

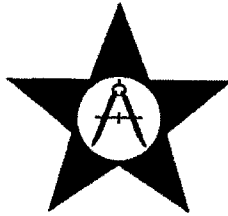


Control Number: 44695



Item Number: 7

Addendum StartPage: 0



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NEW BRAUNFELS, TX 78130  
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FIRM F-1394  
WWW.MSENGR.COM

2015 JUN 12 PM 3:03

FILING CLERK

June 11, 2015

Public Utility Commission of Texas  
Central Records, Lisa Clark  
1701 N. Congress, Suite 8-100  
Austin TX 78701

RE: Docket No. 44695  
Crystal Clear Water Supply Corporation (WSC)  
Amended Application to Obtain New Sewer Certificate of Convenience and Necessity (CCN)

Dear Lisa Clark,

Please find this transmittal letter as the first page of the amended Crystal Clear WSC's Sewer CCN Application.

We received feedback from the PUC that the initial application, received on May 1, 2015, was deficient and the following items were requested in order to correct the deficiency:

1. Provide the names(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service.
  - SouthStar Communities, 1114 Lost Creek Blvd., Ste 270, Austin, Texas 78746
2. Provide a list of neighboring utilities, districts, and any other entities providing the same type of service within a 5-mile boundary from each proposed service area. This is a requirement of new sewer CCN applications pursuant to 16 TAC 24.106(b)(1). The Applicant provided mapping and notice information for systems within a 2-mile radius of the proposed location.
  - City of New Braunfels
  - City of San Marcos
3. Provide a list of counties and ground control districts that the proposed area falls within.
  - Comal County
  - Edwards Aquifer Authority

PAGE 1 OF 2

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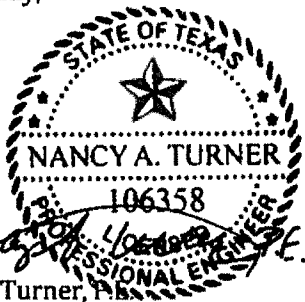
4. Provide a CD with projected digital data for maps submitted by the Applicant identified as Map 1 and Map 2. This is needed to verify positioning of the proposed area which was placed based on the metes & bounds provided.
  - The PUC staff has since confirmed that the initial CD set submitted was adequate and additional CDs were no longer needed as they were only misplaced at the time the application deficiencies were listed.

In addition, other information added to the application package are:

- Notification to the Edwards Aquifer Authority
- Notification to the Comal County Judge, Sherman Krause
- A request for sewer services from SouthStar to Crystal Clear WSC
- 5-mile radius map as well as 2-mile radius map from the proposed CCN service area

The initial cover letter follows for your reference. We look forward to the Public Utility Commission's response.

Respectfully,

  
Nancy A. Turner, P.E.  
06.11.15



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April 30, 2015

Public Utility Commission of Texas  
Attention: Filing Clerk  
1701 N. Congress Avenue  
Austin TX 78711-3326

RE: Crystal Clear Water Supply Corporation (WSC)  
Application to Obtain New Sewer Certificate of Convenience and Necessity (CCN)

To Whom It May Concern,


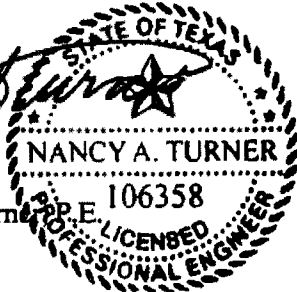
Crystal Clear WSC wishes to obtain a Sewer CCN for an isolated residential subdivision area consisting of 88 acres between the City of New Braunfels and the City of San Marcus. The subdivision has not yet been construction but such construction shall begin in May 2015. This particular area is not located within another's Sewer CCN service area, nor is another CCN service area located within a two mile radius of the requested CCN area.

After the Texas Commission of Environmental Quality (TCEQ) reviewed the plans and specifications of the proposed wastewater system, a discharge permit was issued to SouthStar at Havenwood LLC (TPDES Permit No. WQ0015266001).

SouthStar at Havenwood LLC is the developer responsible for the cost of constructing the wastewater system. After construction of the wastewater treatment plant and collection system are complete, SouthStar will convey the wastewater system to Crystal Clear WSC as they shall own, operate and maintain the system thereafter. Therefore, Crystal Clear Water Supply Corporation will not incur any capital costs from construction of the wastewater system. Crystal Clear WSC has defined an appropriate rate structure to charge customers in order to fund all operation and maintenance costs.

