



Control Number: 44843



Item Number: 1

Addendum StartPage: 0



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: **44843**

(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 type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input type="checkbox"/> New Sewer CCN
<input checked="" type="checkbox"/> Amend Obtain	<input type="checkbox"/> Water CCN# (s) <u>11000</u>	
<input type="checkbox"/> Amend	<input type="checkbox"/> Sewer CCN#(s) _____	

1. Applicant Information

Applicant

Utility name: Childress Creek Water Supply

Certificate number: 11000

Street address (City/ST/ZIP/Code): 255 CR 3405, Clifton, Texas 76634

Mailing address(City/ST/ZIP/Code): 255 CR 3405, Clifton, Texas 76634

Utility Phone Number and Fax: (254) 645-2603

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: Abigail Johanson

Title: Attorney

Mailing address: 711 Navarro Street, Suite 500, San Antonio, Texas 78205

Email: ajohanson@branscombp.com

Phone and Fax: (210) 598-5411

List all counties in which service is proposed: Bosque

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. ~~Attached as Exhibits "A" and "B"~~
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State. ~~0026070401~~
- iii. Identification of all board members including name, address, title, and telephone number. ~~Attached as Exhibit "C"~~
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts. ~~Attached as Exhibit "D"~~

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? VN Neighbors Water Group
Please see cover letter

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:

~~area to be decertified~~
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?

☒ Yes ☐ No

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. This is an application to decertify. Please see cover letter.~~

~~Within Applicant's CCN~~

~~This decertification is the purpose of the application~~

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. ~~Attached as Exhibit "F"~~
- B. A map showing only the proposed area by: ~~Attached as Exhibit "F"~~
 - 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. ~~Attached as Exhibit "G"~~
- 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 ~~N/A~~
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s). ~~N/A~~

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

~~Where there are no other water systems within a 2-mile radius~~

- 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?

- 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.

[illegible]

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?

- 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.

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

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

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

N/A

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

N/A

G. Effect of Granting a Certificate Amendment. ~~The CCN area will be reduced.~~
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:

- the applicant,
- any retail public utility of the same kind already serving the proximate area; and
- 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

Water Source	% of Total Treatment

iii. ☐ Yes, Sewer treatment capacity

Purchased on a

☐ Regular

☐ Seasonal

☐ Emergency basis?

Sewer Source	% of Total Treatment

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

~~N/A: This is an application to decertify.~~

- 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. N/A; this is not an application for a NEW CCN

- 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. ~~Applicant is the only utility providing service within a two (2) mile radius of the proposed decertified 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 BOSQUE

I, CALVIN RUETER, being duly sworn, file this application as President of the Childress Creek Water Supply Corp.; 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.

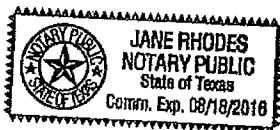
Calvin Rueter
Calvin Rueter, President
Childress Creek Water Supply Corp.

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 December of 8 20 14

SEAL



Jane Rhodes
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

JANE RHODES

MY COMMISSION EXPIRES 8-18-16

Notice for Publication

NOTICE OF APPLICATION FOR DECERTIFICATION OF A PORTION OF A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) COVERING AN AREA IN BOSQUE COUNTY, TEXAS

Name of Applicant Childress Creek Water Supply Corp has filed an application to decertify a portion(s) of its CCN No. 11000 with the

Public Utility commission of Texas.

The proposed utility service area is located approximately 5.77 miles southeast of downtown Clifton, Texas, and is generally bounded on the north by CR 3355; on the east by H. Elfe Survey A-250; on the south by CR 3360; and on the west by 3350

See enclosed map of the proposed decertified area.

The total area being requested includes approximately 100.95 acres and 0 future customers.

A copy of the proposed decertified area map is available at:
255 CR 3405, Clifton, Texas 76634

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

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

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

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

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

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

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

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

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

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

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR DECERTIFICATION OF A PORTION OF A CERTIFICATE OF
CONVENIENCE AND NECESSITY (CCN) COVERING AN AREA IN
BOSQUE _____ COUNTY(IES), TEXAS

To: _____ Date Notice Mailed _____ 20 ____
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant _____ has filed an application to
decertify a portion of its CCN No. _____ with the

Public Utility Commission of Texas. _____
_____ County(ies).

The proposed utility service area is located approximately _____ miles
[direction] of downtown _____, [City or Town] Texas, and is
generally bounded on the north by _____; on the east by
_____; on the south by _____; and on the west by _____

See enclosed map of the proposed service area.

The total area being requested includes approximately _____ acres and _____
future 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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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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Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO
PROVIDE WATER/SEWER UTILITY SERVICE IN
BOSQUE COUNTY(IES), TEXAS

Dear Customer: _____ Date Notice Mailed _____ 20 ____

Name of Applicant Childress Creek Water Supply Corp. has filed an application for a
CCN to obtain or amend CCN No. (s) 11000 and to
decertify a portion(s) of Childress Creek Water Supply Corp. with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide _____
(specify 1- water or 2- sewer or 3- water & sewer)
utility service in _____ County(ies).

