



Control Number: 45272



Item Number: 35

Addendum StartPage: 0

Helen S. Gilbert  
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ATTORNEYS AT LAW

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Randall B. Wilburn, P.E.

PUBLIC UTILITY COMMISSION  
FILING CLERK

October 15, 2016

Mr. Alexander Petak  
PUC Legal Division  
PO Box 13326  
Austin, TX 78711-3326

Re: Zipp Road Utility Wastewater CCN Application; Docket No. 45272; Response to Staff Request for Information and Order No. 10

Dear Alexander:

I am writing in response to the Commission Staff's Supplemental Recommendation and Procedural Schedule. Attached are responses to each of your requests, including the following:

1. A proposed tariff (identical to the copy I provided to you on September 26, 2016);
2. A rate study to support the rates in the proposed tariff;
3. Evidence supporting projected connections, including a lot take down schedule;
4. An explanation of what "Other" in the Long-Term Liability;
5. An explanation of what "Other" shown in the Fixed Assets and revised Balance Sheets;
6. Clearly noted long term debt payments; and
7. An explanation of the source of cash used to fund new infrastructure.

Please let me know if you or the Commission Staff have any questions regarding these revisions to the pending CCN Application.

Sincerely,

A handwritten signature in black ink, appearing to read 'RBW', written over a horizontal line.

Randall B. Wilburn

Enclosures

35



## **SEWER UTILITY TARIFF**

**Docket No. 45272**

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

|                           |                       |
|---------------------------|-----------------------|
| Zipp Road Utility Co, LLC | 14203 Savannah Pass   |
| (Utility Name)            | (Business Address)    |
| San Antonio, TX 78259     | 210-368-9057          |
| (City, State, Zip Code)   | (Area Code/Telephone) |

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

This tariff is effective in the following county (ies):

Guadalupe County

This tariff is effective in the following cities or unincorporated towns (if any):

a portion of the City of New Braunfels

This tariff is effective in the following subdivision or systems:

This tariff is effective for the following public Sewer system numbers(s):

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

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(Utility Name)

**SECTION 1.0 -- RATE SCHEDULE****Section 1.01 - Rates**

| Meter Size   | Monthly Minimum Charge        | Gallonage Charge                          |
|--------------|-------------------------------|---|
| 5/8" or 3/4" | \$ 65.00 (Includes 0 gallons) | per 1000 gallons, 1 <sup>st</sup> gallons |
| 1½ "         | \$                            |   |
| 2"           | \$                            |   |
| 3"           | \$                            |   |
| 4"           | \$                            |   |

Volume charges are determined based on average consumption for winter period which includes the following months:

**FORM OF PAYMENT:** The utility will accept the following forms of payment:

Cash ☐ Check ☒ Money Order ☒ Credit Card ☒ Other (specify)

THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

**REGULATORY ASSESSMENT**

1.0%

PUBLIC UTILITY COMMISSION (COMMISSION) RULES REQUIRE THE UTILITY TO COLLECT AND REMIT TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

**Section 1.02 - Miscellaneous Fee****TAP FEE**

\$ 500.00

TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL CONNECTION. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

**TAP FEE ( Large Connection Tap )**

Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

(Utility Name)

**SECTION 1.0 – RATE SCHEDULE (Continued)****RECONNECTION FEE**

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

|  |    |       |
|--|----|-------|
| a) Nonpayment of bill (Maximum \$25.00)            | \$ | 25.00 |
| b) Customer's request that service be disconnected | \$ | 50.00 |
| c) _____   | \$ |       |

**TRANSFER FEE**

\$ 50.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED"

**LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)**

\$ 10%

COMMISSION RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

**RETURNED CHECK CHARGE**

\$ Actual Cost

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

**CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)**

\$ 50.00

**COMMERCIAL & NON-RESIDENTIAL DEPOSIT**1/6TH OF ESTIMATED ANNUAL BILL**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE**

\$ Actual Cost

WHEN AUTHORIZED IN WRITING BY THE COMMISSION AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(k)(2)]

**LINE EXTENSION AND CONSTRUCTION CHARGES:**

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

(Utility Name)

**SECTION 2.0 -- SERVICE RULES AND POLICIES**

The utility will have the most current Public Utility Commission of Texas Rules relating to sewer utilities available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

**Section 2.01 - Application for Sewer Service**

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

**Section 2.02 - Refusal of Service**

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the commission rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

**Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected****(A) Customer Deposits**

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with the commission rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

(Utility Name)

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the residential customer's deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

**(B) Tap or Reconnect Fees**

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction. If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property (ies) is located.

Fees in addition to the regular tap fee may be charged to cover unique costs not normally incurred as permitted by P.U.C. SUBST. R. 24.86(a)(1)(C) if they are listed on this approved tariff. For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

**(C) Easement Requirement**

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

(Utility Name)

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)****Section 2.04 - Utility Response to Applications for Service**

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap and utility cut-off and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

**Section 2.05 - Customer Responsibility**

The customer will be responsible for furnishing and laying the necessary customer service pipe from the tap location to the place of consumption. Customers will not be allowed to use the utility's cutoff.

**Section 2.06 Access to Customer's Premises**

All customers or service applicants shall provide access to utility cutoffs at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

**Section 2.07 - Back Flow Prevention Devices**

No water connection shall be made to any establishment where an actual or potential contamination or system hazard exists without an approved air gap or mechanical backflow prevention assembly. The air gap or backflow prevention assembly shall be installed in accordance with the American Water Works Association (AWWA) standards C510, C511 and AWWA Manual M14 or the University Of Southern California Manual Of Cross-Connection Control, current edition. The backflow assembly installation by a licensed plumber shall occur at the customer's expense.