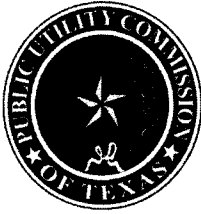
Please review the enclosed application documents for the new Sewer CCN and contact our office with any questions or need for additional information.

Respectfully,

  
Nancy A. Turner  


PAGE 1 OF 1

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

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

**Docket Number:** 44695

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

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

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

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

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

### Purpose of Application

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

### 1. Applicant Information

#### Applicant

Utility name: Crystal Clear Water Supply

Certificate number:

Street address (City/ST/ZIP/Code): 2370 FM 1979, San Marcos, Texas 78666

Mailing address(City/ST/ZIP/Code): 2370 FM 1979, San Marcos, Texas 78666

Utility Phone Number and Fax: (830) 372-1031

#### Contact information

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

Name: Nancy A. Turner

Title: Engineer, M&S Engineering

Mailing address: 376 Landa Street, New Braunfels, Texas 78130

Email: NTurner@msengr.com

Phone and Fax: (830) 228-4186

List all counties in which service is proposed:

Comal County

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

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

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

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

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

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

## 2. Location Information

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

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

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

☒ Yes    ☐ No

If YES, provide the following:

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

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

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

☐ Yes    ☒ No

If YES, within the corporate limits of: \_\_\_\_\_

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

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

☐ Yes    ☒ No

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

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

N/A



### 3. Map Requirements

Attach the following hard copy maps with each copy of the application:

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

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

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

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

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

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

- i. If yes, please provide documentation of the denial of service and go to c.
  - ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.
- C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:
- Attached in Appendix 4
- D. Date of plat approval, if required: \_\_\_\_\_  
 Approved by: \_\_\_\_\_
- E. Date Plans & Specifications submitted to the TCEQ for approval:  
4/2/2015 Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.
- F. Date construction is scheduled to commence: 5/30/2015
- G. Date service is scheduled to commence: 2/1/2016

## 5. Existing System Information

- A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.
- i. Water system(s): TCEQ Public Water System identification number(s):
 

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

W	Q	0	1	5	2	6	-	0	0	1
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W	Q						-			
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- iii. Date of last TCEQ water and/or sewer system inspection(s): \_\_\_\_\_
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

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

Name	Classes	License Number
Michael F. Taylor	A	VVV0009531

- Attach additional sheet(s) if necessary -

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

- ☐ Yes
- ☒ No

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

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

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter			Residential		184
1" meter or larger			Commercial		
Non-Metered			Industrial		

TCEQ Water System			TCEQ Sewer System		
Other:			Other:		
Total Water			Total Sewer		184

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

N/A

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

Water service will be provided by Crystal Clear WSC as they have a water main alongside the subdivision.

- G. Effect of Granting a Certificate Amendment.

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

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

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

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

ii. ☐ Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
	0.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a

☐ Regular

☐ Seasonal

☐ Emergency basis?

Sewer Source	% of Total Treatment
	0.00%
	0.00%
	0.00%

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

I. Ability to Provide Adequate Service.

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

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

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

N/A

## 6. Financial Information

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

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.
- B. For existing water and/or sewer systems:
  - i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
  - ii. Attach a proposed rate schedule or tariff.
- ❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**
- C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.
- D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.
- ❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

## 7. Notice Requirements

- A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.
- B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.
- C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.
- D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)
- E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.
- F. Notice For Publication:

The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.
- G. Notice To Neighboring Utilities:
  - i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
  - ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.
- H. Notice to Customers:  
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.
- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

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

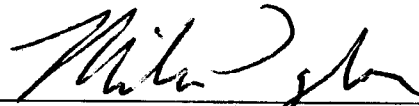
## OATH

STATE OF Texas  
COUNTY OF Comal County

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

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

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




AFFIANT

(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
This day 28th of April 20 15

  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES April 10, 2019



## Notice for Publication

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

Comal County COUNTY(IES), TEXAS

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a CCN to obtain or amend CCN No. (s) (No Existing Sewer CCN #) and to decertify a portion(s) of None with the  
(Name of Decertified Utility)

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

utility service in Comal County  
(ies).