The proposed utility service area is located approximately 5.77 miles southeast
[direction] of downtown Clifton, [City or Town] Texas.

A copy of the proposed decertified area map is available at (Utility Address and Phone
Number): 255 CR 3405, Clifton, Texas 76634

The current utility rates which were first effective on _____ 20 ____

Monthly Flat Rate of \$ _____ Per connection

-OR-

Monthly Base Rate Including per _____ gallons
connection for:

5/8" meter	\$ _____
1" meter	\$ _____
1 1/2" meter	\$ _____
2" meter	\$ _____

Other\$ _____

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

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

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

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

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

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

~~Childress Creek has never provided services to~~
~~the 8 customers located within the area to~~
~~be decertified. WWSA currently provides~~
~~services to these customers. See cover~~
~~letter.~~

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

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

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

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

~~CONFIDENTIAL~~

CHILDRESS CREEK WATER SUPPLY CORPORATION

June 30, 2013 and 2012

RICHARD D. LUNDBERG, P.C.
Certified Public Accountant
Clifton, Texas 76634

CHILDRRESS CREEK WATER SUPPLY CORPORATION

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Independent Auditor's Report

Comparative Balance Sheets

Comparative Statements of Income and Retained Earnings

Comparative Statements of Cash Flows

Notes to the Financial Statements

Richard D. Lundberg, P.C.

CERTIFIED PUBLIC ACCOUNTANT

WWW.RDLUNDBERGCPA.COM
December 6, 2013

TELEPHONE 254 / 675-8635
FAX 254 / 675-0078
E-MAIL rdlundberg@lundbergcpa.com

INDEPENDENT AUDITOR'S REPORT

P.O. Box 329
714 WEST 5TH STREET
CLIFTON, TEXAS 76634

To the Board of Directors
Childress Creek Water Supply Corporation

We have audited the accompanying financial statements of Childress Creek Water Supply Corporation (a nonprofit organization), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of income and retained earnings and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Childress Creek Water Supply Corporation as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RICHARD D. LUNDBERG, P.C.

Richard D. Lundberg

Richard D. Lundberg, CPA

CHILDRESS CREEK WATER SUPPLY CORPORATION

Comparative Balance Sheets June 30, 2013 & 2012

	6/30/13	6/30/12
Assets		
Current Assets		
Cash on Hand & in Banks	\$456,002.12	\$342,689.55
Accounts Receivable - Trade	43,327.76	40,779.47
Accounts Receivable - Other	641.00	2,964.00
Prepaid Expenses	12,312.00	13,087.20
Total Current Assets	<u>512,282.88</u>	<u>399,520.22</u>
Restricted Assets		
Cash on Hand & in Banks - Reserve Account	56,426.48	
Time Deposit - Reserve Account		55,678.26
Total Restricted Assets	<u>56,426.48</u>	<u>55,678.26</u>
Fixed Assets		
Plant & Distribution System	3,689,478.13	3,585,719.73
Vehicles & Equipment	48,967.48	48,967.48
Building & Improvements	144,156.62	144,156.62
Office Equipment	19,558.52	19,558.52
Construction in Progress	8,906.32	6,746.25
	<u>3,911,067.07</u>	<u>3,805,148.60</u>
Less: Accumulated Depreciation	<u>(2,331,089.47)</u>	<u>(2,188,393.19)</u>
	1,579,977.60	1,616,755.41
Land & Rights-of-Way	<u>16,748.17</u>	<u>16,748.17</u>
Total Fixed Assets	<u>1,596,725.77</u>	<u>1,633,503.58</u>
Other Assets		
Capital Credit Allocation	7,518.49	5,948.25
Total Assets	<u><u>\$2,172,953.62</u></u>	<u><u>\$2,094,650.31</u></u>
Liabilities & Equity		
Current Liabilities		
Accounts Payable	\$13,742.95	\$5,506.26
Accrued Expenses	8,502.31	8,744.04
Unearned Water Revenue	9,233.84	11,429.06
Current Portion of Long Term Liabilities	26,805.85	25,491.78
Total Current Liabilities	<u>58,284.95</u>	<u>51,171.14</u>
Long Term Liabilities		
Notes Payable - Berkadia Commercial Mortgage LLC	151,150.42	176,975.21
Less Current Portion	<u>(26,805.85)</u>	<u>(25,491.78)</u>
Total Long Term Liabilities	<u>124,344.57</u>	<u>151,483.43</u>
Total Liabilities	<u>182,629.52</u>	<u>202,654.57</u>

CHILDRESS CREEK WATER SUPPLY CORPORATION

Comparative Balance Sheets June 30, 2013 & 2012 (Continued)

	<u>6/30/13</u>	<u>6/30/12</u>
Equity		
Donated Capital	8,715.70	
Grant Funds - U.S. Government	413,500.00	413,500.00
Equity Buy-In for Capital Improvements	341,800.00	334,600.00
Members Investment	240,800.00	240,550.00
Retained Earnings	985,508.40	903,345.74
Total Equity	<u>\$1,990,324.10</u>	<u>\$1,891,995.74</u>
Total Liabilities & Equity	<u>\$2,172,953.62</u>	<u>\$2,094,650.31</u>

The accompanying notes are an integral part of this statement.