(Utility Name)

**SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**

The back flow assembly shall be tested upon installation by a recognized prevention assembly tester and certified to be operating within specifications. Back flow prevention assemblies which are installed to provide protection against high health hazards must be tested and certified to be operating within specifications at least annually by a recognized back flow prevention device tester. The maintenance and testing of the back flow assembly shall occur at the customer's expense.

**Section 2.10 - Billing****(A) Regular Billing**

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance. The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

**(B) Late Fees**

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

**(C) Information on Bill**

Each bill will provide all information required by the commission rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service:

**(D) Prorated Bills**

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

(Utility Name)

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the commission rules.

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the commission rules.

(Utility Name)

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)****Section 2.13 - Reconnection of Service**

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 24 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

**Section 2.14 - Service Interruptions**

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

**Section 2.15 - Quality of Service**

The utility will plan, furnish, and maintain and operate production, treatment, storage, transmission, and collection facilities of sufficient size and capacity to provide continuous and adequate service for all reasonable consumer uses and to treat sewage and discharge effluent of the quality required by its discharge permit issued by the TCEQ. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ's rules.

**Section 2.16 - Customer Complaints and Disputes**

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the commission's complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

(Utility Name)

**SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

**Section 2.17 - Customer Liability**

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

**SECTION 3.0 -- EXTENSION POLICY****Section 3.01 - Standard Extension Requirements**

LINE EXTENSION AND CONSTRUCTION CHARGES: NO CONTRIBUTION IN AID OF CONSTRUCTION MAY BE REQUIRED OF ANY CUSTOMER EXCEPT AS PROVIDED FOR IN THIS APPROVED EXTENSION POLICY.

The utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with commission rules and policies, and upon extension of the utility's certified service area boundaries by the commission.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility is not required to extend service to any applicant outside of its certificated service area and will only do so under terms and conditions mutually agreeable to the utility and the applicant, in compliance with commission rules and policies, and upon extension of the utility's certificated service area boundaries by the commission.

(Utility Name)

**SECTION 3.0 -- EXTENSION POLICY (Continued)****Section 3.02 - Costs Utilities and Service Applicants Shall Bear**

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest collection line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the TCEQ, the residential service applicant shall not be required to pay for costs of main extensions greater than 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ if

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, the utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

(Utility Name)

**SECTION 3.0 -- EXTENSION POLICY (Continued)**

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of sewer mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional treatment facilities. Contributions in aid of construction of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

**Section 3.03 - Contributions in Aid of Construction**

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Commission on Environmental Quality minimum design criteria for facilities used in the production, collection, transmission, pumping, or treatment of sewage or Texas Commission on Environmental Quality minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the Texas Commission on Environmental Quality minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16TAC 2486(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Commission on Environmental Quality minimum design criteria. As provided by 16 TAC 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

(Utility Name)

**SECTION 3.0 -- EXTENSION POLICY (Continued)**

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

**Section 3.04 - Appealing Connection Costs**

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, commission rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services. Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the commission or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

**Section 3.05 - Applying for Service**

The utility will provide a written service application form to the applicant for each request for service received by the utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

(Utility Name)

**SECTION 3.0 -- EXTENSION POLICY (Continued)**

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request. The actual point of connection and meter installation must be readily accessible to utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the utility. If no agreement on location can be made, the applicant may refer the matter to the commission for resolution.

**Section 3.06 - Qualified Service Applicant**

A "qualified service applicant" is an applicant who has: (1) met all of the utility's requirements for service contained in this tariff, commission rules and/or order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by commission rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The commission service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by commission rules.

**Section 3.07 - Developer Requirements**

As a condition of service to a new subdivision, the utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.



## APPENDIX A -- SAMPLE SERVICE AGREEMENT

From TCEQ Rules, 30 TAC Chapter 290.47(b), Appendix B

### SERVICE AGREEMENT

- I. PURPOSE. The NAME OF SEWER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF SEWER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the sewer system will not re-establish service unless it has a signed copy of this agreement.
- II. RESTRICTIONS. The following unacceptable practices are prohibited by State regulations.
  - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

- III. SERVICE AGREEMENT. The following are the terms of the service agreement between the NAME OF SEWER SYSTEM (the Sewer System) and NAME OF CUSTOMER (the Customer).
- A. The Sewer System will maintain a copy of this agreement as long as the Customer and/or the premises are connected to the Sewer System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Sewer System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Sewer System's normal business hours.
  - C. The Sewer System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Sewer System. Copies of all testing and maintenance records shall be provided to the Sewer System.
- IV. ENFORCEMENT: If the Customer fails to comply with the terms of the Service Agreement, the Sewer System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

---

CUSTOMER'S SIGNATURE

DATE

Mathom, Ltd  
22711 Fossil Peak, San  
Antonio TX 78261  
210-313-3453

October 12, 2016

Steven Greenberg  
President  
Zipp Road Utility Company  
14203 Savannah Pass  
San Antonio, TX 78216

Re: Build Schedule for Samuel's Court and Maldonado Subdivision

Dear Mr. Greenberg,

I am the General Partner for Mathom, LTD. Mathom is the developer and builder for the Samuel's Court and Maldonado subdivisions located on FM 725 at the intersection of Zipp Rd. This letter serves to affirm to you the development and build schedule for the subject properties. Please see the attached Gantt chart for details.