The proposed utility service area is located approximately 7 miles Northeast  
[direction] of downtown New Braunfels, [City or Town] Texas, and is  
generally bounded on the north by Watson Lane; on the east by  
U.P. Rail Road; on the south by Conrads LN; and on the west by FM 1102

The total area being requested includes approximately 88 acres and 184  
current customers.

A copy of the proposed service area map is available at (Utility Address and Phone  
Number): 2370 FM 1979, San Marcos, Texas 78666, (830) 372-1031

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

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

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

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

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

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

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

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

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

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

## Notice to Neighboring Systems, Landowners and Cities

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

Comal COUNTY(IES), TEXAS

To: Southstar at Havenwood Date Notice Mailed                      20             
(Neighboring System, Landowner or City)

255 Alhambra CIR STE 325

(Address)

Coral Gables FL 33134-7417

City State Zip

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a  
CCN to obtain or amend CCN No. (s) Number Not Assigned and to  
decertify a portion(s) of N/A with the  
(Name of Decertified Utility)

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

The proposed utility service area is located approximately 7 miles Northeast  
[direction] of downtown New Braunfels, [City or Town] Texas, and is  
generally bounded on the north by Watson Lane; on the east by  
U.P. Rail Road; on the south by Conrads Lane; and on the west by FM 1102

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

The total area being requested includes approximately 88 acres and 184  
current customers.

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

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

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

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

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

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Austin, Texas 78711-3326

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

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

**OVERSIZED DOCUMENT**

**MAP**

**TO VIEW OVERSIZED DOCUMENTS, PLEASE  
CONTACT CENTRAL RECORDS 512-936-7180**

## Notice to Neighboring Systems, Landowners and Cities

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

Comal COUNTY(IES), TEXAS

To: City of New Braunfels Date Notice Mailed                      20             
(Neighboring System, Landowner or City)

424 S. Castell Ave

(Address)

New Braunfels, TX 78130

City State Zip

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a  
CCN to obtain or amend CCN No. (s) Number not Assigned and to  
decertify a portion(s) of N/A with the  
(Name of Decertified Utility)

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

The proposed utility service area is located approximately 7 miles Northeast  
[direction] of downtown New Braunfels, [City or Town] Texas, and is  
generally bounded on the north by Watson Lane ; on the east by  
U.P. Rail Road ; on the south by Conrads Ln ; and on the west by FM 1102

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

The total area being requested includes approximately 88 acres and 184  
current customers.

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

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1701 North Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

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

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

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**OVERSIZED DOCUMENT**

**MAP**

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## Notice to Neighboring Systems, Landowners and Cities

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

Comal COUNTY(IES), TEXAS

To: City of San Marcos Date Notice Mailed 20  
(Neighboring System, Landowner or City)

630E Hopkins  
(Address)

San Marcos, Texas 78666  
City State Zip

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a  
CCN to obtain or amend CCN No. (s) Number not Assigned and to  
decertify a portion(s) of N/A with the  
(Name of Decertified Utility)

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

The proposed utility service area is located approximately 9 miles Southwest  
[direction] of downtown San Marcos, [City or Town] Texas, and is  
generally bounded on the north by Watson Lane; on the east by  
U.P. Rail Road; on the south by Conrads Lane; and on the west by FM 1102

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

The total area being requested includes approximately 88 acres and 184  
current customers.

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

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Austin, Texas 78711-3326

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Austin, Texas 78711-3326

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## Notice to Neighboring Systems, Landowners and Cities

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

Comal COUNTY(IES), TEXAS

To: Edwards Aquifer Authority Date Notice Mailed                      20             
(Neighboring System, Landowner or City)

900 E Quincy

(Address)

San Antonio TX 78215

City State Zip

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a  
CCN to obtain or amend CCN No. (s) Number Not Assigned and to  
decertify a portion(s) of N/A with the  
(Name of Decertified Utility)

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

The proposed utility service area is located approximately 7 miles Northeast  
[direction] of downtown New Braunfels, [City or Town] Texas, and is  
generally bounded on the north by Watson Lane; on the east by  
U.P. Rail Road; on the south by Conrads Lane; and on the west by FM 1102

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

The total area being requested includes approximately 88 acres and 184  
current customers.