CHILDRRESS CREEK WATER SUPPLY CORPORATION

Comparative Statements of Income & Retained Earnings For the Years Ended June 30, 2013 & 2012

	6/30/13	6/30/12
Operating Income		
Water Sales	\$526,817.63	\$524,413.98
Installations & Meters	12,229.19	9,000.00
Total Operating Income	539,046.82	533,413.98
Operating Expenses		
Salaries	115,650.10	130,692.85
Contract Services	4,845.75	87.00
Taxes	9,309.79	11,078.95
Professional Services	13,184.25	9,679.75
Interest Expense	8,163.30	9,423.97
Utilities	70,213.68	78,040.80
Insurance	22,895.45	22,342.00
Repairs & Installation Costs	9,305.03	9,673.99
Supplies & Pipe	33,036.85	26,302.47
Equipment Repairs	7,089.84	7,673.94
Equipment Rentals	1,192.31	1,056.83
Fuel	6,503.68	7,282.00
Office Expense	6,363.23	5,370.97
Dues & Fees	5,904.76	5,543.98
Donations		2,000.00
Water Testing	1,716.80	4,782.00
Miscellaneous	2,783.32	3,704.90
Depreciation	142,696.28	142,384.84
Total Operating Expenses	460,854.42	477,121.24
Net Operating Income (Loss)	78,192.40	56,292.74
Other Income (Expense)		
Interest Income	1,942.65	2,143.93
Patronage Dividends	1,657.61	1,220.33
Miscellaneous	370.00	1,570.00
Net Income (Loss)	\$82,162.66	\$61,227.00
Retained Earnings		
Beginning of the Year	\$903,345.74	\$842,118.74
Net Income (Loss)	82,162.66	61,227.00
End of Year	\$985,508.40	\$903,345.74

The accompanying notes are an integral part of this statement.

CHILDRESS CREEK WATER SUPPLY CORPORATION

Comparative Statements of Cash Flows For the Years Ended June 30, 2013 & 2012

	6/30/13	6/30/12
Cash Flows From Operating Activities		
Net Income (Loss)	\$82,162.66	\$61,227.00
Adjustment To Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	\$142,696.28	\$142,384.84
(Increase) Decrease in Accounts Receivable - Trade	(2,548.29)	16,845.52
(Increase) Decrease in Accounts Receivable - Other	2,323.00	(2,964.00)
(Increase) Decrease in Prepaid Expenses	775.20	(1,836.00)
Increase (Decrease) in Accounts Payable	8,236.69	(17,637.76)
Increase (Decrease) in Accrued Expenses	(241.73)	(2,570.50)
Increase (Decrease) in Unearned Water Revenue	(2,195.22)	7,036.72
Excess Non-Cash Patronage Dividends	(1,570.24)	(1,161.90)
Total Adjustments	147,475.69	140,096.92
Net Cash Provided (Used) by Operating Activities	229,638.35	201,323.92
Cash Flows From Investing Activities		
Construction in Progress	(8,906.32)	(6,746.25)
Plant Equipment Purchases	(88,296.45)	(223,847.46)
Office Equipment Purchases		(2,061.04)
System Improvements	(8,715.70)	
Net Cash Provided (Used) by Investing Activities	(105,918.47)	(232,654.75)
Cash Flows From Financing Activities		
Payment on Debt - Berkadia Commercial Mortgage LLC	(25,824.79)	(24,413.29)
Donated Capital	8,715.70	
Increase (Decrease) in Members Investment	250.00	600.00
Increase in Equity Buy-In for Capital Improvements	7,200.00	8,400.00
Net Cash Provided (Used) by Financing Activities	(9,659.09)	(15,413.29)
Net Increase (Decrease) in Cash & Cash Equivalents	114,060.79	(46,744.12)
Cash & Cash Equivalents - Beginning of Year	398,367.81	445,111.93
Cash & Cash Equivalents - End of Year	\$512,428.60	\$398,367.81
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	\$8,821.21	\$10,232.71

The accompanying notes are an integral part of this statement.

CHILDRESS CREEK WATER SUPPLY CORPORATION

Notes to the Financial Statements

1) Summary of Significant Accounting Policies

The member owned, not-for-profit corporation produces and distributes metered water to member users for household, agricultural, and commercial purposes in Bosque and McLennan Counties, Texas.

