



Control Number: 45956



Item Number: 56

Addendum StartPage: 0

SOAH DOCKET NO. 473-16-5739.WS
PUC DOCKET NO. 45956

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PUBLIC UTILITY COMMISSION
GREEN VALLEY

APPLICATION OF CITY OF SCHERTZ
FOR SINGLE CERTIFICATION IN
INCORPORATED AREA AND TO
DECERTIFY PORTIONS OF GREEN
VALLEY SPECIAL UTILITY DISTRICT
SEWER CERTIFICATE OF
CONVENIENCE AND NECESSITY IN
GUADALUPE COUNTY

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY AND EXHIBITS

OF

JOSHUA M. KORMAN

ON BEHALF OF

GREEN VALLEY SPECIAL UTILITY DISTRICT

December 15, 2016

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DIRECT TESTIMONY AND EXHIBITS OF

JOSHUA M. KORMAN

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ATTACHMENTS:

GVSUD-1 Green Valley Special Utility District Appraisal Report

GVSUD-2 *Uniform Standard of Professional Appraisal Practices, 2016-2017 Edition*
Excerpts

1 **DIRECT TESTIMONY OF JOSHUA M. KORMAN**

2 **ON BEHALF OF**

3 **GREEN VALLEY SPECIAL UTILITY DISTRICT**

4 **I. , BACKGROUND AND QUALIFICATIONS**

5 **Q. Please state your name and business address.**

6 **A. My name is Joshua M. Korman. My business address is 1401 Foch Street, Suite**
7 **150, Fort Worth, Texas 76107.**

8
9 **Q. What is your present position?**

10 **A. I am a principal and founder of Korman Realty Consultants, LLC d/b/a KOR Group,**
11 **a full service real estate consulting and appraisal firm based in Fort Worth, Texas.**

12
13 **Q. How long have you been in the appraising and consulting business?**

14 **A. Since 1997.**

15
16 **Q. Have you appraised both real and personal property?**

17 **A. Yes.**

18
19 **Q. What types of services does KOR Group provide?**

20 **A. KOR Group offers consulting and appraisal services for various types of property**
21 **and situations. Much of our work takes place in the litigation context, with the**
22 **majority of the projects being for eminent domain. We are typically called upon to**

1 perform property and business interest valuations in a variety of situations. This is
2 reflected in my resume included as an attachment to my July 15, 2016 Green Valley
3 Special Utility District (“GVSUD”) Appraisal Report, **GVSUD-1** at GVSUD
4 200009.

5
6 **Q. Do you have a business partner?**

7 **A.** Yes. John S. Kostohryz is my business partner and a principal at KOR Group. We
8 work closely on all projects, including this one. His experience is outlined in his
9 resume, which is also included in **GVSUD-1** at GVSUD 200010.

10
11 **Q. Which of KOR Group’s services are you typically asked to provide and on what
12 types of properties?**

13 **A.** We are asked to perform a wide range of valuation and/or appraisal services
14 including estimates of market value, highest and best use analysis, market analysis,
15 and partitions, among others. We have performed real estate appraisal services for
16 all types of properties, including office buildings, retail centers, service stations,
17 hospitals, educational facilities, apartment complexes, industrial facilities, raw and
18 developed land, timberland, restaurants, mixed-use developments, automobile
19 dealerships, mining operations, midstream operations, and master planned
20 communities. We have valued and consulted on properties in 14 different states,
21 including Texas, and assignments vary by client need.

1 **Q. Please describe your educational background and professional affiliations.**

2 **A.** I received a Bachelor of Business Administration with a Major in Finance from the
3 University of Texas at Austin in 1996. I have completed appraisal and real estate
4 related coursework accredited by the Appraisal Institute, the University of Texas,
5 and the State of Texas. I am a Texas State Certified General Real Estate Appraiser,
6 a Practicing Affiliate of the Appraisal Institute, a member of the International Right
7 of Way Association, a member and director of the Forensic Expert Witness
8 Association, and a member of several other professional associations listed with my
9 education background in my resume, included within GVSUD-1 at GVSUD
10 200009.

11

12 **Q. Please describe your professional experience.**

13 **A.** During college, I worked for an independent oil and gas company as a gas account
14 manager and assistant to the Chief Financial Officer. Later, I was employed as a
15 legal aide for Texas State Representative Anna Mowery. Representative Mowery
16 was on the Land and Resource Management Committee and we were involved in
17 budgeting issues. After graduation from the University of Texas in 1996, I was
18 employed as an appraiser and consultant with Lewis Realty Advisors. In 2008, I
19 moved to Fort Worth to continue working as an appraiser and in 2013, I started KOR
20 Group with Mr. Kostohryz. I have performed hundreds of appraisals and valuation
21 assignments since 1997.

1 Some assignments on which I have worked included: assessing flooding
2 impacts on master planned communities and residential subdivisions; analyzing
3 sales, cost, and income for office buildings and retail centers; and estimating values
4 in tax increment financing districts. I have assisted with various projects involving
5 asset management, acquisitions/dispositions of property, estate tax planning,
6 contributions to family limited partnerships, market studies, analysis of
7 environmental impacts, and condemnations. I have reported on the impact of
8 existing and proposed railroad corridors and sidings on adjacent properties. I have
9 extensive experience in eminent domain cases ranging from public roadway
10 expansions to pipeline easements and working with condemnors and condemnees.
11 Assignments have also included consultation for both ad valorem and estate tax
12 purposes. Other assignments include retrospective valuations of various types of
13 real estate assets held by financial institutions in relation to Winstar cases (federal
14 litigation arising from the savings and loan crisis).

15 Prior to preparing the appraisal filed in this docket for Green Valley Special
16 Utility District (“GVSUD”), I prepared an appraisal for Aqua Texas, Inc. that was
17 filed in Public Utility Commission of Texas (“PUC” or “Commission”) Docket No.
18 45848, SOAH Docket No. 473-16-5011.WS. That matter involves a Notice of
19 Intent to Serve area that was decertified from Aqua Texas, Inc. in Denton County,
20 Texas, through the PUC’s Texas Water Code (“TWC”) §13.254 streamlined
21 expedited release procedures. That matter remains pending at this time. I also
22 prepared an appraisal for GVSUD that was filed in PUC Docket No. 45702, SOAH

1 Docket No. 473-16-5296.WS, involving a similar application filed by City of
2 Cibolo. That matter also remains pending at this time.

3
4 **Q. Have you previously testified in regulatory or litigation proceedings?**

5 **A.** I have provided expert witness reports and testimony in many types of eminent
6 domain proceedings including administrative hearings, depositions, arbitrations,
7 and trials. I testified in the aforementioned PUC Docket No. 45848, SOAH Docket
8 No. 473-16-5011.WS on behalf of Aqua Texas, Inc. in support of my appraisal
9 report filed therein and the first round of referred issues that are similar to those at
10 issue here. I have also offered prefiled direct testimony and exhibits in the City of
11 Cibolo TWC §13.255 matter, PUC Docket No. 45702, SOAH Docket No. 473-16-
12 5296.WS, but the hearing on the merits in that docket has not yet occurred.

13
14 **Q. Was your testimony accepted as that of an expert on the subjects you testified**
15 **about in the Aqua Texas proceeding?**

16 **A.** Yes.

17
18 **Q. How are you and KOR Group a qualified individual or firm for the purpose of**
19 **offering an opinion in this case?**

20 **A.** The issues we are dealing with in this case involve an evolving area of the law under
21 TWC §13.255 and P.U.C SUBST. R. 24.120. I have read those provisions and view
22 them as setting up a process similar to the condemnation process that we have

1 extensive experience working on. As a licensed Texas appraiser familiar with the
2 valuation of both real and personal property interests, I believe based on my
3 background we offer an important perspective for both identifying and valuing
4 property according to the Texas Water Code and PUC requirements in their current
5 form. As previously mentioned, I also just completed testifying on similar issues
6 found within TWC §13.254 and P.U.C SUBST. R. 24.113.

8 II. OVERVIEW OF TESTIMONY

9 **Q. What is the background and purpose of your testimony?**

10 **A.** Several months ago, Green Valley Special Utility District retained our firm to
11 perform a property appraisal under TWC §13.255 and P.U.C SUBST. R. 24.120.
12 GVSUD contacted us after becoming involved in this docket in response to the
13 single certification application by the City of Schertz (“Schertz” or “City”) filed
14 with the Commission requesting the Commission decertify from GVSUD and
15 certify to Schertz certain sewer CCN real property areas located within GVSUD’s
16 district boundaries and service areas (the “Application”). Schertz asserts that all
17 the areas affected by its Application were annexed by Schertz at some point. The
18 results of this process would be that Schertz would become the retail public utility
19 authorized to serve these areas and GVSUD would no longer be able to serve these
20 areas under the TWC.

21 TWC §13.255 and P.U.C SUBST. R. 24.120 require an
22 appraisal/compensation process when this occurs so that adequate and just

1 compensation may be paid to the retail public utility against which single
2 certification is sought for any property being rendered valueless or useless.
3 GVSUD was ordered to perform this type of appraisal by the Commission earlier in
4 this docket. At the time, it was my understanding that my report would be used by
5 the Commission to assist in deciding the amount of just and adequate compensation
6 owed GVSUD if the City's Application was granted. I prepared an appraisal report
7 for GVSUD that was filed in this docket on July 15, 2016 and is attached as an
8 exhibit to my testimony. **GVSUD-1** ("GVSUD Appraisal Report").

9 I understand that the process has changed and the Commission has ordered a
10 bifurcated hearing process. To my knowledge there are limited issues to be decided
11 by the Commission in this first evidentiary hearing before my property valuations
12 are considered in a second evidentiary hearing. In particular, according to the
13 Commission's September 12, 2016 Preliminary Order issued in this docket and
14 SOAH Order No. 2, the questions to be decided are: (1) what property, if any, will
15 be rendered useless or valueless to Green Valley by the decertification sought by
16 Schertz in this proceeding? TWC §13.255(c); (2) What property of Green Valley,
17 if any, has Schertz requested be transferred to it? TWC §13.255(c); and (3) Are the
18 existing appraisals limited to valuing the property that has been determined to have
19 been rendered useless or valueless by decertification and the property that Schertz
20 has requested be transferred?

