that demonstrates that any item of plant or investment in DDU's proposed water utility rate base is not used and useful for ratemaking purposes.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.7

Copies of all documentation in your possession or control that demonstrates that any component of DDU's proposed capital structure is inappropriate for water utility ratemaking purposes in this Proceeding.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.8

Copies of all documentation in your possession or control that demonstrates that any DDU proposed rate of return on any component of its capital structure is inappropriate for water utility ratemaking purposes in this Proceeding.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO.9

Copies of all documentation in your possession or control that demonstrates that any component of DDU's proposed rate design is inappropriate for water utility ratemaking purposes in this Proceeding.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO. 10

Copies of all documentation in your possession or control that demonstrates that any component, section or provision of DDU's proposed water utility tariff should not be approved in this Proceeding.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO. 11

Copies of all documentation in your possession or control that demonstrates that any individual or entity represented by White Bluff has received poor quality or inadequate water service from DDU during or since the test year.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO. 12

Copies of all documentation in your possession or control that relate to contentions you make regarding whether the proposed rates promote water conservation.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to

a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO. 13

Copies of all documentation in your possession or control that demonstrate that any individual or entity represented by White Bluff has received poor customer service from DDU during or since the test year.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. To the extent other such relevant documentation not covered by the above objections exists, it is provided or will be provided when it is identified. Any privileged information will be withheld.

REQUEST FOR PRODUCTION NO. 14

Copies of all documentation in your possession or control that demonstrates that DDU has facilities used to provide public drinking water service to the public that do not meet the public health, design, construction or operation standards of the TCEQ's rules.

OBJECTION: The WBSR does not have the burden of proof in this case and is not required to marshal all of its evidence in discovery. Tex.R. Civ. P. 194.2(c). The WBSR objects to this request as overly broad in scope in that it requests all documents relating to a broad topic. *K-mart Corp. v. Sanderson*, 937 S.W.2d 429, 431-432 (Tex. 1996). It would be unduly burdensome for the WBSR to provide *all* such documents. The WBSR further objects to providing documentation already available to DDU, such as AWWA's Principles of Water Rates, Fees and Charges (the M1), Texas statutes, TCEQ filings and TCEQ rules. The WBSR also objects to providing any privileged materials such as attorney work-product or communications. Subject to these objections, the WBSR responds as follows:

RESPONSE: The WBSR is relying on the documentation provided by DDU in reviewing this application. Relevant information not covered by the objections above will be provided, if identified. Any privileged information will be withheld.

ARCHITECTURAL CONTROL COMMITTEE
WHITE BLUFF
Agreement to Comply with Landscape
Minimum Monetary Provision
EXHIBIT H

Revised 10/15/07

Date: [Redacted]

Dear Architectural Control Committee,

It is understood and acknowledged by the undersigns, that the Covenants and Restrictions on and for the White Bluff Subdivision, along with any and all Amendments thereto, covering the above referenced Lot, requires a monetary expenditure for landscaping of 2% of the construction cost of the residential dwelling or outbuildings. The property owner agrees, if requested, to provide the ACC with proof of compliance with this requirement.

I, (we) hereby certify that approximately \$ 7762 will be spent on the cost to landscape (cover the soil with mulch, grass, vegetation and/or shrubbery) Lot: [Redacted] Section: [Redacted] within ninety-90 days from the Final Building Inspection. The cost to landscape, as indicated above, represents approximately 2% of the construction cost of the residential dwelling or outbuildings. Prior to landscaping, the property owner agrees to provide the ACC and/or Building Inspector with a copy of the Landscape Plan and cost breakdown of the Plan. Plans, at a minimum, should show the location of the planting material along with a detail description of the material to be used.

For purposes of this Agreement, the ACC will consider the following items to be a valid part of landscape cost: landscape plans, soil, soil contouring, drainage, shrubbery, trees, mulch, stone or rock flower beds, irrigation system, edging, landscape lighting, ground cover, flowers and grass. Conversely, the ACC will not consider the following items to be a valid part of landscape cost: yard art, fountains, flag poles, walkways, patios, patio furniture, swimming pool/spas, pool furniture, solarium, gazebo, cabana, retaining walls, fences, flower pots, birdhouses/feeders, address sign or wind chimes. Covering the soil with mulch, grass, vegetation and/or shrubbery is top priority.