Samuel's Ct is already completely sold and construction will be complete by the first quarter of 2017. Maldonado Unit 1 is expected to break ground this quarter. Maldonado Unit 2 and 3 are expected to break ground in fourth quarter 2017 and be completed by first quarter 2019.

Please give me a call if you have any questions.

Sincerely,



Todd Burek  
General Partner  
Mathom, LTD

Attachment (1) Gantt Chart

| Mathom, Ltd  |  |          |  |          |  |         |  |         |  |
|--|--|----------|--|----------|--|---------|--|---------|--|
| ZFRU Samuel's Ct & Maldonado Subdivision Build Sched |  |          |  |          |  |         |  |         |  |
| Duration   |  | Q1_2016  |  | Q2_2016  |  | Q3_2016 |  | Q4_2016 |  |
| 1048   |  | 02/01/16 |  | 12/15/18 |  |         |  |         |  |
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## **Promissory Note**

Date: October 12, 2016

Borrower: ZIPP ROAD UTILITY CO. LLC

Borrower's Mailing Address: 14203 Savannah Pass, San Antonio, TX 78216

Lender: BVRT UTILITY HOLDING CO. LLC

Place for Payment: 14203 Savannah Pass, San Antonio, TX 78216

Principal Amount: \$40,000

Annual Interest Rate: 6%

Maturity Date: 7 years.

Annual Interest Rate on Matured, Unpaid Amounts: 6%

Terms of Payment (principal and interest): Principal and Interest due no later than 7 Years from the date of this Note. For the first two years of the loan term, Borrower shall only be obligated to pay the yearly interest accrued on the unpaid amounts each year. Subsequent to that, equal payments of principal and interest shall be made once each year until the date of maturity.

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This Note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. If any amount is not paid either when due under the Terms of Payment or on acceleration of maturity, Borrower promises to pay any unpaid amount plus interest from the date the payment was due to the date of payment at the Annual Interest Rate on Matured Unpaid Amounts.

If Borrower defaults in the payment of this Note Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the Note immediately due. Notwithstanding any other provision of this Note, in the event of a default, before exercising any of Lender's remedies under this Note, Lender will first give Borrower written notice of default and Borrower will have ten days after notice is given in which to cure the default. If the default is not cured ten days after notice, Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this Note is placed in the hands of an attorney to collect or enforce the Note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the Note.

Interest on the debt evidenced by this Note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this Note and all other instruments concerning the debt.

Each Borrower is responsible for all obligations represented by this Note.

When the context requires, singular nouns and pronouns include the plural.

  
BORROWER: ZIPP ROAD UTILITY CO. LLC

By Steven Greenberg

President and Director of Zipp Road Utility Co.  
LLC duly authorized by to sign this Note.

## PROJECTED BALANCE SHEETS

|                                       | START UP   | YEAR 1       | YEAR 2       | YEAR 3       | YEAR 4       | YEAR 5       |
|---------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| <b>CURRENT ASSETS</b>                 |            |              |              |              |              |              |
| Cash                                  |            | 43,565.00    | 39,115.00    | 46,640.00    | 80,377.00    | 100,000.00   |
| Accounts Receivable                   |            | 1,285.00     | 12,107.00    | 25,651.00    | 34,988.00    | 39,244.00    |
| Inventories                           |            |              |              |              |              |              |
| Income Tax Receivable                 |            | 15,253.00    | 36,624.00    | 46,589.00    | 41,869.00    | 25,987.00    |
| Other                                 |            |              |              |              |              |              |
| <b>Total</b>                          |            | 60,104.00    | 87,846.00    | 118,879.00   | 157,234.00   | 165,231.00   |
| <b>FIXED ASSETS</b>                   |            |              |              |              |              |              |
| Land                                  |            |              |              |              |              |              |
| Collection/Distribution System        | 187,131.00 | 420,623.00   | 420,623.00   | 420,623.00   | 420,623.00   | 420,623.00   |
| Buildings                             |            |              |              |              |              |              |
| Equipment                             |            |              |              |              |              |              |
| Other                                 | 171,936.00 | 597,734.00   | 1,190,354.00 | 1,159,562.00 | 1,128,771.00 | 1,097,979.00 |
| Less: Accum. Depreciation or Reserves |            | -16,455.00   | -28,232.00   | -40,009.00   | -51,786.00   | -63,563.00   |
| <b>Total</b>                          | 359,067.00 | 1,001,902.00 | 1,582,745.00 | 1,540,176.00 | 1,497,608.00 | 1,455,039.00 |
| <b>TOTAL ASSETS</b>                   | 359,067.00 | 1,062,005.00 | 1,670,591.00 | 1,659,056.00 | 1,654,842.00 | 1,620,270.00 |
| <b>CURRENT LIABILITIES</b>            |            |              |              |              |              |              |
| Accounts Payable                      |            | 3,412.00     | 14,406.00    | 24,671.00    | 29,829.00    | 30,914.00    |
| Notes Payable, Current                |            |              |              | 5,957.00     | 6,314.00     | 6,693.00     |
| Accrued Expenses                      |            |              |              |              |              |              |
| Other                                 |            |              |              |              |              |              |
| <b>Total</b>                          |            | 3,412.00     | 14,406.00    | 30,628.00    | 36,143.00    | 37,607.00    |
| <b>LONGTERM LIABILITIES</b>           |            |              |              |              |              |              |
| Notes Payable, Long-term              |            | 50,000.00    | 50,000.00    | 38,086.00    | 31,415.00    | 24,343.00    |
| Other                                 | 171,936.00 | 608,262.00   | 1,231,674.00 | 1,231,674.00 | 1,231,674.00 | 1,231,674.00 |
| <b>TOTAL LIABILITIES</b>              | 171,936.00 | 661,674.00   | 1,296,080.00 | 1,300,389.00 | 1,299,232.00 | 1,293,624.00 |
| <b>OWNER'S EQUITY</b>                 |            |              |              |              |              |              |
| Paid in Capital                       | 187,131.00 | 421,076.00   | 421,076.00   | 421,076.00   | 421,076.00   | 421,076.00   |
| Retained Equity                       |            |              |              |              |              |              |
| Other                                 |            |              |              |              |              |              |
| Current Period Profit or Loss         |            | -20,745.00   | -46,565.00   | -62,409.00   | -65,467.00   | -94,430.00   |
| <b>TOTAL OWNER'S EQUITY</b>           | 187,131.00 | 400,331.00   | 374,511.00   | 358,667.00   | 355,609.00   | 326,646.00   |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | 359,067.00 | 1,062,005.00 | 1,670,591.00 | 1,659,056.00 | 1,654,842.00 | 1,620,270.00 |
| <b>WORKING CAPITAL</b>                |            | 2,553.00     | 2,604.00     | 2,656.00     | 2,709.00     | 2,763.00     |
| <b>CURRENT RATIO</b>                  |            | 1.60         | 1.30         | 1.30         | 1.30         | 1.30         |
| <b>DEBT TO EQUITY RATIO</b>           | 0.00       | 165.00       | 346.00       | 363.00       | 365.00       | 396.00       |
| <b>EQUITY TO TOTAL ASSETS</b>         |            | 0.40         | 0.20         | 0.20         | 0.20         | 0.20         |