At the first of each month, member users read their meters, calculate their water charges, and submit the amount to the water supply corporation. Company officials read all meters once each year. The accounts receivable shown herein are the total charges due at fiscal year's end as determined by the member user statements and/or company estimates of the monthly charge. Company policy provides for the disconnection from water service if payment is not received by the twenty-fifth day of the month, and for the imposition of penalties before service is restored.

The utility plant, distribution system, and equipment are recorded at cost. Depreciation is provided by using the straight line method over the estimated useful lives ranging from five to forty years.

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Management has evaluated subsequent events through December 6, 2013, the date on which the financial statements were available to be issued.

2) Cash and Cash Equivalents

Cash and cash equivalents include cash accounts and highly liquid assets which are readily convertible to known amounts of cash without substantial penalty for conversion. These consist of the following:

	06/30/13	06/30/12
Cash on Hand and in Banks	456,002.12	342,689.55
Cash on Hand and in Banks - Reserve Account	56,426.48	
Time Deposit - Reserve Account		55,678.26
	512,428.60	398,367.81

CHILDRRESS CREEK WATER SUPPLY CORPORATION

Notes to the Financial Statements (Continued)

3) Restricted Assets

A reserve account is maintained in accordance with the Berkadia Commercial Mortgage LLC loan agreement. The amount contained in this account totals \$56,426.48; the required aggregate amount is \$34,731.00 (Note #2 \$24,948.00; Note #4 \$9,783.00). Withdrawals from this account shall be made only for emergency repairs, for replacement of obsolete equipment, and for making up any deficiencies in revenue for loan payments.

4) Construction in Progress

Childress Creek Water Supply Corporation expended \$6,746.25 in the fiscal year ended June 30, 2012 on engineering fees related to the retrofitting of Plant #1 and construction of a well house. Construction costs of \$82,200.00 and additional engineering fees of \$3,816.45 were incurred in the fiscal year ended June 30, 2013. The project was completed February 2, 2013.

The Corporation incurred engineering fees of \$8,906.32 in the fiscal year ended June 30, 2013 related to proposed improvements to Plant #4. The project, which will include major maintenance on Plants #1 and #2, is expected to cost approximately \$625,000.00 with funding provided by a bank loan of \$300,000.00 and the remainder from corporation monies.

5) Long Term Liabilities

The notes payable to Berkadia Commercial Mortgage LLC are 40-year 5% notes dated 7/13/79 and 3/7/80 in the original amounts of \$424,000.00 and \$165,000.00, respectively. They are secured by Plants No. 2 and 3, and are amortized by annual installments in the amounts of \$24,948.00 and \$9,698.00 due each January 1.

Principal maturities of the remaining loans are as follows:

Year Ended	
6/30/14	26,805.85
6/30/15	28,428.77
6/30/16	29,850.21
6/30/17	31,342.72
6/30/18	32,909.86
Subsequent	1,813.01
	<u>\$151,150.42</u>

CHILDRRESS CREEK WATER SUPPLY CORPORATION

Notes to the Financial Statements (Continued)

6) Donated Capital

Reimbursements by members for installation of water lines from the nearest corporation lines to the members' properties are capitalized as additions to the distribution system.

7) Membership Fees

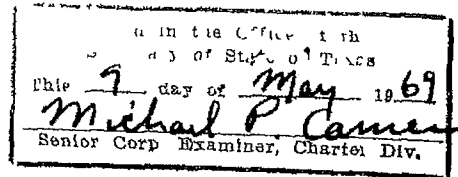
Incoming members pay \$100.00 for their membership investment, \$2,000.00 for the meter installation fee, and \$2,900.00 for the equity buy-in fee; the effective date of this allocation was March 1, 2012. Prior to this date, the fees were allocated as follows: membership investment \$100.00, meter installation fee \$1,500.00, equity buy-in fee \$1,400.00. The corporation is in the process of revising their tariff to reflect this change. The equity buy-in fee is an amount that enables the incoming member to achieve equity with contributions to the construction of the corporation's facilities made previously by existing members.

8) Federal Income Taxes

The corporation is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. Its Forms 990, Return of Organization Exempt from Income Tax, for the years ending 6/30/11, 6/30/12, and 6/30/13 are subject to examination by the IRS, generally for three years after they were filed.

9) Local Property Taxes

The corporation has qualified for exemption from local property taxes under Section 11.30 of the Texas Property Tax Code.



ARTICLES OF INCORPORATION

OF

CHILDRRESS CREEK WATER SUPPLY CORPORATION

THE STATE OF TEXAS)
COUNTY OF BOSQUE)

KNOW ALL MEN BY THESE PRESENTS:

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

ARTICLE I.

The name of the Corporation is CHILDRRESS CREEK Water Supply Corporation.

ARTICLE II.

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

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

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

ARTICLE V.