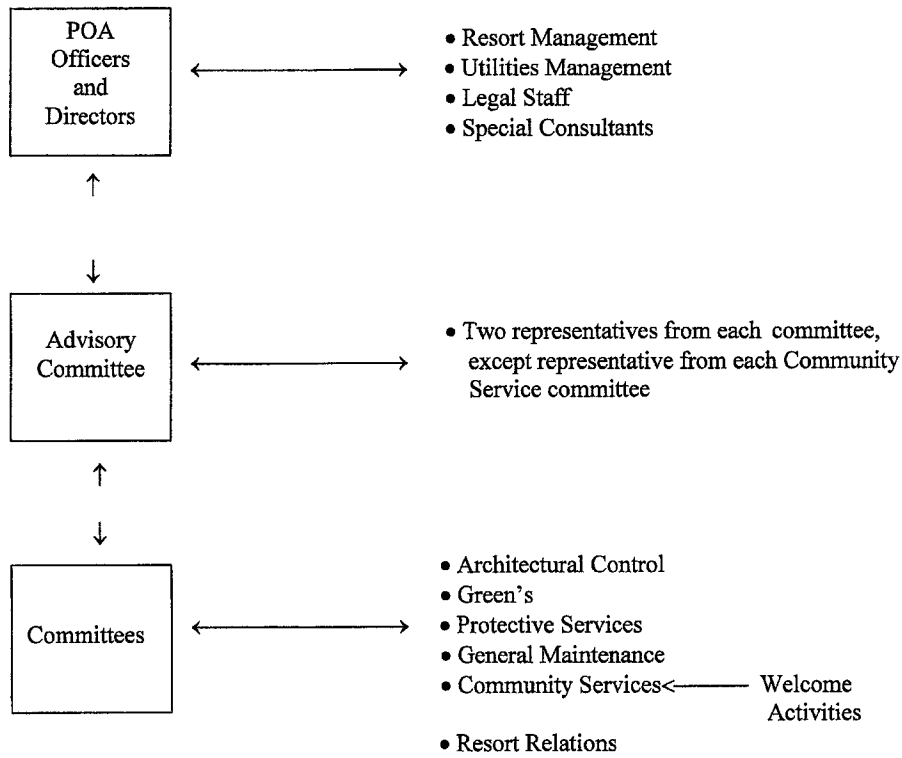
It is further understood and agreed that the property owner will be assessed and pay a fine of \$20 per day for failure to comply with this requirement. The fine will start ninety-90 days from the Final Building Inspection and continue until compliance is met. In the event weather conditions prevent the completion of landscaping within the required time period, additional time may be granted by the ACC.

Property Owner: [Redacted] (Printed)
Signature: [Redacted]
Dated: [Redacted]

Property Owner: [Redacted] (Printed)
Signature: [Redacted]
Dated: [Redacted]



POA ORGANIZATION



WHITE BLUFF PROPERTY OWNERS ASSOCIATION MEETING
WEDNESDAY, MAY 16, 2007 6:00 P.M.
MINUTES

Mike Ward – Director and President of the White Bluff Property Owners Association – called the meeting to order at 6:00 p.m. He welcomed everyone to the annual meeting. He stated that since White Bluff Property Owners Association is a Texas non-profit association, 25% of eligible voters must be represented in order to hold the annual meeting. The required number of votes is 1,772 and we have 2,026 represented either in person or by proxy. Mike stated the meeting will consist of the following:

1. Committee Reports.
2. Reporting the financial condition of the White Bluff Property Owners Association.
3. Election of Board of Directors.
4. General comment and questions.

Mike then introduced the remaining White Bluff Board of Directors:

Fred Curran
Don Fritz
Larry Groppel
Randy Gracy
Clark Willingham

Mike made the following introductions of Committee Members – he said they are all doing a great job, putting in a tremendous number of hours, and working very hard. Advisory – George Collins, ACC - Nancy Behrens along with George Collins, Greens – Danny Morrow, Bill Torman, Protective Services – Bill McKee, Rob Tennison, General Maintenance - Milt Bergman, Brent Shipman, Welcome – Betty Fritz, Activities - Dottie Reedy. Everyone thanked the committee members with a round of applause.

Mike then asked Board Member Don Fritz to speak.

Don stated that it has been 12 years since he accepted the challenge to become a board member and he felt this would be the right time to relinquish his board duties. Don then stated that he would like the property owners to consider George Collins as his replacement. Mike then thanked Don for his many years of service and the White Bluff Property Owners owe a debt of gratitude to Don. The members present gave Don a round of applause.

Mike then asked George Collins to speak on several issues:

1. George stated that he is always asked how many homes are at White Bluff. George stated that we have currently 564 homes which are up from 545 from the previous year.
2. George stated in 2006 we had 20 building permits issued for a construction cost of about 6.3 million compared to 29 permits in 2005 for a construction

cost of about 7.7 million. The average cost per square foot increased from \$95 in 2005 to \$111 in 2006. The activity for the permits has slowed mainly due to the increased interest rates and the slowdown in the economy. George felt even though the activity has slowed we still are on a pretty good pace.

3. George then commented on the widening of Highway 933 at the entrance. This project consists of a turn lane into the main entrance and a new acceleration lane going south. George stated that we have been working on this issue for three years with TXDOT. George said excellent progress has happened and does not anticipate anything getting in the way of this project starting within the next 12 to 18 months. TXDOT officials have assured that the funds are in place to complete the project. TXDOT has scheduled a public meeting for May 31 at 6:00 in the conference center to address any concerns.
4. George then commented on the road construction work at White Bluff. The roads committee two years ago put together a 5 year plan for roads. George felt that we are well on are way to meeting that 5 year plan.

Mike then commended Danny Holt, Golf Course Superintendent, on his efforts in getting the golf courses into better playing shape. This was met with a round of applause.

Mike then asked Dan McGinnis to speak with regards to the volunteer fire department. The fire department in 2006 responded to 89 calls. The department drove 1,503 miles in 2006 and currently has 16 firemen.

Mike then asked Randy Gracy to speak on the following issues.

1. The new entrance is complete. Randy feels that we now have an entrance property owners can brag about.
2. Added a playground area by the big pool in 2006.
3. Currently expanding the maintenance facilities by building a new golf maintenance barn. This new building will allow the separation of general maintenance and golf maintenance. Completion of construction should happen in the next 30 days.
4. Expansion of Marina. Randy stated that the new marina will be outside the current break water. The marina will consist of 500 slips along with a ship store. Randy stated that the first phase of construction would consist of roughly 200 slips. Corp of Engineers has agreed tentatively with this proposal and we are currently preparing an Environmental Study. Randy felt construction could start as early as late summer or early fall 2007.