## PROJECTED INCOME STATEMENT

|                             | YEAR 1     | YEAR 2     | YEAR 3     | YEAR 4     | YEAR 5     | TOTALS       |
|-----------------------------|------------|------------|------------|------------|------------|--------------|
| <b>METER NUMBER</b>         |            |            |            |            |            |              |
| Existing Number of Taps     | 0 00       | 18 00      | 242 00     | 374 00     | 404 00     |              |
| New Taps per Year           | 18 00      | 224 00     | 132 00     | 30 00      | 0 00       |              |
| Total Meters at Year End    | 18 00      | 242 00     | 374 00     | 404 00     | 404 00     |              |
| <b>METER REVENUE</b>        |            |            |            |            |            |              |
| Fees Per Meter              | 714 00     | 771 00     | 833 00     | 899 00     | 971 00     |              |
| Cost Per Meter              | 1,896 00   | 596 00     | 660 00     | 739 00     | 765 00     |              |
| Operating Revenue Per Meter | -1,182 00  | 176 00     | 173 00     | 161 00     | 206 00     |              |
| <b>GROSS WATER REVENUE</b>  |            |            |            |            |            |              |
| Fees                        | 12,852 00  | 121,066 00 | 256,505 00 | 349,880 00 | 392,441 00 | 1,132,744 00 |
| Other                       |            |            |            |            |            |              |
| Gross Income                | 12,852 00  | 121,066 00 | 256,505 00 | 349,880 00 | 392,441 00 | 1,132,744 00 |
| <b>OPERATING EXPENSES</b>   |            |            |            |            |            |              |
| General & Administrative    | 34,120 00  | 144,060 00 | 246,710 00 | 298,286 00 | 309,137 00 | 1,032,312 00 |
| Interest                    | 3,000 00   | 3,000 00   | 3,000 00   | 2,643 00   | 2,264 00   | 13,906 00    |
| Other                       | 11,730 00  | 21,198 00  | 32,604 00  | 47,289 00  | 58,450 00  | 171,271 00   |
| NET INCOME                  | -35,998 00 | -47,192 00 | -25,809 00 | 1,663 00   | 22,590 00  | -84,745 00   |