21 I have reviewed the Preliminary Order and the SOAH ALJ's Order No. 2 in
22 preparing my testimony. GVSUD does not claim that GVSUD is specifically

1 requesting transfer of any property under TWC §13.255. The purpose of my
2 testimony is to address the other two issues identified by the Commission in the
3 Preliminary Order.
4

5 **Q. Would you please summarize your testimony?**

6 **A.** The GVSUD Appraisal Report includes my findings concerning GVSUD property
7 that would be rendered useless or valueless by the decertification requested in the
8 Application. In the GVSUD Appraisal Report, we both identified and placed a
9 value on that property. However, here, I will limit my discussion to only
10 identification of property that requires valuation in this proceeding.
11

12 **Q. Have you attached documents to your testimony?**

13 **A.** Yes, they are marked as **GVSUD-1** (GVSUD Appraisal Report) and **GVSUD-2**
14 (*Uniform Standard of Professional Appraisal Practices, 2016-2017 Edition*
15 Excerpts).
16

17 **Q. Was the GVSUD Appraisal Report attached as GVSUD-1 prepared by you or**
18 **under your direct supervision?**

19 **A.** Yes.
20

21 **Q. Are the documents attached to the GVSUD Appraisal Report, GVSUD-1, and**
22 **the other information relied upon to prepare the GVSUD Appraisal Report,**

1 **the same type of documents and information other experts in your field would**
2 **rely upon for the same task?**

3 **A.** Yes.

4
5 **Q.** **Are the attached documents exact duplicates of the originals?**

6 **A.** Yes.

7
8 **Q.** **On what do you base the opinions in your testimony?**

9 **A.** I base the opinions expressed in this testimony on my knowledge and experience
10 previously described, my extensive work preparing the GVSUD Appraisal Report
11 with my partner and additional KOR Group appraiser, John Kostohryz, my
12 communications with GVSUD's General Manager, Pat Allen, and its engineers with
13 GVSUD's contract engineering firm, River City Engineering, PLLC, and upon an
14 extensive review of all documentation supporting all aspects of the GVSUD
15 Appraisal Report as reflected therein. I also base my opinions on all documents
16 attached to or referenced in my testimony.

17
18 **III. PROPERTY RENDERED USELESS OR VALUELESS BY**

19 **DECERTIFICATION**

20 **Q.** **What steps did you take to prepare the GVSUD Appraisal Report?**

21 **A.** As reflected in the GVSUD Appraisal Report, GVSUD-1 at GVSUD 200000-
22 200001, Mr. Kostohryz and I performed the following steps: (1) utilized the

1 appraisal process to estimate just compensation for the release of approximately 405
2 acres of land from GVSUD's sewer certificate of convenience and necessity (CCN)
3 No. 20973 in Guadalupe County, Texas (the "Property") as of July 15, 2016 as
4 outlined in the Texas Water Code and Texas Administrative Code; (2) collected and
5 reviewed factual information about the history of the subject, including the list of
6 documents detailed in the GVSUD Appraisal Report; (3) gathered market
7 information on the surrounding market area—sources of data included, but were not
8 limited to, County deed records, County Appraisal District data, owner (*i.e.*,
9 GVSUD) representatives, brokers, investors, developers, and other knowledgeable
10 individuals active in the area; (4) prepared an appraisal report to determine just
11 compensation as considered by the Public Utility Commission of Texas that falls
12 outside of Standards Rules 1-10 of the *Uniform Standards of Professional Appraisal*
13 *Practice*, 2016-2017 Edition. However, we complied with the portions of the
14 *Uniform Standards of Professional Appraisal Practice* that applied to the GVSUD
15 assignment. **GVSUD-2.**

16
17 **Q. What are the *Uniform Standards of Professional Appraisal Practice*?**

18 **A.** They are the Standards that appraisers are required to adhere to. As stated in the
19 Preamble, "The purpose of the *Uniform Standards of Professional Appraisal*
20 *Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal
21 practice by establishing requirements for appraisers. It is essential that appraisers
22 develop and communicate their analyses, opinions, and conclusions to intended

1 users of their services in a manner that is meaningful and not misleading.” GVSUD-

2 2.

3
4 **Q. What is the Jurisdictional Exception Rule?**

5 **A.** It is defined as, “an assignment condition established by applicable law or
6 regulation, which precludes an appraiser from complying with a part of USPAP.”

7
8 **Q. How have you applied the *Uniform Standards of Professional Appraisal*
9 *Practice*, the Texas Water Code, and PUC rules for the GVSUD Appraisal
10 Report?**

11 **A.** The factors for compensation are set forth in TWC §13.255 and P.U.C SUBST. R.
12 24.120. We also applied USPAP where applicable.

13
14 **Q. How did that impact your methodology for preparing the GVSUD Appraisal**
15 **Report in terms of identifying the property rendered useless or valueless by the**
16 **decertification?**

17 **A.** TWC §13.255(c) does not define “property.” We used the TWC §13.255 and
18 P.U.C SUBST. R. 24.120 compensation factors, together with the Water Code
19 definitions for “facilities” and “service,” to inform our determination about what
20 types of property interests we should consider in our report. We determined that
21 we should consider both tangible and intangible property interests that will be
22 rendered useless or valueless to GVSUD as a result of the requested decertification.

1 However, we also applied concepts from our work on other appraisal and valuation
2 projects to place values on those property interests.

3
4 **Q. Have you formed an opinion with respect to whether GVSUD property will be**
5 **rendered useless or valueless by the CCN decertification Schertz has requested**
6 **in this docket if the Application is granted?**

7 **A. Yes.**

8
9 **Q. Are your opinions reflected in the GVSUD Appraisal Report?**

10 **A. Yes.**

11
12 **Q. What are your opinions and conclusions about whether GVSUD property will**
13 **be rendered useless or valueless by the CCN decertification Schertz has**
14 **requested in this docket if the Application is granted?**

15 **A. While the area to be decertified does not currently receive active wastewater service**
16 **from GVSUD, GVSUD has performed an extensive amount of work and incurred**
17 **substantial expenses in connection with service to the Property through other**
18 **activities. GVSUD has participated in the TCEQ permit application process**
19 **through which a draft water quality discharge permit for domestic wastewater**
20 **treatment was approved by the TCEQ Executive Director for GVSUD's planned**
21 **wastewater treatment plant facility. GVSUD has prepared multiple feasibility**
22 **studies for service to areas within GVSUD's district and sewer CCN boundaries.**

1 GVSUD has performed many other wastewater planning activities. Additionally,
2 GVSUD has purchased approximately 65 acres of land just outside the area to be
3 decertified for a proposed wastewater treatment facility. Thus, GVSUD has
4 performed planning and design activities, and committed facilities toward those
5 activities, to serve the decertification Property.

6 In the GVSUD Appraisal Report, KOR Group analyzed the cost of all these
7 planning and design service activities in which GVSUD has invested. An allocable
8 portion of these investments will be rendered useless or valueless to GVSUD as a
9 result of the extensive Property decertification Schertz seeks. GVSUD was also
10 forced to incur and continues to incur legal expenses and professional fees in
11 response to the Application in this docket which is not yet complete beyond its
12 previous expenditures and investments. Finally, the property that was removed
13 from GVSUD's CCN is in the path of development and is in a high growth area.
14 GVSUD will lose the opportunity to earn revenue from customers within the
15 decertification Property if the Application is granted. Monetary assets are a type
16 of property interest that may be devalued by the decertification for reasons that have
17 no use to GVSUD.

18 These are a summary of all the property interests, whether tangible or
19 intangible, that we view as requiring adequate and just compensation to GVSUD
20 under the TWC for the Property decertification. If GVSUD is not compensated for
21 these property interests, stranded cost burdens and lost funds will adversely impact
22 the remainder of GVSUD's customer base.

1 **Q. In your experience in eminent domain cases, can there be a taking for part of**
2 **a property or property interest?**

3 **A.** Yes. In eminent domain proceedings, the property takings suffered by GVSUD in
4 whole or in part would be part of the injury to the property owner that we would
5 value as part of compensation for a real property taking under Chapter 21 of the
6 Property Code. In such cases, when a portion of a tract or a parcel of real property
7 is condemned, compensation is determined for the part taken and any damages to
8 the remainder property considering the impacts of the project and the condemnation.
9 In estimating that injury or benefit, it must be an injury or benefit peculiar to the
10 property owner and that relates to the property owner's ownership, use, or
11 enjoyment of the particular parcel of property that is not experienced in common
12 with the general community, also known as a community damage. This same
13 concept applies to personal property takings. Personal property may be taken,
14 damaged, or destroyed in whole or in part. Here, GVSUD has experienced an
15 injury peculiar to it as the owner of its property interests while in possession of the
16 rights to serve the certificated area Schertz requests the Commission take from
17 GVSUD. We view GVSUD's property interests during its tenure as CCN holder
18 for the Property as a bundle of sticks. Most of those sticks will be wholly taken,
19 *i.e.*, rendered useless or valueless, by the decertification. The lost economic
20 opportunity interest represents a property interest that will be broken apart through
21 a partial taking since it only applies to a portion of the property included within
22 GVSUD's district-wide certificated sewer service area. However, the whole and

1 partial property interests rendered useless or valueless by the decertification justify
2 compensation to GVSUD. This would include GVSUD's lost revenues' property
3 interest allocable to the Property.
4

5 **Q. Do you view the property interests assessed in the GVSUD Appraisal Report**
6 **as the same as or distinct from GVSUD's CCN rights that will be taken away**
7 **by the Commission if the Application is granted?**

8 **A.** I view GVSUD's property interests assessed in the GVSUD Appraisal Report as
9 distinct from GVSUD's CCN rights that will be taken away by the Commission if
10 the Application is granted. GVSUD's property interests were acquired and/or
11 developed through its planning efforts and investments in reliance on the CCN
12 rights, but they are not one in the same. That is why just compensation requires
13 consideration of all GVSUD's property interests, tangible or intangible, that will be
14 rendered useless or valueless by the CCN decertification if the Application is
15 granted.

16

17 **IV. PROPERTY VALUED IN FILED APPRAISAL REPORTS**

18 **Q. Is the GVSUD Appraisal Report prepared by KOR Group limited to the**
19 **property identified above that KOR Group has determined will be rendered**
20 **useless or valueless by the decertification Schertz has requested in this docket**
21 **if the Application is approved?**

1 A. Yes. We applied what we determined were the appropriate valuation methods in
2 the GVSUD Appraisal Report to only the property described previously that we
3 determined will be rendered useless or valueless by the decertification Schertz seeks
4 in the Application.