Mike then asked Fred Molsen to speak with regards to new sirens proposed at the development.

Fred stated that the development currently has one siren by the administration building and can only be heard within a small radius. Fred stated that we want to expand the radius of the sirens. Fred stated to expand the radius to cover the entire property an additional three sirens are needed. The fire department will be in charge of triggering the

sirens. The total cost to complete this upgrade is \$60,000. Fred stated that the Protective Services committee will submit a proposal to the board in the next 30 days.

Mike stated that when he came to the development in the summer of 2006 and looked at 36 burned up greens, a golf course that was in tough shape and a development that was not being maintained very well he and the Board of Directors knew White Bluff was moving in the wrong direction and something had to be done. Mike felt that the money being spent at the time was just enough to keep the property going and not enough money was being spent to bring the development to a first class level. Mike stated that if you keep the philosophy of just spending money to keep things going that this philosophy will catch up to you and this is exactly what happened at White Bluff last year.

Due to this, Mike stated a dues increase was voted on and approved by the Board of Directors at a meeting earlier today. The board feels a dues increase is needed to get White Bluff moving in the right direction.

The following increase was approved:

1. Lot owner's dues would go up by \$120.00 per year or \$10.00 per month.
2. Homeowner's dues would go up \$180.00 per year or \$15.00 per month.

Mike stated this increase should give us the funds needed to upgrade the property to the first class development that all property owners want.

Mike further stated that he guarantees no dues increase in 2008 and probably none in 2009.

Mike Ward introduced Fred Curran – Senior Vice President and member of the Board of Directors who reviewed the Financial Statements. Huselton, Morgan and Maultsby, Certified Public Accountants based in Dallas audited the financial statements with a "clean opinion"- stating the financial statements present fairly the financial position of the POA. Copies of the audited financial statements will be available at the administration office and also available on the website. Please see the Audit Report for more information.

Fred answered the following questions:

Q: Can you explain how the increase in maintenance fees will be billed?

A: Starting in July 2007 a lot owner's fee will be increased by \$60.00 and if you are a homeowner the fee will increase by \$90.00.

Q: Why increase maintenance fees when we can take the money from the food and beverage fee?

A: The F&B fee is designed to support the hospitality operations at the development. The approach for the hospitality operations is to break even and the F&B fee helps achieve this goal.

Q: Why can't golf revenue be used to help offset the golf maintenance expenses?

A: These are two separate operations. The golf fees are property of the hospitality division and helps the hospitality division achieve the break even mentioned before.

Q: Golf Maintenance was over budget in 2006 by \$250,000. What caused this?

A: The extra dollars spent in 2006 were to get the burned out greens and the course back in good playing condition. Irrigation and lake pump problems also contributed to the over budget amount.

Mike then asked Randy Gracy to comment on the status of Utilities at the development.

Randy stated that the development had a major leak in 2006. This leak was found and corrected. White Bluff currently has four water wells and three are currently being used. Randy further stated that the three wells that are being used are not even running to their capacity. Due to this, Randy felt that the current wells can keep up with demand on the water system and that there is significant capacity for future growth. Randy also said that the sewer plant is also not running at capacity and has room for additional growth. Randy felt that we currently do not need to make any major changes to either system.

Board of Directors:

Motion was made to elect the following individuals for a 3 year term to the Board of Directors:

Randy Gracy
George Collins

Motion was seconded and passed.

Questions and comments.

Q: Update on the drilling of gas wells on the property?

A: The mineral rights are owned half by Double Diamond with the other half being owned by other individuals. Double Diamond has been approached but at the present time there is no deal in place for any drilling to be done. Mike stated to the board that his intentions are to share the income from any potential wells with the association as long as there is no fighting within the association. If this were to happen then the money flow to the association would cease. Mike stated that if wells were to be drilled Double Diamond would make sure the drilling would not disrupt the operation and the property owners of the development.

Q: Open the old course grill on holidays?

A: Mike had no problem with this and said he would give this to Stack Bowers, VP of Hospitality, to implement.

Q: Finish the project of moving the ladies tee boxes?

A: Mike agreed that the project needs to be completed

Property owner from the audience then gave accolades to the security staff for the work they have been doing cracking down on security issues at the development. This included doing a better job with regards to the pool areas. This comment was welcomed with a round of applause.

There being no further business, the meeting was adjourned at 7:05 p.m.



Kevin Shea
Acting Secretary

BYLAWS
OF
WHITE BLUFF PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE ONE

Name and Location

The name of the corporation is WHITE BLUFF PROPERTY OWNERS' ASSOCIATION, INC., a Texas non-profit corporation (hereinafter referred to as the "Association"). The principal office of the Association shall be located at the office of its registered agent in Dallas county, Texas, but meetings of Members and Directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE TWO

Definitions

The following words, when used in these Articles of Incorporation, shall have the following definitions and meanings:

- (a) "Association" shall mean and refer to the WHITE BLUFF PROPERTY OWNERS' ASSOCIATION INC., its successors and assigns, which Association is and shall be treated as a property owners' association under Section 528 of U.S. Internal Revenue Code.
- (b) " Properties" shall mean and refer to the land and premises located in Hill County, State of Texas, subdivided as the " White Bluff Subdivision," and any additions and contiguous subdivisions thereto as may hereafter be brought within the jurisdiction of the Association by the Board of Directors.
- (c) "Declaration" shall mean and refer to:
 - (i) The Declaration Regarding Establishment of the White Bluff Property Owners' Association Inc., recorded in the Public Records of Hill County Texas;
 - (ii) any and all restrictive covenants and covenants running with the land directly or indirectly pertaining to the Properties, as recorded in the Public Records of Hill County, Texas; and
 - (iii) any further or subsequent supplements, amendments, additions or modifications to the foregoing instruments;

all of which are incorporated herein by reference for all purposes.