## PROJECTED EXPENSES STATEMENT

|  | YEAR 1           | YEAR 2            | YEAR 3            | YEAR 4            | YEAR 5            | TOTALS            |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b> |                  |                   |                   |                   |                   |                   |
| Salaries                               | 5,280 00         | 13,446 00         | 23,082 00         | 26,958 00         | 28,103 00         | 96,870 00         |
| Office Expense                         | 500 00           | 500 00            | 500 00            | 500 00            | 500 00            | 2,500 00          |
| Computer Expense                       |                  |                   |                   |                   |                   |                   |
| Auto Expense                           |                  |                   |                   |                   |                   |                   |
| Insurance Expense                      |                  |                   |                   |                   |                   |                   |
| Telephone Expense                      |                  |                   |                   |                   |                   |                   |
| Utilities Expense                      | 300.00           | 300 00            | 300 00            | 300.00            | 300.00            | 1,500 00          |
| Depreciation Expense                   |                  |                   |                   |                   |                   |                   |
| Property Taxes                         |                  |                   |                   |                   |                   |                   |
| Professional Fees                      | 600 00           | 600 00            | 600 00            | 600 00            | 600 00            | 3,000 00          |
| Other                                  | 360 00           | 1,962.00          | 1,165 00          | 1,266 00          | 1,044 00          | 5,796 00          |
| <b>Total</b>                           | <b>7,041 00</b>  | <b>16,808 00</b>  | <b>25,647 00</b>  | <b>29,624 00</b>  | <b>30,547 00</b>  | <b>109,666 00</b> |
| % Increase Per Year                    |                  | 139 00            | 53.00             | 16 00             | 3.00              |                   |
| <b>OPERATIONAL EXPENSES</b>            |                  |                   |                   |                   |                   |                   |
| Salaries                               | 4,750 00         | 19,380.00         | 26,247 00         | 26,581 00         | 26,922 00         | 103,881 00        |
| Auto Expense                           |                  |                   |                   |                   |                   |                   |
| Utilities Expense                      | 1,224.00         | 1,248 00          | 1,273.00          | 1,299.00          | 1,325 00          | 6,370 00          |
| Depreciation Expense                   |                  |                   |                   |                   |                   |                   |
| Repair & Maintenance                   | 2,550 00         | 5,100.00          | 5,202.00          | 5,306.00          | 5,412 00          | 23,570 00         |
| Supplies                               | 600.00           | 1,224 00          | 1,248 00          | 1,273.00          | 1,299 00          | 5,645 00          |
| Other                                  | 7,587 00         | 9,867 00          | 10,260.00         | 10,714 00         | 10,928.00         | 49,356 00         |
| <b>Total</b>                           | <b>27,079 00</b> | <b>127,252.00</b> | <b>221,063.00</b> | <b>268,662 00</b> | <b>278,590 00</b> | <b>922,646 00</b> |
| % Increase Per Year                    |                  |                   |                   |                   |                   |                   |
| <b>ASSUMPTIONS</b>                     |                  |                   |                   |                   |                   |                   |
| Interest Rate/Terms                    | 3,000 00         | 3,000 00          | 3000              | 2,643 00          | 2,264 00          | 13,906 00         |
| Utility Cost/gal.                      | 0.02             | 0 01              | 0 01              | 0 01              | 0.01              |                   |
| Depreciation Schedule                  | 26,983 00        | 42,569 00         | 42,569 00         | 42,569.00         | 42,569 00         | 197,258 00        |
| Other                                  |                  |                   |                   |                   |                   |                   |

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

|                                    | YEAR 1            | YEAR 2            | YEAR 3            | YEAR 4           | YEAR 5           | TOTALS            |
|------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
| <b>SOURCES OF CASH</b>             |                   |                   |                   |                  |                  |                   |
| Net Income                         | -35,998 00        | -47,192 00        | -25,809 00        | 1,663 00         | 22,590 00        | -84,745 00        |
| Depreciation (if Funded)           | 26,983 00         | 42,569 00         | 42,569 00         | 42,569 00        | 42,569 00        | 197,258 00        |
| Loan Proceeds                      | 50,000 00         |                   |                   |                  |                  | 50,000 00         |
| Other                              | 233,945 00        |                   | 10,265 00         | 5,158 00         | 1,085 00         | 250,453 00        |
| <b>Total Sources</b>               | <b>274,930 00</b> | <b>-4,623 00</b>  | <b>27,025 00</b>  | <b>49,389 00</b> | <b>66,244 00</b> | <b>412,966 00</b> |
| <b>USES OF CASH</b>                |                   |                   |                   |                  |                  |                   |
| Net Loss                           | 35,998 00         |                   |                   |                  |                  | 35,998 00         |
| Principle Portion of Pmts.         |                   |                   | 5,957 00          | 6,314 00         | 6,693 00         | 18,964 00         |
| Fixed Asset Purchase               | 233,492 00        |                   |                   |                  |                  | 233,492 00        |
| Reserve                            |                   |                   |                   |                  |                  |                   |
| Other                              | 1,285 00          | -173 00           | 13,544 00         | 9,337 00         | 4,256 00         | 28,250 00         |
| <b>TOTAL USES</b>                  | <b>270,775 00</b> | <b>-173 00</b>    | <b>19,501 00</b>  | <b>15,652 00</b> | <b>10,949 00</b> | <b>316,704 00</b> |
| <b>NET CASH FLOW</b>               | <b>4,156 00</b>   | <b>-4,450 00</b>  | <b>7,524 00</b>   | <b>33,737 00</b> | <b>55,295 00</b> | <b>96,263 00</b>  |
| <b>DEBT SERVICE COVERAGE</b>       |                   |                   |                   |                  |                  |                   |
| Cash Available for Debt            | 43,565 00         | 39,115 00         | 46,640 00         | 80,377 00        | 100,000 00       | 309,698 00        |
| Service (CADS)                     |                   |                   |                   |                  |                  |                   |
| Net Income (Loss)                  | -35,998 00        | -47,192 00        | -25,809 00        | 1,663 00         | 22,590 00        | -84,745 00        |
| Depreciation , or Reserve Interest |                   |                   |                   |                  |                  |                   |
| <b>TOTAL</b>                       | <b>-35,998 00</b> | <b>-47,192 00</b> | <b>-25,809 00</b> | <b>1,663 00</b>  | <b>22,590 00</b> | <b>-84,745 00</b> |
| <b>REQUIRED DEBT SERVICE (RDS)</b> |                   |                   |                   |                  |                  |                   |
| Principle Plus Interest            | 3,000 00          | 3,000 00          | 8,957 00          | 8,957 00         | 8,957 00         | 32,870 00         |
| <b>DEBT SERVICE COVERAGE RATIO</b> |                   |                   |                   |                  |                  |                   |
| CADS Divided by RDS                | -12.00            | -1,507 00         | -2.90             | 0 20             | 2.50             | -2 60             |