5

6 **Q. Have you examined the other reports filed as “appraisals” in this docket?**

7 A. Yes. To my knowledge, Schertz has filed the only other report in this docket that
8 purports to be an “appraisal.”

9

10 **Q. Have you formed any opinions about Schertz’s report?**

11 A. Yes. First, I believe that Schertz’s report incorrectly concludes that GVSUD has
12 no property that will be rendered useless or valueless by the decertification Schertz
13 seeks in the Application. As discussed earlier, I believe this is a partial taking and
14 thus requires compensation. Second, TWC §13.255 mandates the compensation
15 shall be determined by an independent appraiser. USPAP defines Appraisal
16 Practice as, “valuation services performed by an individual acting as an appraiser,
17 including but not limited to appraisal and appraisal review.” **GVSUD-2** at GVSUD
18 200703. Further, the Texas Appraiser Licensing and Certification Board (TALCB)
19 ensures that appraisers comply with USPAP in their appraisal assignments. I am
20 not aware of Schertz having an appraisal as considered by USPAP or TALCB
21 completed in this matter by a licensed or certified appraiser.

22

1 **Q. Does this conclude your pre-filed direct testimony?**

2 **A. Yes, but I reserve the right to supplement my testimony as additional information**

3 becomes available.

July 15, 2016

Mr. Pat Allen
Green Valley Special Utility District
PO Box 99
Marion, Texas 78124

SUBJECT: APPLICATION OF CITY OF SCHERTZ TO AMEND A SEWER CERTIFICATE OF CONVENIENCE AND NECESITY AND TO DECERTIFY A PORTION OF GREEN VALLEY SPECIAL UTILITY DISTRICT'S CERTIFICATION RIGHTS IN BEXAR COUNTY, TEXAS; DOCKET NO. 45956

Dear Mr. Allen,

KOR Group is pleased to present this appraisal as considered by the Public Utility Commission of Texas to determine just compensation for the application for single certification in an incorporated area and the decertification of approximately 405 acres of land from Green Valley Special Utility District's sewer Certificate of Convenience and Necessity (CCN) No. 20973 in Schertz, Bexar County, Texas. The application was filed by the City of Schertz and is part of the Public Utility Commission of Texas Docket No. 45956. The application was filed pursuant to Texas Water Code §13.255. The intended users of the report include the client (Green Valley Special Utility District), its representatives, and the Public Utility Commission of Texas.

The subject property is located within the corporate limits of the City of Schertz. The property is generally triangular and bounded on the south by Interstate Highway 10; on the northeast by Cibolo Creek; and on the west by a straight line that extends from Lower Seguin Road to the south to Interstate Highway 10. Location and aerial maps of the subject property can be found in the Addenda section of the report.

SCOPE OF WORK

As part of this appraisal, we have completed the following steps to gather, confirm, and analyze the data.

- ❖ Utilized the appraisal process to estimate the just compensation for the application for single certification in an incorporated area and the decertification of approximately 405 acres of land from Green Valley Special Utility District's sewer Certificate of Convenience and Necessity (CCN) No. 20973 in Schertz, Bexar County, Texas, as of July 15, 2016 as outlined in the Texas Water Code.
- ❖ Collected and reviewed factual information about the history of the subject. A list of the documents is detailed later in the report.
- ❖ Gathered market information on the surrounding market area. Sources of data include, but are not limited to, County deed records, County Appraisal District data, owner's representatives, brokers, investors, developers, and other knowledgeable individuals active in the area.
- ❖ Gathered market information on the surrounding market area.

- ❖ Prepared an appraisal report to determine just compensation as considered by the Public Utility Commission of Texas that falls outside of Standards Rules 1-10 of the *Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition*. However, we have complied with the portions of the *Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition* that apply to the assignment.

COMPETENCY RULE

We have the ability to properly identify the problem to be addressed; the knowledge and experience to complete the assignment competently; and, recognize and comply with the laws and regulations that apply to the appraisers and the assignment. Additional competency was gained through the client and the client's representatives.

JURISDICTIONAL EXCEPTION RULE

If any applicable law or regulation precludes compliance with any part of the *Uniform Standards of Professional Appraisal Practice*, only that part of the *Uniform Standards of Professional Appraisal Practice* becomes void for the assignment.

DOCUMENTS REVIEWED

The documents collected and reviewed in preparation of the appraisal include, but are not limited to, the following:

- ❖ Texas Water Code §13.255;
- ❖ Texas Administrative Code §24.120;
- ❖ Application of the City of Schertz for Single Certification in Incorporated Area and to Decertify Portions of Green Valley Special Utility District's Sewer Certificate of Convenience and Necessity in Bexar County; Docket No. 45956 (April 25, 2016);
- ❖ Green Valley Special Utility District Wastewater Master Plan 2006 (without Attachment 3) (January 16, 2007);
- ❖ Green Valley Special Utility District Water Master Plan 2014 (November 19, 2014);
- ❖ River City Engineering Land Use Map (August 31, 2015);
- ❖ Texas Commission on Environmental Quality – Application for Permit No. WQ0015360001 (October 12, 2015);
- ❖ Green Valley Special Utility District – Santa Clara Creek No. 1 Wastewater Treatment Plant TCEQ Domestic Wastewater Permit Application (March 2015);
- ❖ Resolution by the Board of Directors of the Green Valley Special Utility District (December 18, 2014);
- ❖ Affidavit of Filing CCN No. 20973 (January 26, 2007);
- ❖ United States Department of Agriculture Bond (2002);
- ❖ Warranty Deeds for 65 acres of Land (2014);

- ❖ Unimproved Property Contract for 65 Acres (2014);
- ❖ Wastewater Invoices (2009-2016);
- ❖ Various Feasibility Studies for Wastewater Services (2013-2015);
- ❖ Summary of Legal Costs (July 14, 2016); and,
- ❖ Appraisal of Lost Revenue, Increased Costs to Remaining and Future Customers and Sample Rate Structure for PUC Docket No. 45702 – River City Engineering (July 8, 2016).

FACTORS FOR COMPENSATION

The required specific factors that must be considered in determining compensation of a certificate holder subject to a decertification from a utility's CCN are set forth in Texas Water Code §13.255(g) and Chapter 21 of the Property Code (for real property). Per Texas Water Code §13.255(g), and Texas Administrative Code §24.120(g), the factors ensuring that the compensation to a retail public utility is just and adequate shall include:

- ❖ Factor 1 – Impact on existing indebtedness of the retail public utility and its ability to repay that debt;
- ❖ Factor 2 – the value of the service facilities of the retail public utility located within the area in question;
- ❖ Factor 3 – the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question;
- ❖ Factor 4 – the amount of the retail public utility's contractual obligations allocable to the area in question;
- ❖ Factor 5 – any demonstrated impairment of service or increase of cost to consumers of the retail public utility, remaining after single certification;
- ❖ Factor 6 – the impact on future revenues lost from existing customers;
- ❖ Factor 7 – necessary and reasonable legal expenses and professional fees;
- ❖ Factor 8 – factors relevant to maintaining the current financial integrity of the retail public utility;
- ❖ Factor 9 – and other relevant factors.

ANALYSIS

The area to be decertified is located within the corporate limits of the City of Schertz. The property is generally triangular and bounded on the south by Interstate Highway 10; on the northeast by Cibolo Creek; and on the west by a straight line that extends from Lower Seguin Road to the south to Interstate Highway 10.

According to filings found in PUC Docket No. 45956, the area to be decertified was not receiving active wastewater service from Green Valley Special Utility District at the time of application. However, Green Valley Special Utility District serves approximately 10,600 water utility customers

in the CCN Area. A "customer" as defined in the Texas Administrative Code (Title 16, Part 2, Chapter 24, Subchapter A, Rule §24.3) is:

Any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency provided with services by any retail public utility.

Also, the definition of "service" is set forth in Texas Water Code §13.002(21) as:

...any act performed, anything furnished or supplied, and any facilities or lines committed or used by a retail public utility in the performance of its duties under this chapter to its patrons, employees, other retail public utilities, as well as the interchange of facilities between two or more retail public utilities.

Additionally, Green Valley Special Utility District performed work and incurred expenses in connection with service to the decertified area, as evidenced by the history of the subject property, including draft permits, feasibility studies, and other planning. Green Valley Special Utility District has also purchased approximately 65 acres of land just outside the area to be decertified for a proposed wastewater facility. Green Valley Special Utility District has performed planning and design activities, and committed facilities toward utility service to benefit the subject property, some of which we consider to be intangible real and personal property as considered in the Texas Administrative Code. Facilities as defined in the Texas Water Code §13.002(9) and the Texas Administrative Code (Title 16, Part 2, Chapter 24, Subchapter A, Rule §24.3) are:

All the plant and equipment of a retail public utility, including all tangible and intangible real and personal property without limitation, and any all means and instrumentalities in any manner owned, operated, leased, licensed, used controlled, furnished, or supplied for, by, or in connection with the business of any retail public utility.

Below is a summary of compensation due to Green Valley Special Utility District based on the applicable factors for compensation.

Factor 1, Factor 6, Factor 8 & Factor 9:

On June 14, 2004, the United States Department of Agriculture approved issuance of the Green Valley Special Utility District Water System Revenue Bonds, Series 2003. The bonds were dated August 1, 2003 and were issued in denominations of \$1,000 or any integral multiple thereof, aggregating \$584,000. The bonds were issued in order to assist in financing Green Valley Special Utility District's utility operations. The increased costs to future customers, the loss of revenues from potential customers, and the costs incurred by Green Valley Special Utility District to date regarding the area to be decertified could impact its ability to repay bonds that were issued in 2003. There is currently an outstanding balance of approximately \$450,000 on the debt facility. The compensation for the factors below is necessary in order to repay its existing debt obligations.