- (d) "Common Properties" shall mean and refer to any and all areas of land within the Properties which are known, described or designated as common green, common areas, recreational easements, green belts, open spaces, private streets, jogging and bicycle trails, swimming pools, tennis courts, golf courses, marina facilities, recreational centers or bodies of water on any recorded subdivision plat of the Properties or intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or may hereafter be constructed thereon.
- (e) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat (s) of the Properties, as amended from time to time, which is designated as a "lot" thereon.
- (f) "Owner" shall mean and refer to each and every person or entity who is a record owner of a fee or undivided fee interest in any Lot; however, the word "Owner" shall not include person(s) or entity(ies) who hold a bona fide lien or interest in a Lot merely as security for the performance of an obligation.
- (g) "Member" shall mean and refer to each Owner of a Lot or Timeshare Estates.
- (h) "Timeshare Estate" shall mean any undivided freehold estate in a timeshare unit located on a lot.

ARTICLE THREE

Membership

Section 1. Every person or entity who is now or hereafter becomes an owner shall automatically be and must remain a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. The rights of membership are subject to the payment of monthly and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of, and becomes a lien upon, the Lot against which such assessments are made as provided by the Declaration.

Section 3. The membership rights of any person whose interest in the Properties is subject to assessment, whether or not he or she be personally obligated to pay such assessment, may be suspended by action of the Board of Directors during the period when the assessment remains unpaid; but, upon payment of such assessment, his or her rights and privileges shall be automatically restored. If the Board of Directors has adopted and published rules and regulations governing the use of the Common Properties and the personal conduct of any person thereon, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed sixty (60) days.

BYLAWS - Page 2

ARTICLE FOUR

Voting Rights

The Association shall have one class of voting membership. Members shall be entitled to one (1) vote for each Lot or in a timeshare estate in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot or timeshare estate, all such persons shall be Members, and the vote for such Lot or timeshare estate shall be exercised as they, among themselves, may determine, but in no event shall more than one (1) vote be cast with respect to any such Lot or timeshare estate.

ARTICLE FIVE

Property rights and Rights of
Enjoyment of the Common Properties

Section 1. Each Member and their children under twenty one (21) years old or adult children actually residing with such Member shall be entitled to the use and enjoyment of the Common Properties in accordance with the terms and provisions of the Declaration.

Section 2. No Member may further delegate his or her rights of enjoyment in the Common Properties and facilities without the prior written consent of the Association (and the Association shall have absolute discretion in this regard). Such Member shall notify the Secretary, in writing, of the name of any such person and of the relationship of the Member to such person. The right and privileges of each such person are subject to suspension to the same extent as those of the Member and shall be subject to any applicable rules and regulations that may be adopted from time to time by the Board of Directors of the Association. The Board of Directors may, from time to time, establish and promulgate additional rules and requirements concerning the delegation of enjoyment rights.

ARTICLE SIX

Association Purposes and Powers

The Association does not contemplate pecuniary gain or profit to the Members thereof, and specific purposes for which it is formed are:

- (a) to provide for the acquisition, construction, management, maintenance and care of the Association property;
- (b) to provide for and assist in maintenance, preservation and architectural control of the Properties and to promote the health, safety and welfare of the Owners and residents of the Properties;

BYLAWS -Page 3

- (c) to borrow money (if necessary) and to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, subject to the terms and provisions of, and limitations and prohibitions within, the Texas Miscellaneous Corporation Laws Act and the Texas Non-Profit Corporation Act;
- (d) to cause the Common Properties to be maintained, operated, regulated and administered in accordance with any applicable terms and conditions of the Declaration, Articles of Incorporation, Bylaws or other applicable Instruments.
- (e) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as may be set forth in the Declaration;
- (f) to fix, levy, collect and enforce payment by any lawful means, all charges or assessments provided for by the terms of the Declaration and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including any licenses, taxes or governmental charges which may be levied or imposed against the Common Properties or any other property owned by the Association;
- (g) insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors of the Association, will promote the common benefit and enjoyment of the Owners and residents of the Properties; provided, however, that no part of the net earnings of the Association shall inure to the benefit of or be distributable to any Member, director or officer of the Association, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association related or pertaining to one or more of its purposes); and provided further that no part of the activities of the Association shall include carrying on propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution or statements) any political campaign on behalf of any candidate for public office.

ARTICLE SEVEN

Board of Directors

Section 1. The business and affairs of the Association shall be initially managed by a board of three (3) directors. The number of directors may thereafter be changed in accordance with the Articles of Incorporation and the Bylaws of the Association, but shall in no event be less than three (3) nor more than seven (7) individuals. Directors need not be Members of the Association.