**PROJECTED BALANCE SHEETS (Rev 161012)**

|  | START UP | YEAR 1 (3) | YEAR 2    | YEAR 3    | YEAR 4    | YEAR 5    |
|--|----------|------------|-----------|-----------|-----------|-----------|
| <b>CURRENT ASSETS</b>                      |          |            |           |           |           |           |
| Cash                                       | -        | 43,565     | 39,115    | 46,640    | 80,377    | 100,000   |
| Accounts Receivable                        | -        | 1,285      | 12,107    | 25,651    | 34,988    | 39,244    |
| Inventories                                | -        | -          | -         | -         | -         | -         |
| Income Tax Receivable                      | -        | 15,253     | 36,624    | 46,589    | 41,869    | 25,987    |
| Other                                      | -        | -          | -         | -         | -         | -         |
| <b>Total</b>                               | -        | 60,104     | 87,846    | 118,879   | 157,234   | 165,231   |
| <b>FIXED ASSETS</b>                        |          |            |           |           |           |           |
| Land                                       | -        | -          | -         | -         | -         | -         |
| Collection/Distribution System             | 187,131  | 420,623    | 420,623   | 420,623   | 420,623   | 420,623   |
| Buildings                                  | -        | -          | -         | -         | -         | -         |
| Equipment                                  | -        | -          | -         | -         | -         | -         |
| Other (Includes Developer Contributions) 1 | 171,936  | 597,734    | 1,190,354 | 1,159,562 | 1,128,771 | 1,097,979 |
| Less: Accum. Depreciation or Reserves      | -        | (16,455)   | (28,232)  | (40,009)  | (51,786)  | (63,563)  |
| <b>Total</b>                               | 359,067  | 1,001,902  | 1,582,745 | 1,540,176 | 1,497,608 | 1,455,039 |
| <b>TOTAL ASSETS</b>                        | 359,067  | 1,062,005  | 1,670,591 | 1,659,056 | 1,654,842 | 1,620,270 |
| <b>CURRENT LIABILITIES</b>                 |          |            |           |           |           |           |
| Accounts Payable                           | -        | 3,412      | 14,406    | 24,671    | 29,829    | 30,914    |
| Notes Payable, Current                     | -        | -          | -         | 5,957     | 6,314     | 6,693     |
| Accrued Expenses                           | -        | -          | -         | -         | -         | -         |
| Other                                      | -        | -          | -         | -         | -         | -         |
| <b>Total</b>                               | -        | 3,412      | 14,406    | 30,628    | 36,143    | 37,607    |
| <b>LONGTERM LIABILITIES</b>                |          |            |           |           |           |           |
| Notes Payable, Long-term 4                 | -        | 50,000     | 50,000    | 38,086    | 31,415    | 24,343    |
| Other (Includes Developer Contributions) 2 | 171,936  | 608,262    | 1,231,674 | 1,231,674 | 1,231,674 | 1,231,674 |
| <b>TOTAL LIABILITIES</b>                   | 171,936  | 661,674    | 1,296,080 | 1,300,389 | 1,299,232 | 1,293,624 |
| <b>OWNER'S EQUITY</b>                      |          |            |           |           |           |           |
| Paid in Capital                            | 187,131  | 421,076    | 421,076   | 421,076   | 421,076   | 421,076   |
| Retained Equity                            | -        | -          | -         | -         | -         | -         |
| Other                                      | -        | -          | -         | -         | -         | -         |
| Current Period Profit or Loss              | -        | (20,745)   | (46,565)  | (62,409)  | (65,467)  | (94,430)  |
| <b>TOTAL OWNER'S EQUITY</b>                | 187,131  | 400,331    | 374,511   | 358,667   | 355,609   | 326,646   |
| <b>TOTAL LIABILITIES AND EQUITY</b>        | 359,067  | 1,062,005  | 1,670,591 | 1,659,056 | 1,654,842 | 1,620,270 |
| <b>WORKING CAPITAL</b>                     | -        | 2,553      | 2,604     | 2,656     | 2,709     | 2,763     |
| <b>CURRENT RATIO</b>                       | 0        | 1.6        | 1.3       | 1.3       | 1.3       | 1.3       |
| <b>DEBT TO EQUITY RATIO</b>                | 0.00     | 0.12       | 0.13      | 0.12      | 0.11      | 0.10      |
| <b>EQUITY TO TOTAL ASSETS</b>              | 0        | 0.4        | 0.2       | 0.2       | 0.2       | 0.2       |

Note

- 1) Other Fixed Assets is the Sewer Collection System contributed by the developer to ZRU
- 2) Other Long Term Liabilities is the Developer Contribution of the Sewer Collection to ZRU. There will not be repayment to the developer for at least 5 years.
- 3) Year 1 is 2016 and 90% of the expenditures have already been made
- 4) \$40,000 Note from BVRT Utility Holding Company to Zipp Rd Utility