We have analyzed the net revenue to Green Valley Special Utility District under two scenarios: first, considering an impact fee as considered in the 2006 Waste Water Master Plan of \$842 and second, considering an impact fee of \$3,000, which per the client would be more representative in present terms. Additionally, current monthly rates were estimated at \$40.00 per EDU and increased at 3% per annum. Debt facilities of \$4,500,000, \$8,250,000 and \$5,895,414 were considered with debt service beginning in 2018, 2028, and 2038, respectively. The operating and maintenance expense was estimated and increased over time at 5% with bumps for additional phases in 2028 and 2038. The conclusions of the below analysis of \$3,000 impact fee is a net present value of the net revenues of \$1,640,226, which is attributable to acreage within Drainage Basins F (CPFF-5, approximately 3,668 acres) and G (CPGG-2, approximately 1,414 acres) for a

total of 5,082 acres. Below is the calculation of the allocable lost net revenue to the decertified area:

$$(405 \text{ acres} / 5,082 \text{ acres}) \times \$1,640,226 = \$130,715$$

Discounted Cash Flow (\$3,000 Impact Fee)										
Year	Projected Connection Growth (Cumulative)	Service Fee	Projected Average Monthly Rate	Annual Debt Service No. 1 for \$4,500,000	Annual Debt Service No. 2 for \$8,250,000	Annual Debt Service No. 3 for \$5,895,414	Income - Debt Service	O&M Expenses	Net Revenue	PV @ 10%
2016	0	\$ -	\$ 40.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	0	\$ -	\$ 41.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	100	\$ 300,000	\$ 42.44	\$ 50,928	\$ (178,080)	\$ -	\$ 172,848	\$ (128,000)	\$ 44,848	\$ 37,064
2019	125	\$ 75,000	\$ 43.71	\$ 65,570	\$ (178,080)	\$ -	\$ (37,510)	\$ (134,400)	\$ (171,910)	\$ (129,159)
2020	156	\$ 93,750	\$ 45.02	\$ 84,421	\$ (178,080)	\$ -	\$ 91	\$ (141,120)	\$ (141,029)	\$ (96,325)
2021	195	\$ 117,188	\$ 46.38	\$ 108,692	\$ (178,080)	\$ -	\$ 47,800	\$ (148,176)	\$ (100,376)	\$ (62,326)
2022	225	\$ 87,891	\$ 47.77	\$ 128,746	\$ (178,080)	\$ -	\$ 38,557	\$ (155,585)	\$ (117,028)	\$ (66,059)
2023	258	\$ 101,074	\$ 49.20	\$ 152,500	\$ (178,080)	\$ -	\$ 75,494	\$ (163,364)	\$ (87,870)	\$ (45,091)
2024	297	\$ 116,235	\$ 50.68	\$ 180,636	\$ (178,080)	\$ -	\$ 118,791	\$ (171,532)	\$ (52,741)	\$ (24,604)
2025	342	\$ 133,671	\$ 52.20	\$ 213,963	\$ (178,080)	\$ -	\$ 169,554	\$ (180,109)	\$ (10,555)	\$ (4,476)
2026	393	\$ 153,721	\$ 53.76	\$ 253,439	\$ (178,080)	\$ -	\$ 229,080	\$ (189,114)	\$ 39,966	\$ 15,409
2027	432	\$ 117,853	\$ 55.37	\$ 287,147	\$ (178,080)	\$ -	\$ 226,919	\$ (198,570)	\$ 28,349	\$ 9,996
2028	475	\$ 129,638	\$ 57.04	\$ 325,337	\$ (178,080)	\$ (326,480)	\$ (49,585)	\$ (347,498)	\$ (397,082)	\$ (126,523)
2029	523	\$ 142,602	\$ 58.75	\$ 368,607	\$ (178,080)	\$ (326,480)	\$ 6,649	\$ (358,872)	\$ (358,223)	\$ (103,765)
2030	575	\$ 156,862	\$ 60.51	\$ 417,632	\$ (178,080)	\$ (326,480)	\$ 69,934	\$ (383,116)	\$ (313,182)	\$ (82,471)
2031	633	\$ 172,549	\$ 62.32	\$ 473,177	\$ (178,080)	\$ (326,480)	\$ 141,165	\$ (402,272)	\$ (261,107)	\$ (62,507)
2032	696	\$ 189,803	\$ 64.19	\$ 536,109	\$ (178,080)	\$ (326,480)	\$ 221,352	\$ (422,385)	\$ (201,033)	\$ (43,751)
2033	766	\$ 208,784	\$ 66.12	\$ 607,412	\$ (178,080)	\$ (326,480)	\$ 311,635	\$ (443,505)	\$ (131,869)	\$ (26,090)
2034	842	\$ 229,662	\$ 68.10	\$ 688,197	\$ (178,080)	\$ (326,480)	\$ 413,299	\$ (465,680)	\$ (52,381)	\$ (9,421)
2035	926	\$ 252,628	\$ 70.15	\$ 779,727	\$ (178,080)	\$ (326,480)	\$ 527,796	\$ (488,964)	\$ 38,832	\$ 6,349
2036	1,019	\$ 277,891	\$ 72.25	\$ 883,431	\$ (178,080)	\$ (326,480)	\$ 656,762	\$ (513,412)	\$ 143,350	\$ 21,308
2037	1,121	\$ 305,680	\$ 74.42	\$ 1,000,928	\$ (178,080)	\$ (326,480)	\$ 802,048	\$ (539,083)	\$ 262,965	\$ 35,535
2038	1,233	\$ 336,248	\$ 76.65	\$ 1,134,051	\$ (178,080)	\$ (326,480)	\$ 916,892	\$ (566,624)	\$ 350,268	\$ 46,359
2039	1,356	\$ 369,873	\$ 78.95	\$ 1,284,880	\$ (178,080)	\$ (326,480)	\$ 1,049,934	\$ (595,055)	\$ 454,879	\$ 61,776
2040	1,492	\$ 406,860	\$ 81.32	\$ 1,455,769	\$ (178,080)	\$ (326,480)	\$ 1,124,768	\$ (624,508)	\$ 500,260	\$ 78,262
2041	1,641	\$ 447,546	\$ 83.76	\$ 1,649,386	\$ (178,080)	\$ (326,480)	\$ 1,359,071	\$ (654,083)	\$ 704,988	\$ 93,040
2042	1,805	\$ 492,301	\$ 86.27	\$ 1,868,754	\$ (178,080)	\$ (326,480)	\$ 1,623,194	\$ (683,888)	\$ 939,306	\$ 122,725
2043	1,986	\$ 541,531	\$ 88.86	\$ 2,117,299	\$ (178,080)	\$ (326,480)	\$ 1,920,969	\$ (713,032)	\$ 1,207,937	\$ 156,806
2044	2,184	\$ 595,684	\$ 91.53	\$ 2,398,899	\$ (178,080)	\$ (326,480)	\$ 2,256,723	\$ (742,634)	\$ 1,514,089	\$ 193,346
2045	2,403	\$ 655,253	\$ 94.27	\$ 2,717,953	\$ (178,080)	\$ (326,480)	\$ 2,635,345	\$ (772,115)	\$ 1,863,230	\$ 236,403
2046	2,643	\$ 720,778	\$ 97.10	\$ 3,079,441	\$ (178,080)	\$ (326,480)	\$ 3,062,358	\$ (801,706)	\$ 2,260,652	\$ 293,032
2047	2,907	\$ 792,856	\$ 100.01	\$ 3,489,006	\$ (178,080)	\$ (326,480)	\$ 3,544,001	\$ (831,441)	\$ 2,712,560	\$ 353,283
2048	3,198	\$ 872,141	\$ 103.01	\$ 3,953,044	\$ (178,080)	\$ (326,480)	\$ 4,087,325	\$ (861,163)	\$ 3,226,162	\$ 423,202
2049	3,518	\$ 959,355	\$ 106.10	\$ 4,478,799	\$ (178,080)	\$ (326,480)	\$ 4,700,294	\$ (890,822)	\$ 3,809,472	\$ 493,831
2050	3,869	\$ 1,055,291	\$ 109.29	\$ 5,074,479	\$ (178,080)	\$ (326,480)	\$ 5,391,909	\$ (920,573)	\$ 4,471,336	\$ 574,211
2051	4,256	\$ 1,160,820	\$ 112.57	\$ 5,749,385	\$ (178,080)	\$ (326,480)	\$ 6,172,344	\$ (950,278)	\$ 5,222,066	\$ 664,379
2052	4,682	\$ 1,276,902	\$ 115.94	\$ 6,514,053	\$ (178,080)	\$ (326,480)	\$ 7,053,095	\$ (980,020)	\$ 6,073,075	\$ 774,570
2053	5,150	\$ 1,404,592	\$ 119.42	\$ 7,380,423	\$ (178,080)	\$ (326,480)	\$ 8,047,154	\$ (1,010,071)	\$ 7,037,083	\$ 884,216
2054	5,665	\$ 1,545,052	\$ 123.00	\$ 8,362,019	\$ (178,080)	\$ (326,480)	\$ 9,169,209	\$ (1,040,125)	\$ 8,129,084	\$ 1,034,947
2055	6,232	\$ 1,699,557	\$ 126.69	\$ 9,474,167	\$ (178,080)	\$ (326,480)	\$ 10,435,863	\$ (1,070,381)	\$ 9,365,482	\$ 1,185,592
2056	6,855	\$ 1,869,512	\$ 130.49	\$ 10,734,231	\$ (178,080)	\$ (326,480)	\$ 11,865,883	\$ (1,100,650)	\$ 10,765,233	\$ 1,386,178
2057	7,540	\$ 2,056,464	\$ 134.41	\$ 12,161,884	\$ (178,080)	\$ (326,480)	\$ 13,480,487	\$ (1,131,033)	\$ 12,349,454	\$ 1,586,730
Total										\$1,640,226

Factor 2 & Factor 3:

As previously stated, Green Valley Special Utility District has performed planning and design activities, and committed facilities toward those activities, to serve the subject property. This includes purchasing approximately 65 acres of land for \$325,000 on December 19, 2014. The land is to be used for the construction of a wastewater facility (Santa Clara Creek WWTP No. 1) located outside the area to be decertified. The wastewater plant is designed to serve CCN No. 20973, which consists of approximately 73,175 acres. The area to be decertified consists of approximately 405 acres. Below is the calculation of the allocable costs associated with the purchase of the land to the decertified area:

$$(405 \text{ acres} / 73,175 \text{ acres}) \times \$325,000 = \$1,799$$

Green Valley Special Utility District participated and engaged consultants for planning efforts related to the subject wastewater collection system design, wastewater treatment facility design, operations and maintenance plans, and other wastewater utility service issues that required consideration of the subject property. This also includes reviewing, coordinating, and



commenting on wastewater engineering plans prepared for the subject property by consultant engineers. Additionally, Green Valley Special Utility District has expended monies related to applying for a TPDES Permit (No. WQ0015360001), which was specifically to serve the subject property under the prevailing regulations.