BYLAWS - Page 4

The directors shall be elected at the annual meeting of the Members, except as provided in Section 2 of this Article, and each director elected shall hold office for the term of two (2) years or until his or her successor is elected and qualified; provided, that directors may be elected to one (1) year terms at an annual meeting of the Members for the purpose of staggering terms.

Section 2. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled at any annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members, present or represented by an appropriate proxy, at an annual meeting of the Members or at a properly called special meeting of the Members present or represented by an appropriate proxy, or by the affirmative vote of a majority of the directors at a properly called special meeting of the Board of Directors, whenever in its judgement, the best interests of the Association will be served thereby.

Section 3. The Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Declaration or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Members. The Board, for the benefit of the Association, the Common Properties and the Owners, may provide, and may pay for, out of the maintenance fund(s), the following:

- (a) care, preservation and maintenance of the Common Properties and the furnishing and upkeep of any desired personal property for use in or on the common Properties;
- (b) security arrangements;
- (c) Taxes, insurance and utilities (including, without limitation, electricity, gas water and sewer charges) which pertain to the Common Properties only;
- (d) the services of a person or firm to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager;
- (e) legal and accounting services; and
- (f) any other materials, supplies, furniture, labor, services,

BYLAWS - Page 5

maintenance, repairs, structural alterations, taxes or assessments which the Board of Directors is required to obtain or pay for pursuant to the terms of the Declaration or which, in its option, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration.

Section 4. The Board of Directors shall have, in addition to all powers of the Association not precluded by (i) statute, (ii) the Articles of Incorporation (iii) these Bylaws or (iv) the Declaration, the following additional rights, powers and duties:

- (a) to execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by it as an incorporated entity;
- (b) to borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit;
- (c) to increase, decrease, amend or modify the maintenance fee schedule applicable to each and all of the Lots, the time and method of collection and any and all matters and aspects of any kind or character whatsoever arising out of or related to the maintenance fees;
- (d) to enter into contracts, maintain one or more bank accounts and to have all the powers necessary or incidental to the operation and management of the Association;
- (e) to protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements;
- (f) to make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time;
- (g) to make available to each Owner after the end of each year an annual report;
- (h) to adjust the amount, collect and use any insurance proceeds to repair damaged property or replace lost property; and if proceeds are insufficient to repair damaged property or replace lost property, to assess the Members to cover the deficiency; and
- (i) to enforce the provisions of the Declaration and any rules made thereunder and to enjoin and seek damages from any Owner for violation of such provisions and rules.

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1-175 P.007/017 F-772

512 945 1483

11-11-2008 12:18PM FROM-CDM AUSTIN

Section 5. The Board of Directors shall have the exclusive right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the function of the Board, except as otherwise provided herein.

Section 6. The Board of Directors shall have full power and authority to contract with any Owner for performance on behalf of the Association of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interests of the Association.

Section 7. Directors shall not receive salaries for their services. The Board of Directors may, however, adopt a resolution providing for payment to directors of a reasonable expenses for attendance at each meeting of the Board of directors. A director may serve the Association any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a director shall be commensurate with the services performed and reasonable in amount.

ARTICLE EIGHT

Meetings of the Board of Directors

Section 1. Meetings of the Board of Directors, regular or special, must be held within the State of Texas.

Section 2. The first meeting of each newly-elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the Members present or represented by an appropriate proxy at the annual meeting of the Members and no notice of such meeting shall be necessary to the newly-elected Board of Directors, or in the event no time or date is fixed by the Members or such meeting is not held at the time and place so fixed by the Members, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meeting for the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 3. Regular meetings of the Board of Directors shall be held on the first Tuesday in November of each year without notice, at such place and hour as may be fixed from time to time by resolution of the Board, or if none, by the President of the Association. Should the meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day which is not a legal holiday. The President may waive a regular meeting if no business needs to be conducted unless any director requests such meeting be held.

Section 4. Special meetings of the Board of Directors shall be held when

BYLAWS - Page 7

called by the President or by any two (2) directors. Written notice of special meetings of the Board of Directors shall be given to each director at least three (3) days before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 5. A majority of the directors shall constitute a quorum for the transaction of business and the act of the majority of the directors present in person or by proxy at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles of Incorporation or the Declaration. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

Section 6. A director may vote in person or by proxy executed in writing by the Director or by his or her duly authorized attorney-in-fact filed with the Secretary. No proxy shall be valid after three (3) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than three (3) months from the date of its execution.

Section 7. The Board of Directors may hold a meeting by telephone conference-call in which all Directors participating in the meeting can hear each other. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

Section 8. Any decision required or permitted to be made at a meeting of the Board of Directors, may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all of the directors. The original signed consents shall be placed in the minute book and kept with the Associations' records.

Section 9. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate two (2) or more directors to constitute an executive committee, which committee, unless its authority shall otherwise be expressly limited by such resolutions, shall have all of the authority of the Board of Directors with regard to the business and affairs of the Association except where action of the Board of Directors is specified by statute. Vacancies in the membership of the committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. The executive committee shall keep regular minutes of its proceedings and report the same to the Board when required. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member, thereof, of any responsibility imposed upon them by law.

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512 945 1483

11-11-2008 12:18PM FROM-CDM AUSTIN

ARTICLE NINE

Officers

Section 1. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer and may include a Chairman of the Board, each of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person, except that the President and Secretary shall not be the same person.