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

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Austin, Texas 78711-3326

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

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## Notice to Neighboring Systems, Landowners and Cities

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

Comal COUNTY(IES), TEXAS

To: Sherman Krause, Comal County Judge Date Notice Mailed 20  
(Neighboring System, Landowner or City)

100 Main Plaza

(Address)

New Braunfels TX 78130

City State Zip

Name of Applicant Crystal Clear Water Supply Corporation has filed an application for a  
CCN to obtain or amend CCN No. (s) Number Not Assigned and to  
decertify a portion(s) of N/A with the  
(Name of Decertified Utility)

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

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## Appendix

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# **1. APPLICATION INFORMATION**

**1. APPLICATION INFORMATION**

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

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.  
The Crystal Clear WSC charter number is 20636101.
- iii. Identification of all board members including name, address, title, and telephone number.

Crystal Clear WSC Board Members 2370 FM1979, San Marcos, TX 78666 (830) 372-1031	
President	Dennis Krackau
Vice-President	Jack Carson
Secretary/Treasurer	Mike Cox
Director	Richard Hanz
Director/Asst. Treasurer	Donald Bosworth
Director	Dr. James Davidson
Director	Madelyn Patlan

- iv. A copy of the corporation's Certificate of Account Status from the Texas Comptroller of Public Accounts.

# **RESTATED BY-LAWS OF CRYSTAL CLEAR WATER SUPPLY CORPORATION**

IN ORDER TO HAVE CONSISTENCY BETWEEN THE PURPOSE AND PROCDURES OF THE CORPORATION AS STATED IN ITS ARTICLES OF INCORPORATION AND IN ITS BY-LAWS, THE BOARD OF DIRECTORS OF CRYSTAL CLEAR WATER SUPPLY CORPORATION DO CHANGE, AMEND, RESTATE AND ADOPT THE FOLLOWING AS THE RESTATED BY-LAWS OF THE CORPORATION

## **ARTICLE 1 - NAME**

The name of the Corporation is Crystal Clear Water Supply Corporation.

## **ARTICLE 2 - NONPROFIT CORPORATION**

The Corporation is a non-profit, member-owned, member-controlled water supply and sewer service corporation incorporated under the provisions and definitions of Texas Water Code, Chapter 67 and the Texas Non-Profit Business Corporation Act.

## **ARTICLE 3 - PURPOSES**

The purpose of the Corporation is to furnish a water supply and sewer service to all areas of its lawfully certificated service area in Texas. It is the purpose of the Corporation to be a "member-owned, member-controlled" water supply and sewer service corporation, owned by its member-customers and managed by a Board of Directors which shall have the sole original power to establish the rates, terms and conditions under which the Corporation will provide public utility service to a state-certificated service area. The Corporation shall have the further purpose of engaging in all those lawful activities in which a water supply and sewer service corporation may engage under Texas Water Code Chapter 67. It is the further purpose of the Corporation to be a cooperative public utility association exempt from federal income taxes under Internal Revenue Code, Section 501(c)(12)(A). It is the further purpose of the Corporation to be a Texas Water Code, Chapter 67 water supply corporation exempt from state ad valorem taxes under Texas Tax Code, Section 11.30.

## ARTICLE 4 - POWERS

Except as otherwise provided in these by-laws, the Corporation's Articles of Incorporation or the laws of this state, the Corporation shall have all powers invested in a water supply and sewer service corporation by Texas Water Code, Chapter 67, the Texas Non-Profit Corporation Act and the administrative rules of the Texas Commission on Environmental Quality and its successor agency(ies), not inconsistent with Internal Revenue Code Section 501(c)(12)(A) and related federal regulations, rulings and procedures.

## ARTICLE 5 - RESTRICTIONS AND REQUIREMENTS

### 1. DIVIDENDS

No dividends shall ever be paid upon the memberships of the Corporation. No income of the Corporation may be distributed to Members, Directors, or Officers in these roles. All profits arising from the operations of the business of the Corporation shall be annually paid out to cities, towns, counties, other political subdivisions, private corporations, individuals and others who have during the past year transacted business with the Corporation, in direct proportion to the amount of business so transacted; provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to such sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, upkeep, operation and replacements.