According to invoices provided by Green Valley Special Utility District, the total amount expended on the above items totals \$209,582. Below is the calculation of the allocable costs associated with the planning and design services allocable to the decertified area:

$$(405 \text{ acres} / 73,175 \text{ acres}) \times \$209,582 = \mathbf{\$1,160}$$

Below is a summation of the expenses related to Factor 3:

Land Acquisition Costs	\$ 1,799	
Planning and Design Costs	+ \$ 1,160	
Total Factor 2 & Factor 3		\$ 2,959

Factor 4:

Not applicable.

Factor 5:

In association with Green Valley Special Utility District we have analyzed the increased cost to consumers. Based on the Waste Water Master Plan submitted in 2006, the impact fee for Drainage Basins F (CPFF-5, approximately 3,668 acres) and G (CPGG-2, approximately 1,414 acres) were estimated to be \$1,223 per EDU. The increased cost of the impact fee to the consumer ranges from \$63 to \$106 per EDU given the loss of 405 acres. The impact fee of \$106 represents the actual increase assuming capital costs are not reduced by the reduction of customers, which is the high end of the range. It is reasonable that the facilities could be scaled down, thus cost would be reduced. If that were to occur on a pro rata basis, which is not likely, the cost would be increased by only \$63 per EDU. We have reconciled on \$75 per EDU increase to the consumer.

We have applied the increased impact fee to the projected connection growth from Green Valley Special Utility District. The growth period was analyzed from 2016 to 2057 as shown below and a discount rate of 10% was utilized and supported by market data including industry surveys and market participants. The net present value of the increased cost over the time period analyzed is **\$49,831**.

Discounted Cash Flow Analysis				
Year	Projected Connection Growth	New LUE's	Increased Cost	PV. @ 10%
2016	-	-	\$ -	\$ -
2017	-	-	\$ -	\$ -
2018	100	100	\$ 7,500	\$ 6,198
2019	125	25	\$ 1,875	\$ 1,409
2020	156	31	\$ 2,344	\$ 1,601
2021	195	39	\$ 2,930	\$ 1,819
2022	225	29	\$ 2,197	\$ 1,240
2023	258	34	\$ 2,527	\$ 1,297
2024	297	39	\$ 2,906	\$ 1,356
2025	342	45	\$ 3,342	\$ 1,417
2026	393	51	\$ 3,843	\$ 1,482
2027	432	39	\$ 2,946	\$ 1,033
2028	475	43	\$ 3,241	\$ 1,033
2029	523	48	\$ 3,565	\$ 1,033
2030	575	52	\$ 3,922	\$ 1,033
2031	633	58	\$ 4,314	\$ 1,033
2032	696	63	\$ 4,745	\$ 1,033
2033	766	70	\$ 5,220	\$ 1,033
2034	842	77	\$ 5,742	\$ 1,033
2035	926	84	\$ 6,316	\$ 1,033
2036	1,019	93	\$ 6,947	\$ 1,033
2037	1,121	102	\$ 7,642	\$ 1,033
2038	1,233	112	\$ 8,406	\$ 1,033
2039	1,356	123	\$ 9,247	\$ 1,033
2040	1,492	136	\$ 10,172	\$ 1,033
2041	1,641	149	\$ 11,189	\$ 1,033
2042	1,805	164	\$ 12,308	\$ 1,033
2043	1,986	181	\$ 13,538	\$ 1,033
2044	2,184	199	\$ 14,892	\$ 1,033
2045	2,403	218	\$ 16,381	\$ 1,033
2046	2,643	240	\$ 18,019	\$ 1,033
2047	2,907	264	\$ 19,821	\$ 1,033
2048	3,198	291	\$ 21,804	\$ 1,033
2049	3,518	320	\$ 23,984	\$ 1,033
2050	3,869	352	\$ 26,382	\$ 1,033
2051	4,256	387	\$ 29,021	\$ 1,033
2052	4,682	426	\$ 31,923	\$ 1,033
2053	5,150	468	\$ 35,115	\$ 1,033
2054	5,665	515	\$ 38,626	\$ 1,033
2055	6,232	567	\$ 42,489	\$ 1,033
2056	6,855	623	\$ 46,738	\$ 1,033
2057	7,540	685	\$ 51,412	\$ 1,033
Total				\$ 49,831

Factor 6 – Impact on future revenues lost from existing customers

Not applicable.



Factor 7:

Green Valley Special Utility District incurred legal fees in connection with defending the decertification of the area in question. As of the date of this letter, reasonable and necessary legal fees identified by Green Valley Special Utility District and its counsel associated with the decertification process total \$8,357. Legal counsel has estimated an additional \$50,000 – \$200,000 of fees for work that will be performed by legal counsel subsequent to the submission of the report, but related to the decertification. We have reconciled on the midpoint of \$125,000. Additionally, if the case were to be appealed there is the potential that the legal expenses could total in excess of \$200,000, which we have not considered at this time.

Green Valley Special Utility District also engaged KOR Group to perform an appraisal report to estimate the compensation due to Green Valley Special Utility District for the decertification. The fee for the appraisal service is \$10,000. Additionally, we have estimated other appraisal services of \$2,500 – \$7,500 to be invoiced after submission of the report. We have reconciled on \$15,000 of total appraisal expenses. A copy of the engagement letter can be found in the addenda.

Legal Expenses	\$ 133,357	
Appraisal Expenses	+ \$ 15,000	
Total Factor 7		\$ 148,357

TOTAL COMPENSATION

Below is a summary of the total compensation due to Green Valley Special Utility District for the decertification of approximately 1,694 acres of land from a portion of its certificate of convenience and necessity (CCN) No. 20973 in Guadalupe County, Texas, as of July 15, 2016:

Factors 1, 6, 8 & 9	\$ 130,715	
Factors 2 & 3	\$ 2,959	
Factor 5	\$ 49,831	
Factor 7	+ \$ 148,357	
Total Compensation		\$ 331,862

The appraisers have retained all information regarding this appraisal in the file. Please contact me if I can be of further assistance in this matter.

KOR GROUP

Joshua M. Korman
State of Texas Certification #TX-1330595-G

John Kostohryz
State of Texas Certification #TX-1380151-G



QUALIFICATIONS



JOSHUA M. KORMAN

Experience: Mr. Korman is a principal of KOR Group, a full service real estate consulting and appraisal firm based in Fort Worth, Texas. Mr. Korman has been appraising real property since 1997. Mr. Korman’s assignments have involved property types including, but not limited to, office buildings, retail centers, service stations, hospitals, educational facilities, apartment complexes, industrial facilities, raw and developed land, timberland, restaurants, mixed-use developments, automobile dealerships, mining operations, and master planned communities. Mr. Korman has valued and consulted on properties in Alabama, Arkansas, Florida, Kansas, Louisiana, Mississippi, Nebraska, New Mexico, New York, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas.

Mr. Korman’s assignments have included flooding impacts on master planned communities and residential subdivisions, analysis of sales, cost and income for office buildings and retail centers, estimates of value in tax increment financing districts, asset management, assistance in acquisitions/dispositions of property, estate tax planning, contributions to family limited partnerships, market studies, analysis of environmental impacts, and condemnation. Specific assignments include reporting on the impact of existing and proposed railroad corridors and sidings on adjacent properties. He has had extensive experience in eminent domain cases ranging from public roadway expansions to pipeline easements. Assignments have also included consultation for both ad valorem and estate tax purposes. Mr. Korman has testified in eminent domain proceedings and before appraisal district review boards in ad valorem tax disputes. Other assignments include retrospective valuations of real estate assets held by financial institutions in relation to Winstar cases. Properties within these portfolios consisted of master planned communities, commercial developments, ground leases, and government secured multi-family residential developments.

Mr. Korman attended preparatory school at Fort Worth Country Day before continuing at The University of Texas at Austin Business School. During college, Mr. Korman worked for an independent oil and gas company as a gas account manager and assistant to the Chief Financial Officer. Later Mr. Korman was employed as a legal aide for Texas State Representative Anna Mowery where he assisted with local and state policymaking. While with Representative Mowery, Mr. Korman worked with the Land and Resource Management Committee and the Appropriations Committee on budgeting issues. After graduation in 1996, Mr. Korman was employed as an appraiser and consultant with Lewis Realty Advisors.

- Professional Activities:** Licensed: Texas State Certified General Real Estate Appraiser
Certificate No. TX-1330595-G
Practicing Affiliate of the Appraisal Institute
2007 Social Committee Chairman (Houston Chapter)
2008 Alternate Regional Representative (Houston Chapter)
 - Member: Forensic Expert Witness Association
 - Member: Greater Fort Worth Real Estate Council
 - Member: International Right of Way Association
 - Member: Institute of Real Estate Management
 - Member: International Council of Shopping Centers
 - Member: Tarrant County Bar Association
 - Education:** University of Texas at Austin – 1996
Bachelor of Business Administration – Major in Finance
Coursework accredited by the Appraisal Institute, The University of Texas, and the State of Texas
-

JOHN S. KOSTOHRYZ

Experience: Mr. Kostohryz is a principal of KOR Group, a full service real estate consulting and appraisal firm. Mr. Kostohryz has provided real estate consulting and appraisal services since 2008. He has provided consultation for complex eminent domain assignments of numerous types of properties including, but not limited to, office buildings, retail centers, service stations, hospitals, educational facilities, apartment complexes, industrial facilities, raw and developed land, timberland, restaurants, quick-service restaurants, mixed-use developments, automobile dealerships, mining operations, and master planned communities. Mr. Kostohryz has valued and consulted on properties in Kansas, Oklahoma, and Texas.

Mr. Kostohryz's assignments have included transmission line and pipeline impacts on master planned communities and residential subdivisions, asset management, assistance in acquisitions/dispositions of property, estate tax planning, market studies, analysis of environmental impacts, and condemnation. He has had extensive experience in eminent domain cases ranging from public roadway expansions to pipeline easements. Assignments have also included consultation for both ad valorem and estate tax purposes. Mr. Kostohryz has testified in eminent domain proceedings and before appraisal district review boards in ad valorem tax disputes.