Section 2. The Board of Directors, at its first meeting after each annual meeting of Members, shall choose a President, one or more Vice Presidents, a Secretary and a Treasurer, none of whom need be a Member or a director and may appoint one of their number as Chairman of the Board.

Section 3. The Board of Directors may also appoint, from time to time, such other officers and assistant officers or agents, as may be deemed necessary, by the Board of Directors.

Section 4. The Officers of the Association shall hold office until their successors are chosen and qualified. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgement, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Association by reason of death, resignation, removal or otherwise shall be filled by the Board of Directors.

President

Section 5. The President shall be the chief executive officer. The chief executive officer shall preside at all meetings of the Members and (if a Chairman of the Board has not been designated) the Board of Directors, and shall have such other powers and duties as usually pertain to such office or as may be delegated by the Board of Directors. Unless the Board of Directors shall otherwise delegate such duties, the President shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 6. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Association, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

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T-176 P.010/017 F-772

612 346 1483

11-11-2008 12:16PM FROM-CDM AUSTIN

Vice President

Section 7. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall also perform such other duties and have such other powers as the Board of Directors shall prescribe.

Secretary

Section 8. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members, and record all the proceedings of the meetings of the Association and of the Board of Directors in a book to be kept for that purpose. He or she shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he or she shall be. The Secretary shall keep in safe custody the seal of the Association, if any, and when authorized by the Board of Directors, affix the same to any instrument requiring it, and when so affixed, it shall be attested by his or her signature.

Section 9. Any Assistant Secretaries, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Treasurer

Section 10. The Treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors.

Section 11. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Association.

Section 12. If required by the Board of Directors, the Treasurer shall give the Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Association, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association.

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512 345 1483

11-11-2008 12:18PM FROM-CRM AUSTIN

Section 13. Any Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE TEN

Committees

Section 1. The Board of Directors, by resolution adopted by a majority of the directors, may designate and appoint one or more committees, each of which shall consist of at least one director, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Association. Unless otherwise provided herein, each committee shall consist of two or more individuals designated by the Board of Directors. The committees shall be appointed by the Board of Directors to serve from the date of such appointment until the close of the next annual meeting of the Members.

Section 2. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties and activities within its field or responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE ELEVEN

Meetings of Members

Section 1. Meetings of the Members for the election of directors are to be held at the offices of the Association in the County of Hill, State of Texas, or at such other location within the state of Texas as shall be stated in the notice of the meeting. Meetings of Members for any other purpose shall be held at such place, within the State of Texas, and at such time as shall be stated in the notice of the meeting.

Section 2. Annual meetings of Members shall be held on the third Wednesday in May, if not a legal holiday, and if a legal holiday, then the next business day.

Section 3. Special meetings of the Members shall be held when called by, (i) the President, (ii) by any three (3) directors, or (iii) by written request of Members holding twenty (20%) percent of the votes entitled to be cast, represented in person or by proxy. Written notice of special meetings of the Members shall be given to each Member at least fifteen (15) days before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any special meeting of the Members need be specified in the notice of such meeting.

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Section 4. Members holding twenty-five (25%) percent of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum. The vote of the majority of the votes entitled to be cast by the Members present shall be the act of the Members.

Section 5. Each Member may cast as many votes as he or she is entitled to exercise under the terms and provisions of these Bylaws on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been suspended in accordance with these Bylaws or the Declaration. At such election for directors, every Member entitled to vote at such election shall have the right to vote.

Section 6. A Member may vote in person or by proxy executed in writing by the Member or by his or her duly authorized attorney-in-fact and filed with the Secretary. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months from the date of its execution. Every proxy shall automatically cease upon sale by the Member of his or her Lot.

Section 7. The officer or agent having charge of the Association's book shall make, at least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association or such other location which has been designated by the Board of Directors and shall be subject to inspections by any Member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 8. The Board of Directors may fix, in advance, a date, not exceeding sixty (60) days preceding the date of any meeting of Members, as a record date for the determination of the Member entitled to notice of, and to vote at, any such meeting and any adjournment thereof. In such case, such Members and only such Members shall be entitled to such notice of, and to vote at, such meetings and any adjournment thereof, notwithstanding any change of membership on the books of the Association after such record date is fixed as aforesaid.

ARTICLE TWELVE

Books, Papers and Notices

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member.

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Section 2. Notices to directors and Members shall be in writing, shall specify the time and place of the meeting and shall be delivered personally or mailed to the directors or Members at their addresses appearing on the books of the Association. Notices by mail shall be deemed to be given at the time when same shall be mailed. Notice to directors may also be given by telegram.

Section 3. Whenever any notices required to be given to any Member or director under the provisions of statute or the Declaration or of the Articles of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 4. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business of the ground that the meeting is not lawfully called or convened.

ARTICLE THIRTEEN

Indemnification and Limitations on Liability

Section 1. Neither any Member nor the Board of Directors (or any one of them) nor the officers (or any one of them) shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether such other Member was acting on behalf of the Association or otherwise. Neither the Association nor its directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same. The Association or any other person firm or corporation liable to make such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portion thereof.