### 2. TRANSFER OF ASSETS UPON DISSOLUTION

Upon discontinuance of the Corporation by dissolution or otherwise, all residual assets of the Corporation remaining after payment of the lawful indebtedness of the Corporation or return of excess profits to members shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practical. Any indebtedness due the Corporation by a Member for water/sewer service or otherwise shall be deducted from such Member's share before final distribution. By application for and acceptance of membership in the Corporation, each Member agrees that, upon discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by that individual Member to an entity that provides a water supply or sewer service, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each Member grants the Corporation's Board of Directors that Member's irrevocable power of attorney to execute all instruments and documents necessary to effectuate such transfers in

order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

### 3. LIMITATION ON ACTIVITIES

The Corporation shall have no power to engage in activities or use its assets in a manner that are not in furtherance of the legitimate business of a water supply or sewer service cooperative as recognized by Texas Water Code, Chapter 67 and Internal Revenue Code 501(c)(12)(A).

## ARTICLE 6 - OFFICES

### 1. REGISTERED OFFICE AND AGENT

The registered office of the Corporation shall be maintained at 2370 FM 1979 San Marcos, Guadalupe County, Texas 78666, and the name of its registered agent at such address is Mark L. Speed. The registered office or the registered agent, or both, may be changed by resolution of the Board of Directors, upon filing the statement required by law.

### 2. PRINCIPAL OFFICE

The principal office of the Corporation shall be at 2370 FM 1979 San Marcos, Guadalupe County, Texas 78666, provided that the Board of Directors shall have the power to change the location of the principal office in its discretion.

### 3. OTHER OFFICES

The Corporation may also maintain other offices at such places within the State of Texas as the Board of Directors may from time to time appoint or as the business of the Corporation may require.

## ARTICLE 7 - MEMBERS

### 1. PLACE OF MEETING

All meetings of Members shall be held either at the registered office of the Corporation in Texas or at such other places within the State of Texas as shall be designated in the notice of the meeting.

## 2. ANNUAL MEETING

The annual meeting of Members for the election of Directors and for the transaction of all other business which may come before the meeting shall be held on the third Thursday of February of each year (if not a legal holiday and, if a legal holiday, then on the next business day following) at the hour specified in the notice of meeting. In no event, shall the annual meeting be before January 1 or later than April 30 of any year.

The annual meeting of Members may be held for any other purpose in addition to the election of Directors that may be specified in a notice of such meeting. The meeting may be called by resolution of the Board of Directors or by a written request filed with the Secretary signed either by a majority of the Directors or by a majority of the Members entitled to vote at any such meeting.

## 3. NOTICE OF MEMBERS' MEETING

Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, Secretary or the Officer or person calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his/her address as it appears on the membership books of the Corporation, with postage thereon prepaid.

## 4. MEMBERSHIPS AND VOTING OF MEMBERSHIPS

The Corporation shall have one class of "Members" which shall be defined by the Articles of Incorporation.

All customers of the Corporation must hold a membership or obtain their service through a membership. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served or which may reasonably be served by the Corporation by fee simple ownership of the same, shall have the right to become a Member of the Corporation upon payment of the membership fee provided herein and upon compliance with the Corporation's conditions of water service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship or national origin. Membership and service shall never be discriminated against on the basis of any class or distinction recognized and protected by law. Membership shall be tied to the fee simple ownership of the property to be served. Tenants shall be served



only through memberships held by their landlords, who shall be responsible for their tenant's service accounts as a continuing condition of their membership. No landlord otherwise in good standing shall be denied service to his/her property because of the identify of their tenant. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others may not hold memberships. Developers, builders, etc. who are otherwise prohibited from holding memberships may only have memberships for those permanent service connections on property not to be resold in the ordinary course of business, for example for illustration only: real estate sales offices, irrigation meters, community pools, community centers, etc. Developers, builders, etc. who are otherwise prohibited from holding memberships may receive temporary interim service at property being held for re-sale until the property is sold.

No Member shall be eligible to participate in any vote of the membership if that Member has an outstanding utility account balance owed to the Corporation for utility services rendered, membership fees or authorized fees if said debt has been delinquent for a period of not less than sixty (60) days prior to the date of such election or vote.

#### 5. CLOSING TRANSFER BOOKS AND FIXING RECORD DATE

For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof or in order to make a determination of Members for any other proper purpose, ownership of memberships shall be deemed to be vested in those persons who are the record owners of memberships as evidenced by the membership transfer book on the fifteenth (15th) day of the month preceding the month of the date upon which the required action requiring such determination is to be taken.

#### 6. QUORUM OF MEMBERS

A quorum for the transaction of business at a meeting of the members or shareholders is a majority of the members and shareholders present. In determining whether a quorum is present, all members and shareholders who mailed or delivered ballots to the independent election auditor or the corporation on a matter submitted to a vote at the meeting are counted as present.