Mr. Kostohryz is a 2006 graduate from Texas Christian University in Fort Worth, Texas with a Bachelors of Business Administration with majors in Finance, Accounting, and Marketing.

Prior to becoming a real estate appraiser and consultant, Mr. Kostohryz was a Consultant with Ryan, Inc. in Dallas, Texas where he consulted with transaction tax departments of Fortune 500 companies.

Mr. Kostohryz is from Fort Worth, Texas and graduated from Trinity Valley School.

Professional Activities:

Licensed:	Texas State Certified General Real Estate Appraiser Certificate No. TX-1380151-G Various temporary out of state licenses Practicing Affiliate of the Appraisal Institute
Member:	Member of the International Right of Way, Chapter 36
Member:	Fort Worth Chamber of Commerce
Member:	Greater Fort Worth Real Estate Council

Education: Texas Christian University, Fort Worth, Texas - 2006
Bachelor of Business Administration
Majors: Finance, Accounting, and Marketing

Relevant Coursework by the Appraisal Institute, accredited universities and others:

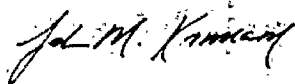
- Principles of Real Estate Appraisal
- Procedures of Real Estate Appraisal
- Uniform Standards of Professional Appraisal Practice
- General Income Approach Part I
- General Income Approach Part II
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- Statistics and Valuation Modeling
- General Appraiser Report Writing and Case Studies
- General Appraiser Market Analysis and Highest & Best Use
- Expert Witness for Commercial Appraisers
- Commercial Appraisal Review



CERTIFICATION OF THE APPRAISAL

WE CERTIFY THAT, TO THE BEST OF OUR KNOWLEDGE AND BELIEF:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. Joshua M. Korman and John Kostohryz made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Joshua M. Korman
State of Texas Certification #TX-1330595-G

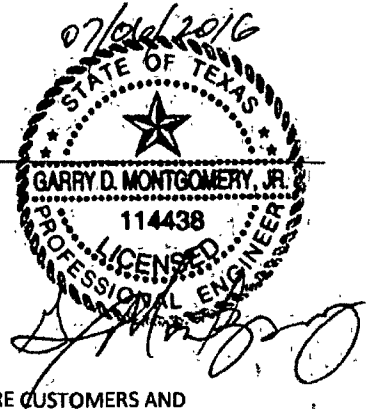


John Kostohryz
State of Texas Certification #TX-1380151-G



ADDENDA

MEMORANDUM



DATE: JULY 6, 2016
TO: GREEN VALLEY SPECIAL UTILITY DISTRICT
FROM: GARRY MONTGOMERY, P.E.
RE: APPRAISAL OF LOST REVENUE, INCREASED COST TO REMAINING AND FUTURE CUSTOMERS AND
SAMPLE RATE STRUCTURE FOR PUC DOCKET NO. 45956

Explanation 1: Spreadsheet Titled – Increased Cost to remaining customers

Cells A11-A13 – The drainage basin in the master plan is Sub-basin E & F as shown in Exhibit 3 of the Waste Water Master Plan (WWMP)

Cells D11-D13 and E11-E13 are the costs shown in the WWMP, the remaining cells in the line item are the Capacity Fees calculated using the acreage of the sewershed, projected LUE per acre of 3 and the cost from the WWMP for the collection and treatment facilities required to serve this area.

Cell I16 calculates the increased cost to the remaining and future customers due to this requested decertification. I16 shows the increased cost to remaining customers for the annexed City Limits (the 405 acres). The J16 cell simply totals the data to show the total impact.

Since the treatment capacity to serve the area would be decreased if the single certification to Schertz was approved, we reduced the total cost of the treatment column to reflect the change. The total impact fee to the remaining customers would increase due to the need for redundant infrastructure from the two competing utilities. GVSUD would need to provide service to the remaining 4677 acres if Schertz served the 405 acres requested in this Docket.

Cell J19 & J20 show what we calculate to be the adjusted impact to the remaining and future customers in the GVSUD system. The overall service fee would increase by \$63 per LUE for the remaining customers. Calculations are based on the current GVSUD Board Approved Wastewater Master Plan. We anticipate increased capital costs when the Master Plan is updated with current market estimates.

The collection system component was not adjusted because of the relatively flat topography in this area of the service area. If the single certification is granted to Schertz, GVSUD would still need large diameter collection system infrastructure to serve the area.

Explanation 2: Spreadsheet Titled Rate Scenario 1 – WWMP Service Fees

We used a conservative projected growth rate for this service area. The growth rate will vary on an annual basis due to the state of the economy and development factors.

We have calculated a Debt Issuance for three phases of the proposed facilities. These are summarized in cell B6 – B8.

The Capital Cost Fee is the “Impact Fee” from the WWMP. For sub-basin F and G the combined rate is \$1223. With updated cost estimates and a detailed impact fee study I would anticipate the impact fees system wide to be between \$2,000-\$3,000+. However, for this spreadsheet we used the WWMP numbers.

Column B - Projected Growth Rate of Connections

Column C - Debt Service No 1 – 40 years at 2.5% starting 2018

Column D - Service Fee of \$1223 per connection times new connections for the year

Column E - Debt Service No. 2 – 40 years at 2.5% starting in 2028 – this timing depends on when the second phase of the plant is needed.

Debt Service No. 3 – 40 years at 2.5% starting in 2038 – this timing will be driven by development.

Column H – Monthly rate with 3% annual increase

Column I – Projected rate structure – Assumes there will be a base service charge and then a per 1000-gallon rate. Winter Weather Average water usage will be used to calculate the total bill. Average winter water use is in the 5500-6000-gallon range currently.

Column K - O&M Expenses are estimates taken from comparable systems. This may be adjusted as more information becomes available. GVSUD will have an annual budget for the wastewater line of business. O&M increases in Year 2028 and 2038 due to plant expansions.

Explanation 3: Spreadsheet Titled Rate Scenario 2 - \$3,000 Service Fee

This is the same spreadsheet as the WWMP Fee Totals spreadsheet but we increased the Service Fee to \$3,000. This is a more realistic number for impact fees for this size and scope of system. O&M increases in Year 2028 and 2038 due to plant expansions and more infrastructure coming into service within the system.