The street address of the initial registered office of the Corporation is 203 W. 5th Street, Clifton, Texas, and the name of its initial registered agent at such address is C. H. HOEL.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is Seven (7), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>BRUCE A. CHANEY</u>	<u>Star Route #1</u>	<u>Clifton, Texas</u>
<u>C. H. HOEL</u>	<u>Route #1</u>	<u>Clifton, Texas</u>
<u>CALVIN RUETER</u>	<u>Star Route #1</u>	<u>Clifton, Texas</u>
<u>RAYMOND H. WHITNEY</u>	<u>Route #2</u>	<u>Valley Mills, Texas</u>
<u>WALTER PRESCHER</u>	<u>Route #1</u>	<u>Clifton, Texas</u>
<u>JOE BOB FICKLIN</u>	<u>Route #2</u>	<u>Valley Mills, Texas</u>
<u>MRS. M. G. BRAMLETT</u>	<u>Star Route</u>	<u>Clifton, Texas</u>

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
CALVIN RUETER	Star Route #1	Clifton, Texas
BRUCE A. CHANEY	Star Route #1	Clifton, Texas
C. H. HOEL	Route #1	Clifton, Texas

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

ARTICLE VIII.

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

IN WITNESS WHEREOF, we have hereunto set out hands, this the 3rd day of May, 19 69.

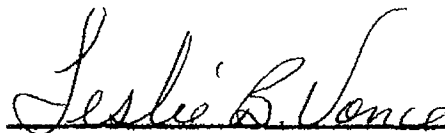
Calvin Rueter
Bruce Chaney
C. H. Hoel

THE STATE OF TEXAS Ø
COUNTY OF BOSQUE Ø

I, LESLIE B. VANCE, a Notary Public, do
hereby certify that on this 3rd day of May, 1969,
personally appeared before me CALVIN RUEYER, BRUCE A. CHANEY, and
C. H. HOEL

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

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



Notary Public in and for

BOSQUE County, Texas.

(Notarial Seal)

My Commission expires June 1, 1969.

BYLAWS
of
CHILDRESS CREEK
WATER SUPPLY
CORPORATION

BYLAWS
of
CHILDRRESS CREEK WATER SUPPLY CORPORATION

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

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

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

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds, shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. The Board of Directors shall consist of seven Directors, a majority of whom shall constitute a quorum. Following the annual membership meeting, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

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

Section 2. Officers and Directors may be removed from office in the following manner, except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges 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 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons 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 in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

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

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas NonProfit Corporation Act pertaining to duties and responsibilities of the Board of Directors.

ARTICLE V

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

the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.

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

Section 4. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. In conducting their duties as members of the Board, Directors: (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 or 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, or other persons retained by the Corporation for the development of professional advice or 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; and (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 persons or entity obligated to pay, satisfy, or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believe such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, between January 1 and May 1, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Ten percent (10%) of the members, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including the proxy and/or ballot form which shall be the official proxy and/or ballot for such meetings; procedures for proper notification of the Membership of such meetings and delivery of the Corporation's official proxy and/or ballot forms to the Membership; procedures to determine, qualify and register the eligible voters for such meetings; and procedures for canvassing all votes and recording the results of all elections at such meetings of the Membership.

Section 3. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have

5 0 9

sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall notify the Membership of annual or special Membership meetings and deliver the Corporation's official proxy and/or ballot forms to the Membership; determine, qualify, and register the eligible voters for such meetings; validate proxies; determine presence of quorum for conducting the meeting; canvass all votes, and record the results of such elections. Should the individual holding the office of Secretary-Treasurer be running for re-election, the President shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 4. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make a list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Article 1396-2.11, Texas Revised Civil Statute, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the

meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member.

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008(d) of the Texas Water Code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014(b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund

accounts of the Corporation. Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. 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 is required to hold a Membership as a condition to receive service. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the 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, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water as provided in the Corporation's published rates,

charges, and conditions of service. A person may own more than one Membership, but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed and amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by USDA Rural Development, RUS. Membership fees will be refundable.

ARTICLE XI

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any 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 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

- (a) Except as herein provided, Membership (including water

service) in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water service unless each condition for water service is met as provided in the Corporation's published rates, charges, and conditions of service. Water service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a person or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a canceled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water service is requested, subject to compliance with the conditions for water service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary here-in-above provided, the consideration for the transfer of any Membership in the

Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

ARTICLE XIII

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

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including, the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminated, canceled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water service or otherwise shall be deducted from such Member's share prior to final distribution.

By application for and acceptance of Membership in the Corporation, each Member agrees that upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by

the individual Member to an entity that provides a water supply service, that is exempt from ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be July 1 to June 30.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XVIII

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

Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessment shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple

Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

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

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

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

In the event of any conflict between the provisions of the Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members present, whether in person or by proxy, at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purpose of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days

before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "CHILDRESS CREEK WATER SUPPLY CORPORATION."