Section 2. The Association may indemnify any person who is or was a director or officer of the Association and any person who serves or served at the Association's request as a director or officer as follows:

- (a) In case of a suit by or in the right of the Association against a director or officer by reason of his or her holding such a position, the Association shall indemnify such person against expenses (including attorney's fees) actually and necessarily incurred by him or her in connection with the defense or settlement of such action or suit if he or she is successful on the merits, or otherwise if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such director or officer shall have been finally adjudged to be liable for negligence or misconduct in the performances of his or her duty to the Association;

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- (b) In case of a threatened, pending or completed suit, action or proceeding (whether civil, criminal, administrative or investigative), other than a suit by or in the right of the Association, together hereafter referred to as a "non-derivative suit," against a director or officer by reason of his or her holding a position set forth above, the Association shall indemnify him or her against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the defense or settlement of such action, suit or proceeding if he or she is successful on the merits, or otherwise or if he or she acted in good faith in the transaction which is the subject of the non-derivative suit to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of a non-derivative suit by judgment, order settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the director or officer did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, that he or she had reasonable cause to believe that such conduct was unlawful;
- (c) Indemnification provided under paragraphs (a) and (b) above shall be made by the Association (except as otherwise provided in paragraph (a) hereof) only upon a determination of the specific case that indemnification of the director or officer is proper under the circumstances because he or she has met the applicable standards of conduct set herein. Such determination shall be made: (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel and a written opinion, or (iii) by vote of the Members. Indemnification may be prorated so as to indemnify such director or officer as to some matters but not to others;
- (d) The Association may pay, in advance, any expenses (including attorney's fees) which may become subject to indemnification hereunder if: (i) the Board of Directors authorizes the specific payment, and (ii) the director or officer receiving the payment undertakes in writing to repay such payment unless it is ultimately determined that he or she is entitled to indemnification by the Association under this Article Thirteen;
- (e) The indemnification provided for herein shall not be exclusive of any of the rights to which a person may be entitled by law, the Bylaws of the Association, or by agreement, and shall continue as to a director or officer, who has ceased to hold such position and shall inure to the benefit of his or her heirs, executors and administrators; and

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1-175 P.016/017 F-772

512 945 1488

11-11-2008 12:11PM FROM-COM.AUSTIN

- (f) The Association may purchase and maintain insurance on behalf of any person who holds or who has held any position of director or officer against any liability asserted against him or her and incurred by him or her in any such position, or arising out of his or her status as such.

ARTICLE FOURTEEN

General Provisions

Section 1. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 2. The corporate seal, if any, shall have inscribed thereon the name of the Association. The seal may be used by causing it or a facsimile thereof to be impressed or affixed to any document or instrument in order to validate, effectuate or authorize the matters contained within said instrument of behalf of the Association.

Section 3. These Bylaws may be amended at any regular or special meeting of the Members by a majority of the total votes entitled to be cast, or the power to alter, amend or repeal the Bylaws or to adopt new Bylaws may be delegated to the Board of Directors by such vote. Notwithstanding the above, those provisions of the Bylaws which are governed by the Articles of Incorporation of the Association may not be amended except as may be provided in the Articles of Incorporation of the Association or as required by applicable law; and provided further, that any matter stated herein to be, or which is in fact, governed by the Declaration may not be amended except as may be provided in such Declaration.

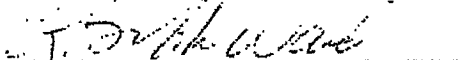
Section 4. The Articles of Incorporation may be amended in the following manner:


The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of Members, which may be either an annual or special meeting. Written notice setting forth the proposed amendment or a summary thereof shall be given to each Member entitled to vote at such meeting within the time and in the manner provided in these Bylaws for the giving of notice of meetings of Members. The proposed amendment shall be adopted upon receiving at least two-thirds (2/3rds) of the total votes entitled to be cast.


Section 5. In the case of any conflict between the Articles of Incorporation of the Association and these Bylaws, The Articles of Incorporation shall control; and in the case of any conflict between the Declaration of the Association and these Bylaws, the Declaration shall control.

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IN WITNESS WHEREOF, we, being all of the initial directors of the White Bluff Property Owners' Association, Inc. a Texas non-profit corporation, have hereunto set our hands the 1st day of June, 1990.


R. MIKE WARD


FRED K. CURRAN


RANDY GRACY

BYLAWS - Page 16

11-11-2008 12:17PM FROM-CDM AUSTIN 512 345 1483 T-175 P.017/017 P-772 020

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gkwilliams@valornet.com

From: William F. Torman [wtorman@hotmail.com]
Sent: Wednesday, June 17, 2009 3:14 PM
To: gkwilliams@valornet.com
Subject: RE: Water Usage

Karen---Per Diane at Admin Bldg., the bills that have errors or calculation problems or reading meter problems are being reviewed and new statements will be issued with a new established standard rate(to be determined by DD) for sewer for the rest of this year. Probably need to talk to Diane for clarification. I hope DD lets everyone know what is happening!!!! Bill

From: gkwilliams@valornet.com
To: gkwilliams@valornet.com
Subject: Water Usage
Date: Wed, 17 Jun 2009 09:55:28 -0500

It appears that many of us may have a problem with the electronic reading of our water usage. I have had a number of contacts from residents that are telling me their numbers on their billing statement are wrong.

I had my husband check our water meter yesterday and our Current Meter Reading is 3,000 gallons less than what DDU showed for our Current Meter Reading on 5-30-2009. Considering we are two weeks into the next cycle, my gallons would be about 5,000 over what they are showing. Coincidentally, my February billing (which is part of my sewer calculation) was about 5,000 gallons over my normal usage. Surely DDU would not intentionally make this type error.