- End -

	A	B	C	D	E	F	G	H	I	J	K
1	Proposed Rate Structure - GVSUD										
2											
3	Debt Service Component										
4											
5	Initial phase WWTP and ultimate collection system for service area directly upstream of the plant site										
6	Total Debt Issuance No. 1	\$4,500,000									
7	Total Debt Issuance No. 2	\$8,250,000									
8	Total Debt Issuance No. 3	\$5,895,414									
9	Capital Cost Fees were increased to \$3,000 per LUE for this Scenario.										
10	40 year debt issuance										
11	Year	Projected Connection Growth (Cumulative)	Debt Service Annual Payment for \$4,500,000	Service Fee (Income)	Debt Service No. 2 Annual Payment for \$8,250,000	Debt Service No. 3 Annual Payment for \$5,895,414	Total Projected Budget (Payments - Capital Income)	Monthly Rate with 3% annual Increase	Annual Revenue from Rates (Comparable to surrounding utilities)	Revenue from Rates and Service Fee minus Debt Service	O&M Expenses
12	2016	0									
13	2017	0									
14	2018	100	\$ 178,080	\$ 300,000.00			\$ 121,920.00	\$ 42.44	\$ 50,928	\$ 172,848.00	\$ 128,000.00
15	2019	125	\$ 178,080	\$ 75,000.00			\$ (103,080.00)	\$ 43.71	\$ 65,570	\$ (37,510.20)	\$ 134,400.00
16	2020	156	\$ 178,080	\$ 93,750.00			\$ (84,330.00)	\$ 45.02	\$ 84,421	\$ 91.12	\$ 141,120.00
17	2021	195	\$ 178,080	\$ 117,187.50			\$ (60,892.50)	\$ 46.38	\$ 108,692	\$ 47,799.69	\$ 148,176.00
18	2022	225	\$ 178,080	\$ 87,890.62			\$ (90,189.38)	\$ 47.77	\$ 128,746	\$ 38,556.52	\$ 155,584.80
19	2023	258	\$ 178,080	\$ 101,074.22			\$ (77,005.78)	\$ 49.20	\$ 152,500	\$ 75,493.73	\$ 163,364.04
20	2024	297	\$ 178,080	\$ 116,235.35			\$ (61,844.65)	\$ 50.68	\$ 180,636	\$ 118,791.03	\$ 171,532.24
21	2025	342	\$ 178,080	\$ 133,670.65			\$ (44,409.35)	\$ 52.20	\$ 213,963	\$ 169,553.61	\$ 180,108.85
22	2026	393	\$ 178,080	\$ 153,721.25			\$ (24,358.75)	\$ 53.76	\$ 253,439	\$ 229,080.38	\$ 189,114.30
23	2027	432	\$ 178,080	\$ 117,852.96			\$ (60,227.04)	\$ 55.37	\$ 287,147	\$ 226,919.49	\$ 198,570.01
24	2028	475	\$ 178,080	\$ 129,638.26	\$ 326,480.00		\$ (374,921.74)	\$ 57.04	\$ 325,337	\$ (49,584.73)	\$ 347,497.52
25	2029	523	\$ 178,080	\$ 142,602.08	\$ 326,480.00		\$ (361,957.92)	\$ 58.75	\$ 368,607	\$ 6,648.92	\$ 364,872.40
26	2030	575	\$ 178,080	\$ 156,862.29	\$ 326,480.00		\$ (347,697.71)	\$ 60.51	\$ 417,632	\$ 69,933.84	\$ 383,116.02
27	2031	633	\$ 178,080	\$ 172,548.52	\$ 326,480.00		\$ (332,011.48)	\$ 62.32	\$ 473,177	\$ 141,165.06	\$ 402,271.82
28	2032	696	\$ 178,080	\$ 189,803.37	\$ 326,480.00		\$ (314,756.63)	\$ 64.19	\$ 536,109	\$ 221,352.40	\$ 422,385.41
29	2033	766	\$ 178,080	\$ 208,783.71	\$ 326,480.00		\$ (295,776.29)	\$ 66.12	\$ 607,412	\$ 311,635.23	\$ 443,504.68
30	2034	842	\$ 178,080	\$ 229,662.08	\$ 326,480.00		\$ (274,897.92)	\$ 68.10	\$ 688,197	\$ 413,299.34	\$ 465,679.91
31	2035	926	\$ 178,080	\$ 252,628.29	\$ 326,480.00		\$ (251,931.71)	\$ 70.15	\$ 779,727	\$ 527,795.78	\$ 488,963.91
32	2036	1,019	\$ 178,080	\$ 277,891.12	\$ 326,480.00		\$ (226,668.88)	\$ 72.25	\$ 883,431	\$ 656,762.37	\$ 513,412.10
33	2037	1,121	\$ 178,080	\$ 305,680.23	\$ 326,480.00		\$ (198,879.77)	\$ 74.42	\$ 1,000,928	\$ 802,047.83	\$ 539,082.71
34	2038	1,233	\$ 178,080	\$ 336,248.25	\$ 326,480.00	\$ 233,301.00	\$ (401,612.75)	\$ 76.65	\$ 1,134,051	\$ 732,438.23	\$ 808,624.06
35	2039	1,356	\$ 178,080	\$ 369,873.07	\$ 326,480.00	\$ 233,301.00	\$ (367,987.93)	\$ 78.95	\$ 1,284,880	\$ 916,891.83	\$ 849,055.27
36	2040	1,492	\$ 178,080	\$ 406,860.38	\$ 326,480.00	\$ 233,301.00	\$ (331,000.62)	\$ 81.32	\$ 1,455,769	\$ 1,124,768.15	\$ 891,508.03
37	2041	1,641	\$ 178,080	\$ 447,546.42	\$ 326,480.00	\$ 233,301.00	\$ (290,314.58)	\$ 83.76	\$ 1,649,386	\$ 1,359,071.43	\$ 936,083.43
38	2042	1,805	\$ 178,080	\$ 492,301.06	\$ 326,480.00	\$ 233,301.00	\$ (245,559.94)	\$ 86.27	\$ 1,868,754	\$ 1,623,194.42	\$ 982,887.60
39	2043	1,986	\$ 178,080	\$ 541,531.17	\$ 326,480.00	\$ 233,301.00	\$ (196,329.83)	\$ 88.86	\$ 2,117,299	\$ 1,920,968.85	\$ 1,032,031.98
40	2044	2,184	\$ 178,080	\$ 595,684.29	\$ 326,480.00	\$ 233,301.00	\$ (142,176.71)	\$ 91.53	\$ 2,398,899	\$ 2,256,722.69	\$ 1,083,633.58
41	2045	2,403	\$ 178,080	\$ 655,252.71	\$ 326,480.00	\$ 233,301.00	\$ (82,608.29)	\$ 94.27	\$ 2,717,953	\$ 2,635,344.74	\$ 1,137,815.26
42	2046	2,643	\$ 178,080	\$ 720,777.99	\$ 326,480.00	\$ 233,301.00	\$ (17,083.01)	\$ 97.10	\$ 3,079,441	\$ 3,062,357.77	\$ 1,194,706.02
43	2047	2,907	\$ 178,080	\$ 792,855.78	\$ 326,480.00	\$ 233,301.00	\$ 54,994.78	\$ 100.01	\$ 3,489,006	\$ 3,544,001.19	\$ 1,254,441.32
44	2048	3,198	\$ 178,080	\$ 872,141.36	\$ 326,480.00	\$ 233,301.00	\$ 134,280.36	\$ 103.01	\$ 3,953,044	\$ 4,087,324.62	\$ 1,317,163.39
45	2049	3,518	\$ 178,080	\$ 959,355.50	\$ 326,480.00	\$ 233,301.00	\$ 221,494.50	\$ 106.10	\$ 4,478,799	\$ 4,700,293.64	\$ 1,383,021.56
46	2050	3,869	\$ 178,080	\$ 1,055,291.05	\$ 326,480.00	\$ 233,301.00	\$ 317,430.05	\$ 109.29	\$ 5,074,479	\$ 5,391,909.48	\$ 1,452,172.64
47	2051	4,256	\$ 178,080	\$ 1,160,820.15	\$ 326,480.00	\$ 233,301.00	\$ 422,959.15	\$ 112.57	\$ 5,749,385	\$ 6,172,344.35	\$ 1,524,781.27
48	2052	4,682	\$ 178,080	\$ 1,276,902.17	\$ 326,480.00	\$ 233,301.00	\$ 539,041.17	\$ 115.94	\$ 6,514,053	\$ 7,053,094.59	\$ 1,601,020.33
49	2053	5,150	\$ 178,080	\$ 1,404,592.39	\$ 326,480.00	\$ 233,301.00	\$ 666,731.39	\$ 119.42	\$ 7,380,423	\$ 8,047,153.92	\$ 1,681,071.35
50	2054	5,665	\$ 178,080	\$ 1,545,051.62	\$ 326,480.00	\$ 233,301.00	\$ 807,190.62	\$ 123.00	\$ 8,362,019	\$ 9,169,209.35	\$ 1,765,124.92
51	2055	6,232	\$ 178,080	\$ 1,699,556.79	\$ 326,480.00	\$ 233,301.00	\$ 961,695.79	\$ 126.69	\$ 9,474,167	\$ 10,435,863.00	\$ 1,853,381.16
52	2056	6,855	\$ 178,080	\$ 1,869,512.46	\$ 326,480.00	\$ 233,301.00	\$ 1,131,651.46	\$ 130.49	\$ 10,734,231	\$ 11,865,882.92	\$ 1,946,050.22
53	2057	7,540	\$ 178,080	\$ 2,056,463.71	\$ 326,480.00	\$ 233,301.00	\$ 1,318,602.71	\$ 134.41	\$ 12,161,884	\$ 13,480,486.95	\$ 2,043,352.73
54											
55	The projected monthly rate assumes a rate structure that included O&M and Debt Service. We assume there will be a base monthly rate for service availability and then a cost per 1,000										
56	gallons based on Winter Weather Average. The cost per 1,000 gallons is estimated to be in the \$4 - \$4.50 range.										
57											
58	This Cost Estimate is based on River City Engineering's experience and qualifications, and represents River City Engineering's best judgement. However, since River City Engineering has										
59	no control over the cost of labor, materials, equipment, financing cost at time of issuance or services furnished by others, River City Engineering does not guarantee that the actual										
60	construction cost will not vary from the provided Cost Estimate and rate structure.										

	A	B	C	D	E	F	G	H	I	J	K
1	Rate and Service Fee Calculations										
2	General Info										
3	The request for single certification for the Schertz Docket 45956 is within Drainage Area F & G of the Wastewater Master Plan										
4	Assumed 3 EDU/acre for cost										
5	See Exhibit 3 from 2006 WWMP for Drainage Basins										
6	See Page 25, 26 of 2006 WWMP for Costs Estimates										
7	See Tab 2 Basin E & F for detailed costs										
8											
9											
10	Drainage Basin	Total Acreage	Total EDU	Collection System Cost	Treatment Facility Cost	Capacity Fee - Collection	Capacity Fee - Treatment	Total Capacity Fee			
11	F CPFF-5	3668	11004	\$ 6,739,925.00	\$ 3,594,640.00	\$ 612	\$ 327	\$ 939			
12	G CPGG-2	1414	4242	\$ 4,673,334.00	\$ 3,637,515.00	\$ 1,102	\$ 858	\$ 1,959			
13	Total - Region	5082	15246	\$ 11,413,259.00	\$ 7,232,155.00	\$ 749	\$ 474	\$ 1,223			
14	City of Schertz - annexed City Limits (acres)										
15											
16	Remaining GVSUD Service - annexed Schertz City Limit	4677	14031	\$ 11,413,259.00	\$ 7,232,155.00	\$ 813	\$ 515	\$ 1,329		Total Impact on Revenue from loss of area	
17	Adjustment for decrease in wastewater flow if Schertz serves their requested area									\$ 1,485,909.62	
18		Acreage	EDU's	Gallons/Day reduction in Treatment Capacity	Cost per GPD from WWMP	Treatment Plant Reduction	Adjusted Total Maximum Treatment Plant Cost	Adjusted Capacity Fee for Remaining System	Adjusted Total Capacity Fee for Remaining System	Increased Capacity Fee to Remaining Customers	Total Adjusted Revenue Reduction from loss of area
19	Schertz - annexed City Limits	405	1215	297,675	\$ 2.00	\$ 595,350.00	\$ 6,636,805.00	\$ 473.01	\$ 1,286	\$ 63	\$ 890,559.62
20	Due to the minimal slope of the property in the majority of the area Schertz is requesting the pipe sizes stay the same, therefore the overall project costs remained the same. Also, due to the checker boarding of the service area the cost of service is increased.										
21	Redundant collection systems will be required if both Schertz and GVSUD are serving in this area, increasing the cost of development.										
22											