# **PROJECTED SOURCES AND USES OF CASH STATEMENT** (Rev 161012)

|  | YEAR 1          | YEAR 2          | YEAR 3          | YEAR 4        | YEAR 5        | TOTALS          |
|--|-----------------|-----------------|-----------------|---------------|---------------|-----------------|
| <b>SOURCES OF CASH</b>                 |                 |                 |                 |               |               |                 |
| Net Income                             | (35,998)        | (47,192)        | (25,809)        | 1,663         | 22,590        | (84,745)        |
| Depreciation (if Funded)               | 26,983          | 42,569          | 42,569          | 42,569        | 42,569        | 197,258         |
| Loan Proceeds                          | 50,000          | -               | -               | -             | -             | 50,000          |
| Other                                  | 233,945         | -               | 10,265          | 5,158         | 1,085         | 250,453         |
| <b>Total Sources</b>                   | <b>274,930</b>  | <b>(4,623)</b>  | <b>27,025</b>   | <b>49,389</b> | <b>66,244</b> | <b>412,966</b>  |
| <b>USES OF CASH</b>                    |                 |                 |                 |               |               |                 |
| Net Loss                               | 35,998          | -               | -               | -             | -             | 35,998          |
| Principle Portion of Pmts.             | -               | -               | 5,957           | 6,314         | 6,693         | 18,964          |
| Fixed Asset Purchase                   | 233,492         | -               | -               | -             | -             | 233,492         |
| Reserve                                | -               | -               | -               | -             | -             | -               |
| Other                                  | 1,285           | (173)           | 13,544          | 9,337         | 4,256         | 28,250          |
| <b>TOTAL USES</b>                      | <b>270,775</b>  | <b>(173)</b>    | <b>19,501</b>   | <b>15,652</b> | <b>10,949</b> | <b>316,704</b>  |
| <b>NET CASH FLOW</b>                   | <b>4,155</b>    | <b>(4,450)</b>  | <b>7,524</b>    | <b>33,737</b> | <b>55,295</b> | <b>96,263</b>   |
| <b>DEBT SERVICE COVERAGE</b>           |                 |                 |                 |               |               |                 |
| Cash Available for Debt Service (CADS) | 43,565          | 39,115          | 46,640          | 80,377        | 100,000       | 309,698         |
| Net Income (Loss)                      | (35,998)        | (47,192)        | (25,809)        | 1,663         | 22,590        | (84,745)        |
| Depreciation , or Reserve Interest     | -               | -               | -               | -             | -             | -               |
| <b>TOTAL</b>                           | <b>(35,998)</b> | <b>(47,192)</b> | <b>(25,809)</b> | <b>1,663</b>  | <b>22,590</b> | <b>(84,745)</b> |
| <b>REQUIRED DEBT SERVICE (RDS)</b>     |                 |                 |                 |               |               |                 |
| Principle Plus Interest                | 3,000           | 3,000           | 8,957           | 8,957         | 8,957         | 32,870          |
| <b>DEBT SERVICE COVERAGE RATIO</b>     |                 |                 |                 |               |               |                 |
| CADS Divided by RDS                    | (12.0)          | (15.7)          | (2.9)           | 0.2           | 2.5           | (2.6)           |

# **PROJECTED INCOME STATEMENT** (Rev 161012)

|                                 | YEAR 1   | YEAR 2   | YEAR 3   | YEAR 4  | YEAR 5  | TOTALS    |
|---------------------------------|----------|----------|----------|---------|---------|-----------|
| <b>METER NUMBER</b>             |          |          |          |         |         |           |
| Existing Number of Taps         | -        | 18       | 242      | 374     | 404     |           |
| New Taps per Year               | 18       | 224      | 132      | 30      | -       |           |
| <b>Total Meters at Year End</b> | 18       | 242      | 374      | 404     | 404     |           |
| <b>METER REVENUE</b>            |          |          |          |         |         |           |
| Fees Per Meter                  | 714      | 771      | 833      | 899     | 971     |           |
| Cost Per Meter                  | 1,896    | 596      | 660      | 739     | 765     |           |
| Operating Revenue Per Meter     | (1,182)  | 176      | 173      | 161     | 206     |           |
| <b>GROSS WATER REVENUE</b>      |          |          |          |         |         |           |
| Fees                            | 12,852   | 121,066  | 256,505  | 349,880 | 392,441 | 1,132,744 |
| Other                           | -        | -        | -        | -       | -       | -         |
| <b>Gross Income</b>             | 12,852   | 121,066  | 256,505  | 349,880 | 392,441 | 1,132,744 |
| <b>OPERATING EXPENSES</b>       |          |          |          |         |         |           |
| General & Administrative        | 34,120   | 144,060  | 246,710  | 298,286 | 309,137 | 1,032,312 |
| Interest                        | 3,000    | 3,000    | 3,000    | 2,643   | 2,264   | 13,906    |
| Other                           | 11,730   | 21,198   | 32,604   | 47,289  | 58,450  | 171,271   |
| Total Operating Expenses        | 48,850   | 168,257  | 282,314  | 348,217 | 369,851 | 1,217,489 |
| <b>NET INCOME</b>               | (35,998) | (47,192) | (25,809) | 1,663   | 22,590  | (84,745)  |