#### 7. VOTING LISTS

The Officer or agent having charge of the membership books for the memberships of the Corporation 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, arranged in alphabetical order, with the

address of and the number of memberships held by each. The list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any Member at any time during 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. The original membership books shall be evidence as to who are the Members entitled to examine such list or books or to vote at any meeting of Members.

## ARTICLE 8 - MEMBER ELECTIONS

### 1. QUALIFICATIONS FOR ELECTION OR APPOINTMENT AS DIRECTOR.

(a) To be qualified for election or appointment as a director, a person must be:

(1) 18 years of age or older on the first day of the term to be filled at the election or on the date of appointment, as applicable; and

(2) a member or shareholder of the corporation.

(b) In addition to the qualifications prescribed by Subsection (a), a person is not qualified to serve as a director if the person:

(1) has been determined by a final judgment of a court exercising probate jurisdiction to be:

(A) totally mentally incapacitated; or

(B) partially mentally incapacitated without the right to vote;  
or

(2) has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

(c) If the board determines that a person serving as a director does not have the qualifications prescribed by Subsections (a) and (b), the board shall, not later than the 60th day after the date the board makes that determination, remove the director and fill the vacancy by appointing a person who has the qualifications prescribed by those subsections.

### 2. BALLOT APPLICATION.

(a) To be listed on the ballot as a candidate for a director's position, a person must file an application with the corporation that includes:

(1) the director's position sought, including any position number or other distinguishing number;

(2) a petition signed by the lesser of 25 members or shareholders or five percent of the members or shareholders, requesting that the person's name be placed on the ballot as a candidate for that position;

(3) the person's written consent to serve, if elected;

(4) biographical information about the person; and

(5) a statement of the person's qualifications, including a statement that the person has the qualifications prescribed by Section 67.0051.

(b) The application must be filed with the corporation not later than the 45th day before the date of the annual meeting.

(c) The corporation shall make available director candidate application forms at the corporation's main office and shall provide application forms by mail or electronically on request.

### 3. BALLOT.

(a) Not later than the 30th day before the date of an annual meeting, the corporation shall mail to each member or shareholder of record:

(1) written notice of the meeting;

(2) the election ballot; and

(3) a statement of each candidate's qualifications, including biographical information as provided in each candidate's application.

(b) The election ballot must include:

(1) the number of directors to be elected; and

(2) the names of the candidates for each position.

### 4. ELECTION PROCEDURES.

(a) A member or shareholder may vote:

(1) in person at the annual meeting;

(2) by mailing a completed ballot to the office of the independent election auditor or to the corporation's main office, which ballot must be received by the corporation not later than noon on the business day before the date of the annual meeting; or

(3) by delivering a completed ballot to the office of the independent election auditor or to the corporation's main office not later than noon on the business day before the date of the annual meeting.

(b) The independent election auditor, appointed by majority vote of the Board of Directors, shall receive and count the ballots before the annual meeting is adjourned.

(c) For each director's position, the candidate who receives the highest number of votes is elected.

(d) If two or more candidates for the same position tie for the highest number of votes for that position, those candidates shall draw lots to determine who is elected.

(e) The independent election auditor shall provide the board with a written report of the election results.

(f) The board may adopt necessary rules or bylaws to implement this section, including rules or bylaws to ensure the fairness, integrity, and openness of the voting process.

5. Official Ballot. The Board shall adopt an official ballot form to be used in conducting the business of the Corporation at any annual or special meeting. No other ballot form will be valid. Ballots from members or shareholders are confidential and are exempted from disclosure by the corporation until after the date of the relevant election.

6. Independent Election Auditor.

The Board shall select an independent election auditor not later than the 30th day before the scheduled date of the annual meeting. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the corporation as:

- (a) an employee;
- (b) a director or candidate for director; or
- (c) an independent contractor engaged by the corporation as part of the corporation's regular course of business.

## ARTICLE 9 - DIRECTORS

### 1. BOARD OF DIRECTORS

A Board of Directors shall manage the business and affairs of the Corporation. Directors must be: (a) residents of the State of Texas, (b) utility customers of the Corporation and (c) Members in the Corporation. The majority of the Directors must be residents (full-time or part-time) of the Corporation's lawful service area. Directors shall serve in that capacity without pay but may be reimbursed for actual expenditures they make in pursuit of Corporation business.