ARTICLE XXII

The Corporation pledges its assets for use in performing the functions of the corporation as provided by law and the Corporation's Articles of Incorporation.

ARTICLE XXIII

The above Bylaws and regulations were unanimously adopted by the Board of Directors of the CHILDRESS CREEK WATER SUPPLY CORPORATION, at a meeting in the Childress Creek Water Supply Corporation's Office on the 20th day of March, 2007.

Carl R. Rector

President

Attest:

Mary Sue Crawford

Secretary-Treasurer



Directors of Childress Creek Water Supply Corporation

Calvin Rueter	Director and President
Gary Arnold	Vice-President and Director
Mary Sue Crawson	Treasurer, Secretary, and Director
Gene Finstad	Director
Von Klienbrink	Director
Anthony Tomchesson	Director



Franchise Tax Account Status

As of: 06/02/2015 03:58:29 PM

This Page is Not Sufficient for Filings with the Secretary of State

CHILDRESS CREEK WATER SUPPLY CORPORATION

Texas Taxpayer Number 30001560942

Mailing Address 255 COUNTY ROAD 3405
CLIFTON, TX 76634-3423

Right to Transact Business ACTIVE
in Texas

State of Formation TX

Effective SOS Registration 05/09/1969
Date

Texas SOS File Number 0026070401

Registered Agent Name CALVIN RUETER

Registered Office Street 255 COUNTY RD 3405
Address CLIFTON, TX 76634



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

Franchise Tax Account Status

Reinstating, terminating or withdrawing?

*Now you can submit your
request for a tax certificate or
tax clearance letter online.*

Start here.

Certificates of Account Status

~~"Certificates of Account Status, sometimes called 'Certificates of Good Standing,' will no longer be available from the Comptroller's office. Instead, website users may print a taxpayer's Franchise Tax Account Status page to accomplish the same purposes."~~

The Comptroller historically issued Certificates of Account Status in response to inquiries about the status of an entity's franchise tax account. As of May 5, 2013, the Comptroller will respond to such inquiries by providing the status of an entity's right to transact business in Texas from our online search. Search results reflect the information in the Comptroller's records at the time the query is made.

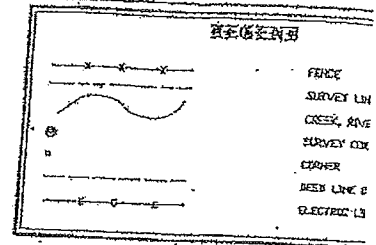
The Comptroller is required by law to forfeit a company's right to transact business in Texas if the company has not filed a franchise tax report or paid a franchise tax required under Chapter 171. The law also requires the Comptroller to give at least 45 days after the notice of pending forfeiture is mailed before the actual forfeiture. Any franchise tax deficiencies must be cured during that period to avoid the forfeiture of the right to transact business in Texas.

Use the Franchise Tax Account Status search to determine whether a taxable entity's right to transact business in Texas is intact. Franchise Tax Account Status may be required in order to conduct real estate or financial transactions.

L. BURNS SURVEY

A - 84

58.17 ACRE
MARTIN L. SPEER ET UX
TO
LLOYD W. HAMPE
MAY 31, 1983
VOL. 278, PG. 329



83.95 ACRE
MARTIN L. SPEER AND EMMA SPEER
TO
RAY CUMMINGS ET UX
AUGUST 29, 1995
VOL. 378, PG. 960

BASE BOUNDING
(DEED N 61° E 81A, 10336)
N 58°58'58"E 1936.97

110.43 ACRE
EMMA MCNEERSON
TO
ROLLING MOUNTAINS, LTD.
AUGUST 3, 2003
VOL. 604, PAGE 30
TRACT 2
10.01 ACRES
269
S 58°58'58"W 1301.60