Perhaps we ALL should take a look at our water meter and see if it is accurate. If there is, please contact DDU at the number on your monthly billing. Please let me know if you discover an error so that I can keep track of the numbers for our protest documentation.

Karen Williams

10/5/2009

Page 1 of 1

gkwilliams@valornet.com

From: John Bass [johnbass1@windstream.net]

Sent: Wednesday, June 17, 2009 11:28 AM

To: Thomas Gibson; John Bass; John Weatherman; 'Karen Williams'; Karen Williams; Lou Storm; Richard Thompson

Subject: Water Gallonage Issues

Fellow Committee Members,

After speaking with DD Utilities concerning my dramatic increase in water usage I have been instructed to contact Richard Zint on Monday the 22nd and ask for a usage report. This report can give daily usage totals as well as hourly usage totals for the entire previous month and prior months before that. The meter readings may be correct but I want to know when and where this water was used.

John Bass

10/5/2009

gkwilliams@valornet.com

From: gkwilliams@valornet.com
Sent: Wednesday, June 17, 2009 4:12 PM
To: 'Charlie Baker II'
Subject: RE: Water Usage

Charlie, what is your normal monthly usage??? There is no way you could have used 10K gallons in one day. I think their electronic meters aren't working the way they should. One of the residents talked to Diane at the Administration building and she told them to throw their bill away and that DDU is sending a new one. I think the number of complaints filed has overwhelmed them. Thanks for letting me know.

Karen

From: Charlie Baker II [mailto:cbakersfield@hotmail.com]
Sent: Wednesday, June 17, 2009 3:47 PM
To: gkwilliams@valornet.com
Subject: RE: Water Usage

I read my water meter on the morning of June 1 and the reading was 35210. When I received my water bill DD had recorded the reading on May 30 as 32100. This would have meant I used 3110 gal in one day. The total consumption for May as recorded by DD was 4310. It should have been around 7300 gal. for May.

I just went and check my reading and with the beginning reading that DD used I have already used 10,590 for the first 17 days of June. What I think this will do is put me in the higher water usage rates for June.

I called DD and left a message but they have not returned it.

Charlie Baker

From: gkwilliams@valornet.com
To: gkwilliams@valornet.com
Subject: Water Usage
Date: Wed, 17 Jun 2009 09:55:28 -0500

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10/5/2009

Page 2 of 2

Perhaps we ALL should take a look at our water meter and see if it is accurate. If there is, please contact DDU at the number on your monthly billing. Please let me know if you discover an error so that I can keep track of the numbers for our protest documentation.

Karen Williams

Insert movie times and more without leaving Hotmail®. [See how.](#)

10/5/2009

Page 1 of 1

gkwilliams@valornet.com

From: gkwilliams@valornet.com
Sent: Wednesday, June 17, 2009 4:15 PM
To: 'William F. Torman'
Subject: RE: Water Usage

Thanks Bill, I have received several emails saying this. I am waiting on DDU to call me back. I talked to them this morning I think they have been overwhelmed with calls.

Karen

From: William F. Torman [mailto:wtorman@hotmail.com]
Sent: Wednesday, June 17, 2009 3:14 PM
To: gkwilliams@valornet.com
Subject: RE: Water Usage

Karen---Per Diane at Admin Bldg., the bills that have errors or calculation problems or reading meter problems are being reviewed and new statements will be issued with a new established standard rate(to be determined by DD) for sewer for the rest of this year. Probably need to talk to Diane for clarification. I hope DD lets everyone know what is happening!!!! Bill

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Karen Williams

10/5/2009

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gkwilliams@valornet.com

From: gkwilliams@valornet.com
Sent: Wednesday, June 17, 2009 4:18 PM
To: 'Richard and Carol Thompson'; 'John Bass'; 'Thomas Gibson'; 'John Weatherman'; 'Karen Williams'; 'Lou Storm'
Subject: RE: Water Gallonage Issues

Thanks for the note Carol. I called them this morning and they were to investigate and call me back. They never called. I have had several notes of people telling me that they were resending billings on the complaints. Let me know if and when you get a new bill.

Karen

From: Richard and Carol Thompson [mailto:t1upmom@valornet.com]
Sent: Wednesday, June 17, 2009 3:02 PM
To: John Bass; Thomas Gibson; John Weatherman; 'Karen Williams'; Karen Williams; Lou Storm
Subject: Re: Water Gallonage Issues
Importance: High

I spoke with Diane in the Administration office this morning. She call to let me know to DESTROY the water bill that we received on Monday. We will be getting a new water bill ! I questioned when the new one would arrive but she did not know. Diane had a multitude of calls and complaints about the correctness of the water/sewer charges. So----- hang tight, or just tie another knot in your rope.
Carol

----- Original Message -----

From: [John Bass](#)
To: [Thomas Gibson](#) ; [John Bass](#) ; [John Weatherman](#) ; ['Karen Williams'](#) ; [Karen Williams](#) ; [Lou Storm](#) ; [Richard Thompson](#)
Sent: Wednesday, 17 June, 2009 11:27 AM
Subject: Water Gallonage Issues

Fellow Committee Members,

After speaking with DD Utilities concerning my dramatic increase in water usage I have been instructed to contact Richard Zint on Monday the 22nd and ask for a usage report. This report can give daily usage totals as well as hourly usage totals for the entire previous month and prior months before that. The meter readings may be correct but I want to know when and where this water was used.

John Bass

10/5/2009