# PROJECTED EXPENSES STATEMENT (Rev 161012)

|   | YEAR 1        | YEAR 2         | YEAR 3         | YEAR 4         | YEAR 5         | TOTALS         |
|---|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>GENERAL/ADMINISTRATIVE EXPENSES</b>      |               |                |                |                |                |                |
| Salaries                                    | 5,280         | 13,446         | 23,082         | 26,958         | 28,103         | 96,870         |
| Office Expense                              | 500           | 500            | 500            | 500            | 500            | 2,500          |
| Computer Expense                            | -             | -              | -              | -              | -              | -              |
| Auto Expense                                | -             | -              | -              | -              | -              | -              |
| Insurance Expense                           | -             | -              | -              | -              | -              | -              |
| Telephone Expense                           | -             | -              | -              | -              | -              | -              |
| Utilities Expense                           | 300           | 300            | 300            | 300            | 300            | 1,500          |
| Depreciation Expense                        | -             | -              | -              | -              | -              | -              |
| Property Taxes                              | -             | -              | -              | -              | -              | -              |
| Professional Fees                           | 600           | 600            | 600            | 600            | 600            | 3,000          |
| Other                                       | 360           | 1,962          | 1,165          | 1,266          | 1,044          | 5,796          |
| <b>Total</b>                                | <b>7,041</b>  | <b>16,808</b>  | <b>25,647</b>  | <b>29,624</b>  | <b>30,547</b>  | <b>109,666</b> |
| % Increase Per Year                         |               | 1              | 1              | 0              | 0              |                |
| <b>OPERATIONAL EXPENSES</b>                 |               |                |                |                |                |                |
| Salaries                                    | 4,750         | 19,380         | 26,247         | 26,581         | 26,922         | 103,881        |
| Auto Expense                                | -             | -              | -              | -              | -              | -              |
| Utilities Expense                           | 1,224         | 1,248          | 1,273          | 1,299          | 1,325          | 6,370          |
| Depreciation Expense                        | -             | -              | -              | -              | -              | -              |
| Repair & Maintenance                        | 2,550         | 5,100          | 5,202          | 5,306          | 5,412          | 23,570         |
| Supplies                                    | 600           | 1,224          | 1,248          | 1,273          | 1,299          | 5,645          |
| Wholesales WWT                              | 10,368        | 90,432         | 176,832        | 223,488        | 232,704        | 733,824        |
| Other                                       | 7,587         | 9,867          | 10,260         | 10,714         | 10,928         | 49,356         |
| <b>Total</b>                                | <b>27,079</b> | <b>127,252</b> | <b>221,063</b> | <b>268,662</b> | <b>278,590</b> | <b>922,646</b> |
| % Increase Per Year                         |               | 4              | 1              | 0              | 0              |                |
| <b>ASSUMPTIONS</b>                          |               |                |                |                |                |                |
| Int. Rate/Terms (6%, 7 yrs, 2 yrs int only) | \$ 3,000      | \$ 3,000       | \$ 3,000       | \$ 2,643       | \$ 2,264       | \$ 13,906      |
| Utility Cost/gal.                           | \$ 0.022      | \$ 0.011       | \$ 0.009       | \$ 0.009       | \$ 0.009       |                |
| Depreciation Schedule                       | 26,983        | 42,569         | 42,569         | 42,569         | 42,569         | 197,258        |



PUBLIC WORKS

Engineering Division  
424 S. Castell Ave  
New Braunfels, TX 78130  
Tel: (830) 221-4020  
Fax: (830) 626-3600

### CERTIFICATE OF FINAL COMPLETION AND ACCEPTANCE

**September 28, 2016**  
**Samuels Court Subdivision**  
**SC2015-0004**

Engineer:  
James Ingalls, P.E.  
Moeller & Associates  
2021 SH 46 W. Ste 105  
New Braunfels, TX. 78132  
JamesIngalls@ma-tx.com

Contractor:  
Allan Rush  
V.K. Knowlton  
18225 FM 2252  
San Antonio, TX 78266  
allan@vkk.com

Developer:  
NB46 Holdings, LLC  
22711 Fossil Peak  
San Antonio, TX 78261

A Final Completion inspection of the project was conducted **September 21, 2016**, and the work appeared to be complete in accordance with the Plans and Specifications. All construction documents submitted to the City during construction of the project appear to meet or exceed the City of New Braunfels subdivision specifications as to materials and construction methods.

Therefore, the streets and drainage as constructed are accepted by the City of New Braunfels as of **September 28, 2016**. This date will serve as the starting date for the Two Year Maintenance Bond on the street and drainage construction materials and workmanship.

The City will conduct annual Warranty Inspections during this Two Year Warranty period. These will occur on or before the anniversary date of the Final Completion of the project and shall generate a list of all non-conforming work requiring correction at that time. The contractor shall attend this Warranty Inspection and receive this list and correct all items within thirty days.

If you require further information, feel free to contact the Engineering Division at (830) 221-4020.

Sincerely,

Garry Ford, Jr., P.E., PTOE  
City Engineer

GF/mr

cc: Public Works Department: Greg Malatek, John Cox, Mike Mundell  
Planning Department: Chris Looney, Robert Kinsey  
Fire Department: Kenneth Jacks  
Police Department: Tom Wibert  
New Braunfels Utilities: Ian Taylor  
Center Point Energy Entex: Abel Arispe

Sent via e-mail  
tcburek@yahoo.com

September 20, 2016

Todd Burek  
NB 46 Holdings, LLC  
22711 Fossil Peak  
San Antonio, Texas 78261

Mr. Burek:

The intent of this letter is to give you the status of our inspections on the sanitary sewer system at the Samuel's Court subdivision. All of the items on the punch list have been completed and the system is ready for service per the specifications of the Guadalupe Blanco River Authority (GBRA).

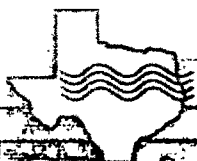
Sincerely,



Jeff McKee

Assistant Division Manager – Hydroelectric and Rural Utilities

Main Office: 933 East Court Street – Seguin, Texas 78155  
830-379-5822 – 800-413-4130 – 830-379-9718 fax – [www.gbra.org](http://www.gbra.org)



**GBRA** Guadalupe-Blanco River Authority  
*flowing solutions*