D. A.
Mc WILLIAMS
SURVEY
A - 964

139.4 ACRE
DELMAR H. NEE ET UX
TO
JOE BOB FICKLIN ET UX
NOVEMBER 12, 1968
VOL. 208, PG. 117

116.92 ACRE
JAMES R. MILSON ET UX
TO
SAM L. SLAGLE ET UX
OCTOBER 26, 1990
VOL. 335, PG. 668

JOHN

DEED S 90° W 232 VRS. 831.14
N 58°08'10"E 827.31

24.77
ACRES

24.77 ACRE
EMMA MCNEERSON
TO
BILLY MCNEERSON
AUGUST 17, 2003
VOL. 504, PAGE 18

0 ACRE
WILSON ET UX
TO
MINES ET UX
15, 1981
PG. 308

RS SURVEY
24

BOSQUE COUNTY ROAD NO. 3360

R. W. HOWARD SURVEY
A - 905

334.64 ACRE
LETTIE M. EAKIN
TO
EAKIN FAMILY LIVING REVOCABLE TRUST
DECEMBER 12, 1999
VOL. 449, PG. 270

DEED NO.	83421
DEED DATE	1999 - 12-12

DAVID LANE SURVEYING

REGISTERED PROFESSIONAL LAND SURVEYOR
P.O. BOX 101 254-796-4084 HICO, TEXAS 76457
LEGAL DESCRIPTION

STATE OF TEXAS:
COUNTY OF BOSQUE:
TRACT 1

ALL THAT CERTAIN 10.01 ACRE TRACT, BEING PART OF A 110.43 ACRE TRACT DESCRIBED AS BEING PART OF THE JOHN HIBBINS SURVEY ABSTRACT NO. 336 AND PART OF THE L. W. CHASE SURVEY ABSTRACT NO. 1090 IN BOSQUE COUNTY, TEXAS IN A DEED FROM BILLY R. MCPHERSON TO ROLLING VISTAS, LTD., DATED AUGUST 5, 2005 AND RECORDED IN VOLUME 604, PAGE 39 OF THE DEED RECORDS OF BOSQUE COUNTY, TEXAS AND DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON ROD FOUND AT THE NW CORNER OF SAID 110.43 ACRE TRACT;

THENCE N 58° 58' 56" E, ALONG THE NORTH LINE OF SAID 110.43 ACRE TRACT, 365.37' TO AN IRON ROD SET, FOR THE NW AND BEGINNING CORNER OF THE

HEREINAFTER DESCRIBED TRACT

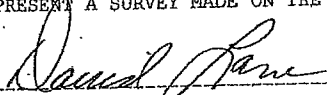
THENCE N 58° 58' 56" E, CONTINUING ALONG THE NORTH LINE OF SAID 110.43 ACRE TRACT, AT 1372.34' PASS A 4" PIPE POST IN THE WEST LINE OF COUNTY ROAD NO. 3355, CONTINUING IN ALL 1936.97' TO THE NE CORNER OF SAID 110.43 ACRE TRACT, FOR THE NE CORNER OF THIS TRACT;

THENCE S 31° 46' 08" E, ALONG THE EAST LINE OF SAID 110.43 ACRE TRACT, AT 84.44' PASS A 4" PIPE POST IN THE WEST LINE OF SAID COUNTY ROAD NO. 3355, CONTINUING IN ALL, 335.03' TO AN IRON ROD SET, FOR THE SE CORNER OF THIS TRACT;

THENCE S 58° 58' 56" W, ACROSS SAID 110.43 ACRE TRACT, 1301.60' TO AN IRON ROD SET, FOR THE SW CORNER OF THIS TRACT;

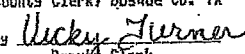
THENCE N 31° 22' 51" W, ACROSS A PASTURE, 335.03' TO THE POINT OF BEGINNING AND CONTAINING 10.01 ACRES OF LAND INCLUDING 0.16 ACRES IN COUNTY ROAD.

I, DAVID LANE, A REGISTERED PROFESSIONAL LAND SURVEYOR OF THE STATE OF TEXAS DO HEREBY AFFIRM THAT THESE FIELD NOTES AND ACCOMPANYING PLAT REPRESENT A SURVEY MADE ON THE GROUND.


REGISTERED PROFESSIONAL LAND SURVEYOR
REGISTRATION NO. 5233
DATED THIS THE 20TH DAY OF JUNE, 2006

Filed For Record
Feb 15, 2008 at 11:38A

Betty Outlaw
County Clerk, Bosque CO. TX

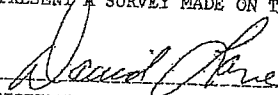
By 
Deputy Clerk

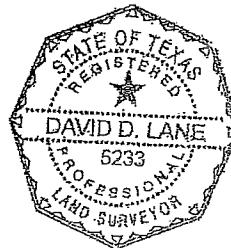
DAVID LANE SURVEYING
REGISTERED PROFESSIONAL LAND SURVEYOR
P.O. BOX 101 254-796-4084 HICO, TEXAS 76457
LEGAL DESCRIPTION