### 2. NUMBER AND ELECTION OF DIRECTORS

The number of Directors shall be seven (7) provided that the number may be increased or decreased from time to time by an amendment to these by-laws, but no decrease shall have the effect of shortening the term of any incumbent Director. At each annual election the Members shall elect Directors to hold office until the next annual meeting. The number of Directors may never exceed twenty-one (21).

There shall be three (3) classes of Directors of as near equal number as reasonably possible. Directors shall serve a term of three (3) years. The classes shall be such that one-third of the Directors shall stand for election in year one. The second one-third shall stand for election in the following year. The remaining one-third shall stand for election in the third year. There shall be no limit on the number of consecutive terms to which a Director may be elected by the general membership or by the Directors as a successor Director.

### 3. VACANCIES

Officers and Directors may be removed from office in the following manner except as provided below regarding absentee Directors: Any Member, Officer or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary-Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed

by at least ten (10%) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the membership and shall be effective, if approved, by a vote of a majority of those voting. The Director(s) or Officer(s) against whom charges have been presented shall be informed in writing of the charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses, and the person(s) presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy on the Board thus created shall immediately be filled by a qualified person other than the removed Director(s) upon the vote of a majority of the Members present and voting at such meeting. The Board of Directors from among their number so constituted after the vacancy in the Board has been filled shall fill a vacancy of any office thus created.

If a Director is absent from three (3) or more consecutive regular meetings of which the Director was mailed or hand delivered a written notice, that Director may be removed by a majority vote of all other Directors in a regular or special meeting. The Director against whom charges of absenteeism without good cause have been presented shall be informed in writing of the charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses. The person(s) presenting such charges shall have the same opportunity. If the removal of the Director is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A successor Director shall be elected by a majority of the remaining Directors to hold office until the next regular or special membership meeting at which time a permanent successor shall be elected by a majority of the Members voting to serve the remainder of the unexpired term of the removed Director.

Any vacancy occurring in the Board of Directors by resignation or death shall be filled by the majority vote of the remaining Directors, though less than a quorum of the Board. A successor Director shall serve until the next regular or special meeting of the membership at which time the general membership shall elect a successor to fill the remaining balance of the previously vacated term. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by election at the next annual meeting or at a special meeting of Members called for that purpose.

#### 4. QUORUM OF DIRECTORS

A majority of the Board of Directors shall constitute a quorum for the transaction of business. The vote of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

5. ANNUAL MEETING OF THE DIRECTORS

Within thirty days after each annual meeting of Members, the Board of Directors elected at such meeting shall hold an annual meeting at which they shall elect Officers and transact such other business as shall come before the meeting. Nothing shall prohibit the holding of the annual meeting of Directors immediately following and at the same place as the annual meeting of Members except for the unavailability of all Directors elected at the annual meeting; in which such case, the annual meeting of Directors shall be held within thirty days.

6. REGULAR MEETING OF DIRECTORS

A regular meeting of the Board of Directors may be held at such a time as shall be determined from time to time by resolution of the Board of Directors.

7. SPECIAL MEETINGS OF DIRECTORS

The Secretary shall call a special meeting of the Board of Directors whenever requested to do so by the President or by two Directors. Such special meeting shall be held at the time specified in the notice of meeting.

8. PLACE OF DIRECTORS' MEETINGS

All meetings of the Board of Directors (annual, regular or special) shall be held either at the principal office of the Corporation or at such other place inside a county containing a portion of the Corporation's service area as shall be specified in the notice of meeting.

9. TEXAS OPEN MEETINGS ACT

As long as the Corporation avails itself of an exemption(s) from state ad valorem taxes as may be provided by law, all meetings and other business of the Corporation shall be conducted with notice and in the manner prescribed by the Texas Open Meetings Act, Texas Government Code Chapter 551, as amended.

10. ATTENDANCE AT MEETINGS

As all meetings of Directors must be open to the public, unless otherwise allowed by the Texas Open Meetings Act, telephone or other similar meetings shall not be permitted. Directors must attend meetings in person.

## 11. CONFLICT OF INTEREST

The Board of Directors shall adopt and maintain a Conflict of Interest Policy designed to promote the business of the Corporation and serve the interests of the membership. A Director shall not be authorized to vote on any matter in which they may have a pecuniary interest except as a Member of the Corporation. A Director has a duty to exercise reasonable due diligence to investigate and disclose any real or apparent conflicts of interests or pecuniary interests he may have on a matter affecting the Corporation or its Members.