STATE OF TEXAS:
COUNTY OF BOSQUE:
TRACT 3

ALL THAT CERTAIN 10.01 ACRE TRACT, BEING PART OF A 110.43 ACRE TRACT DESCRIBED AS BEING PART OF THE JOHN HIBBINS SURVEY ABSTRACT NO. 336 AND PART OF THE L.-W.-CHASE SURVEY ABSTRACT NO. 1090 IN BOSQUE COUNTY, TEXAS IN A DEED FROM BILLY R. MCPHERSON TO ROLLING VISTAS, LTD., DATED AUGUST 5, 2005 AND RECORDED IN VOLUME 604, PAGE 39 OF THE DEED RECORDS OF BOSQUE COUNTY, TEXAS AND DESCRIBED AS FOLLOWS:
COMMENCING AT AN IRON ROD FOUND AT THE NW CORNER OF SAID 110.43 ACRE TRACT;
THENCE S 31° 22' 51'' W, GENERALLY ALONG A FENCE ALONG THE WEST LINE OF SAID 110.43 ACRE TRACT, 1400.02' TO AN IRON ROD SET, N 58° 58' 56'' E, 644.85' TO AN IRON ROD SET, AND N 31° 46' 08'' W, 335.03' TO AN IRON ROD SET FOR THE SW AND BEGINNING CORNER OF THE HEREINAFTER DESCRIBED TRACT;
THENCE N 31° 46' 08'' W, ACROSS A PASTURE, 335.03' TO AN IRON ROD SET, FOR THE NW CORNER OF THIS TRACT;
THENCE N 58° 58' 56'' E, ACROSS SAID 110.43 ACRE TRACT, 1301.60' TO AN IRON ROD SET IN THE EAST LINE OF SAID 110.43 ACRE TRACT AND THE WEST LINE OF COUNTY ROAD NO. 3355, FOR THE NE CORNER OF THIS TRACT;
THENCE S 31° 46' 08'' E, ALONG THE EAST LINE OF SAID 110.43 ACRE TRACT AND THE WEST LINE OF COUNTY ROAD NO. 3355, 335.03' TO AN IRON ROD SET, FOR THE SE CORNER OF THIS TRACT;
THENCE S 58° 58' 56'' W, ACROSS SAID 110.43 ACRE TRACT, 1301.60' TO THE POINT OF BEGINNING AND CONTAINING 10.01 ACRES OF LAND.

I, DAVID LANE, A REGISTERED PROFESSIONAL LAND SURVEYOR OF THE STATE OF TEXAS DO HEREBY AFFIRM THAT THESE FIELD NOTES AND ACCOMPANYING PLAT REPRESENT A SURVEY MADE ON THE GROUND.


REGISTERED PROFESSIONAL LAND SURVEYOR
REGISTRATION NO. 5233
DATED THIS THE 20TH DAY OF JUNE, 2006



DAVID LANE SURVEYING

REGISTERED PROFESSIONAL LAND SURVEYOR

P.O. BOX 101 254-796-4084 HICO, TEXAS 76457

LEGAL DESCRIPTION

STATE OF TEXAS:

COUNTY OF BOSQUE:

TRACT 4

ALL THAT CERTAIN 10.01 ACRE TRACT, BEING PART OF A 110.43 ACRE TRACT DESCRIBED AS BEING PART OF THE JOHN HIBBINS SURVEY ABSTRACT NO. 336 AND PART OF THE L. W. CHASE SURVEY ABSTRACT NO. 1090 IN BOSQUE COUNTY, TEXAS IN A DEED FROM BILLY R. MCPHERSON TO ROLLING VISTAS, LTD., DATED AUGUST 5, 2005 AND RECORDED IN VOLUME 604, PAGE 39 OF THE DEED RECORDS OF BOSQUE COUNTY, TEXAS AND DESCRIBED AS FOLLOWS:

COMMENCING AT AN IRON ROD FOUND AT THE NW CORNER OF SAID 110.43 ACRE TRACT;

THENCE S 31° 22' 51'' W, GENERALLY ALONG A FENCE ALONG THE WEST LINE OF SAID 110.43 ACRE TRACT, 1400.02' TO AN IRON ROD SET, N 58° 58' 56'' E, 644.85' TO AN IRON ROD SET, FOR THE SW AND BEGINNING CORNER OF THE HEREINAFTER DESCRIBED TRACT;

THENCE N 31° 46' 08'' W, ACROSS A PASTURE, 335.03' TO AN IRON ROD SET, FOR THE NW CORNER OF THIS TRACT

THENCE N 58° 58' 56'' E, ACROSS SAID 110.43 ACRE TRACT, 1301.60' TO AN IRON ROD SET IN THE EAST LINE OF SAID 110.43 ACRE TRACT AND THE WEST LINE OF COUNTY ROAD NO. 3355, FOR THE NE CORNER OF THIS TRACT;

THENCE S 31° 46' 08'' E, ALONG THE EAST LINE OF SAID 110.43 ACRE TRACT AND THE WEST LINE OF COUNTY ROAD NO. 3355, 335.03' TO AN IRON ROD SET, FOR THE SE CORNER OF THIS TRACT;

THENCE S 58° 58' 56'' W, ACROSS SAID 110.43 ACRE TRACT, 1301.60' TO THE POINT OF BEGINNING AND CONTAINING 10.01 ACRES OF LAND.

I, DAVID LANE, A REGISTERED PROFESSIONAL LAND SURVEYOR OF THE STATE OF TEXAS DO HEREBY AFFIRM THAT THESE FIELD NOTES AND ACCOMPANYING PLAT REPRESENT A SURVEY MADE ON THE GROUND.

David Lane

REGISTERED PROFESSIONAL LAND SURVEYOR

REGISTRATION NO. 5233

DATED THIS THE 20TH DAY OF JUNE, 2006



5 2