No Director shall be liable to the Corporation or to the Corporation's membership for monetary damages for any act or omission in the Director's capacity as a Director of the Corporation, except and unless the Director shall be found liable for a breach of the Director's duty of loyalty to the Corporation or the Corporation's membership; an act or omission not in good faith that constitutes a breach of the Director's duty to the Corporation or an act or omission that involves intentional misconduct or knowing violation of the law on the part of the Director; a transaction from which the Director receives an improper benefit, whether or not the benefit results from an act or omission for which liability of the Director is expressly provided by Texas law.

## 13. GOOD FAITH RELIANCE

In conducting their duties as Members of the Board, each Director (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation of the Corporation's affairs that have been prepared or presented by one or more Officers or employees of the Corporation; or by legal counsel, public accountants, registered engineers or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and (4) may rely in good faith and with ordinary care on information, opinions, reports or statements by one or more Officers or employees of the Corporation; or by legal counsel, public accountants, registered engineers, or other persons retained by the Corporation provided that said Director reasonably believes such matters fall within such person's professional or expert competence. Nevertheless, a Director must disclose any knowledge that he may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.



#### 14. CONDUCT OF MEETINGS

The Board of Directors shall provide access for new service applicants and Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

### ARTICLE 10 - OFFICERS

#### 1. OFFICERS ELECTION

The Officers of the Corporation shall consist of a President, a Vice-President, and a Secretary-Treasurer. All such Officers shall be elected at the annual meeting of the Board of Directors. Directors may be elected Officers. If any office is not filled at such annual Directors meeting, it may be filled at any subsequent regular or special meeting of the Board. The Board of Directors at such annual meeting, or at any subsequent regular or special meeting, may also elect or appoint such other Officers and assistant Officers and agents as may be deemed necessary. The same person, except the offices of President and Secretary-Treasurer, may hold any two or more offices.

All Officers and assistant Officers shall be elected to serve until the next annual meeting of Directors (following the next annual meeting of Members) or until their successors are elected; provided, that any Officer or assistant Officer elected or appointed by the Board of Directors may be removed with or without cause at any regular or special meeting of the Board whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any agent appointed shall serve for such term, not longer than the next annual meeting of the Board of Directors, as shall be specified, subject to like right of removal by the Board of Directors.

#### 2. VACANCIES

If any office becomes vacant for any reason, the Board of Directors may fill the vacancy.

### 3. POWER OF OFFICERS

Each Officer shall have, subject to these by-laws and Texas Water Code, Chapter 67, VATCS, in addition to the duties and powers specifically set forth herein, such powers and duties as are commonly incident to his/her office and such duties and powers as the Board of Directors shall from time to time designate. All Officers shall perform their duties subject to the directions and under the supervision of the Board of Directors. The President may secure the fidelity of any and all Officers by bond or otherwise. The Officers shall obtain and maintain in full force for the benefit of the Corporation, its Officers and Directors, at the Corporation's expense and in a coverage amount set by the Board of Directors, liability and indemnity insurance covering the actions of all Directors and Officers, such insurance commonly known as "errors and omission" coverage.

### 4. PRESIDENT

The President shall be the chief executive Officer of the Corporation. He/she shall preside at all meetings of the Directors and Members. He/she shall see that all orders and resolutions of the Board are carried out, subject however, to the right of the Directors to delegate specific powers, except such as may be by statute exclusively conferred in the President, to any other Officers of the Corporation.

He/she or any Vice-President shall execute bonds, mortgages and other instruments requiring a seal, in the name of the Corporation, and, when authorized by the Board, he/she or any Vice-President may affix the seal to any instrument requiring the same, and the seal when so affixed shall be attested by the signature of either the Secretary-Treasurer or an Assistant Secretary-Treasurer. He/she or the Secretary-Treasurer shall sign certificates of membership.

The President shall be *ex-officio* a Member of all standing committees.

He/she shall submit a report of the operations of the Corporation for the year to the Directors at their meeting preceding the annual meeting of the Members and to the Members at their annual meeting.

### 5. VICE-PRESIDENT

The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and he/she shall perform such other duties as the Board of Directors shall prescribe. There may be