	A	B	C	D	E	F	G	H	I	J	K
1	Proposed Rate Structure - GVSUD										
2											
3	Debt Service Component										
4											
5	Initial phase WWTP and ultimate collection system for service area directly upstream of the plant site										
6	Total Debt Issuance No. 1	\$4,500,000									
7	Total Debt Issuance No. 2	\$8,250,000									
8	Total Debt Issuance No. 3	\$5,895,414									
9	Capital Cost Fees were taken from the 2006 WWMP, however in the update of the original study we anticipate Impact fees to increase to approximately \$2,000-\$3,000 per LUE										
10	40 year debt issuance										
11	Year	Projected Connection Growth (Cumulative)	Debt Service Annual Payment for \$4,500,000	Service Fee (Income)	Debt Service No. 2 Annual Payment for \$8,250,000	Debt Service No. 3 Annual Payment for \$5,895,414	Total Projected Budget (Payments - Capital Income)	Monthly Rate with 3% annual increase	Annual Revenue from Rates (Comparable to surrounding utilities)	Revenue from Rates and Service Fee minus Debt Service	O&M Expenses
12	2016	0									
13	2017	0									
14	2018	100	\$ 178,080	\$ 122,300.00			\$ (55,780.00)	\$ 40.00	\$ 48,000	\$ (7,780.00)	\$ 128,000.00
15	2019	125	\$ 178,080	\$ 30,575.00			\$ (147,505.00)	\$ 41.20	\$ 61,800	\$ (85,705.00)	\$ 134,400.00
16	2020	156	\$ 178,080	\$ 38,218.75			\$ (139,861.25)	\$ 42.44	\$ 79,568	\$ (60,293.75)	\$ 141,120.00
17	2021	195	\$ 178,080	\$ 47,773.44			\$ (130,306.56)	\$ 43.71	\$ 102,443	\$ (27,863.41)	\$ 148,176.00
18	2022	225	\$ 178,080	\$ 35,830.08			\$ (142,249.92)	\$ 45.02	\$ 121,344	\$ (20,906.00)	\$ 155,584.00
19	2023	258	\$ 178,080	\$ 41,204.59			\$ (136,875.41)	\$ 46.37	\$ 143,732	\$ 6,856.46	\$ 163,364.00
20	2024	297	\$ 178,080	\$ 47,385.28			\$ (130,694.72)	\$ 47.76	\$ 170,250	\$ 39,555.68	\$ 171,532.40
21	2025	342	\$ 178,080	\$ 54,493.07			\$ (123,586.93)	\$ 49.19	\$ 201,662	\$ 78,074.67	\$ 180,108.85
22	2026	393	\$ 178,080	\$ 62,667.03			\$ (115,412.97)	\$ 50.67	\$ 238,868	\$ 123,455.20	\$ 189,114.30
23	2027	432	\$ 178,080	\$ 48,044.72			\$ (130,035.28)	\$ 52.19	\$ 270,638	\$ 140,602.36	\$ 198,570.01
24	2028	475	\$ 178,080	\$ 52,849.20	\$ 326,480.00		\$ (451,710.80)	\$ 53.76	\$ 306,632	\$ (145,078.37)	\$ 347,497.52
25	2029	523	\$ 178,080	\$ 58,134.12	\$ 326,480.00		\$ (446,425.88)	\$ 55.37	\$ 347,415	\$ (99,011.33)	\$ 364,872.40
26	2030	575	\$ 178,080	\$ 63,947.53	\$ 326,480.00		\$ (440,612.47)	\$ 57.03	\$ 393,621	\$ (46,991.79)	\$ 383,116.02
27	2031	633	\$ 178,080	\$ 70,342.28	\$ 326,480.00		\$ (434,217.72)	\$ 58.74	\$ 445,972	\$ 11,754.52	\$ 402,271.82
28	2032	696	\$ 178,080	\$ 77,376.51	\$ 326,480.00		\$ (427,183.49)	\$ 60.50	\$ 505,287	\$ 78,103.05	\$ 422,385.41
29	2033	766	\$ 178,080	\$ 85,114.16	\$ 326,480.00		\$ (419,445.84)	\$ 62.32	\$ 572,490	\$ 153,043.82	\$ 443,504.68
30	2034	842	\$ 178,080	\$ 93,625.57	\$ 326,480.00		\$ (410,934.43)	\$ 64.19	\$ 648,631	\$ 237,696.36	\$ 465,679.91
31	2035	926	\$ 178,080	\$ 102,988.13	\$ 326,480.00		\$ (401,571.87)	\$ 66.11	\$ 734,899	\$ 333,326.81	\$ 488,963.91
32	2036	1,019	\$ 178,080	\$ 113,286.94	\$ 326,480.00		\$ (391,273.06)	\$ 68.10	\$ 832,640	\$ 441,367.14	\$ 513,412.10
33	2037	1,121	\$ 178,080	\$ 124,615.64	\$ 326,480.00		\$ (379,944.36)	\$ 70.14	\$ 943,381	\$ 563,436.98	\$ 539,082.71
34	2038	1,233	\$ 178,080	\$ 137,077.20	\$ 326,480.00	\$ 233,301.00	\$ (600,783.80)	\$ 72.24	\$ 1,068,851	\$ 468,067.27	\$ 808,624.06
35	2039	1,356	\$ 178,080	\$ 150,784.92	\$ 326,480.00	\$ 233,301.00	\$ (587,076.08)	\$ 74.41	\$ 1,211,008	\$ 623,932.18	\$ 849,055.27
36	2040	1,492	\$ 178,080	\$ 165,863.42	\$ 326,480.00	\$ 233,301.00	\$ (571,997.58)	\$ 76.64	\$ 1,372,072	\$ 800,074.77	\$ 891,508.03
37	2041	1,641	\$ 178,080	\$ 182,449.76	\$ 326,480.00	\$ 233,301.00	\$ (555,411.24)	\$ 78.94	\$ 1,554,558	\$ 999,146.73	\$ 936,083.43
38	2042	1,805	\$ 178,080	\$ 200,694.73	\$ 326,480.00	\$ 233,301.00	\$ (537,166.27)	\$ 81.31	\$ 1,761,314	\$ 1,224,147.92	\$ 982,887.60
39	2043	1,986	\$ 178,080	\$ 220,764.21	\$ 326,480.00	\$ 233,301.00	\$ (517,096.79)	\$ 83.75	\$ 1,995,569	\$ 1,478,472.18	\$ 1,032,031.98
40	2044	2,184	\$ 178,080	\$ 242,840.63	\$ 326,480.00	\$ 233,301.00	\$ (495,020.37)	\$ 86.26	\$ 2,260,980	\$ 1,765,959.28	\$ 1,083,633.58
41	2045	2,403	\$ 178,080	\$ 267,124.69	\$ 326,480.00	\$ 233,301.00	\$ (470,736.31)	\$ 88.85	\$ 2,561,690	\$ 2,090,953.63	\$ 1,137,815.26
42	2046	2,643	\$ 178,080	\$ 293,837.16	\$ 326,480.00	\$ 233,301.00	\$ (444,023.84)	\$ 91.52	\$ 2,902,395	\$ 2,458,370.86	\$ 1,194,706.02
43	2047	2,907	\$ 178,080	\$ 323,220.87	\$ 326,480.00	\$ 233,301.00	\$ (414,640.13)	\$ 94.26	\$ 3,288,413	\$ 2,873,773.08	\$ 1,254,441.32
44	2048	3,198	\$ 178,080	\$ 355,542.96	\$ 326,480.00	\$ 233,301.00	\$ (382,318.04)	\$ 97.09	\$ 3,725,772	\$ 3,343,454.12	\$ 1,317,163.39
45	2049	3,518	\$ 178,080	\$ 391,097.26	\$ 326,480.00	\$ 233,301.00	\$ (346,763.74)	\$ 100.00	\$ 4,221,300	\$ 3,874,536.11	\$ 1,383,021.56
46	2050	3,869	\$ 178,080	\$ 430,206.98	\$ 326,480.00	\$ 233,301.00	\$ (307,654.02)	\$ 103.00	\$ 4,782,733	\$ 4,475,078.72	\$ 1,452,172.64
47	2051	4,256	\$ 178,080	\$ 473,227.68	\$ 326,480.00	\$ 233,301.00	\$ (264,633.32)	\$ 106.09	\$ 5,418,836	\$ 5,154,202.87	\$ 1,524,781.27
48	2052	4,682	\$ 178,080	\$ 520,550.45	\$ 326,480.00	\$ 233,301.00	\$ (217,310.55)	\$ 109.28	\$ 6,139,541	\$ 5,922,230.85	\$ 1,601,020.33
49	2053	5,150	\$ 178,080	\$ 572,605.50	\$ 326,480.00	\$ 233,301.00	\$ (165,255.50)	\$ 112.55	\$ 6,956,100	\$ 6,790,844.90	\$ 1,681,071.35
50	2054	5,665	\$ 178,080	\$ 629,866.05	\$ 326,480.00	\$ 233,301.00	\$ (107,994.95)	\$ 115.93	\$ 7,881,262	\$ 7,773,266.81	\$ 1,765,124.92
51	2055	6,232	\$ 178,080	\$ 692,852.65	\$ 326,480.00	\$ 233,301.00	\$ (45,008.35)	\$ 119.41	\$ 8,929,470	\$ 8,884,461.22	\$ 1,853,381.16
52	2056	6,855	\$ 178,080	\$ 762,137.91	\$ 326,480.00	\$ 233,301.00	\$ 24,276.91	\$ 122.99	\$ 10,117,089	\$ 10,141,365.94	\$ 1,946,050.22
53	2057	7,540	\$ 178,080	\$ 838,351.71	\$ 326,480.00	\$ 233,301.00	\$ 100,490.71	\$ 126.68	\$ 11,462,662	\$ 11,563,152.58	\$ 2,043,352.73
54											
55	The projected monthly rate assumes a rate structure that included O&M and Debt Service. We assume there will be a base monthly rate for service availability and then a cost per 1,000										
56	gallons based on Winter Weather Average The cost per 1,000 gallons is estimated to be in the \$4 - \$4.50 range.										
57											
58	This Cost Estimate is based on River City Engineering's experience and qualifications, and represents River City Engineering's best judgement. However, since River City Engineering has										
59	no control over the cost of labor, materials, equipment, financing cost at time of issuance or services furnished by others, River City Engineering does not guarantee that the actual										
60	construction cost will not vary from the provided Cost Estimate and rate structure										

**Green Valley Special Utility District's
Summary of Legal Costs Relating to Defending CCN
as of July 14, 2016**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
May 2016	Schertz's Petition for Decertification - PUC Docket No. 45956	\$1,828.42
June 2016*	Schertz's Petition for Decertification - PUC Docket No. 45956	\$3,336.25
July 2016*	Schertz's Petition for Decertification - PUC Docket No. 45956	\$3,192.5
Total		\$ 8,357.17

Additionally, it is estimated that Green Valley SUD will incur an additional \$50,000 to \$200,000 in legal fees in order to complete the docket.

Green Valley SUD also anticipates additional legal costs for appeals, if necessary.

* Estimated

Tex. Water Code § 13.255

This document is current through the 2015 regular session, 84th Legislature, Chapters: 2-707, 709-715, 717-854, 856-1137, 1139-1282

Texas Statutes & Codes Annotated by LexisNexis® > Water Code > Title 2 Water Administration > Subtitle B Water Rights > Chapter 13 Water Rates and Services > Subchapter G Certificates of Convenience and Necessity

Sec. 13.255. Single Certification in Incorporated or Annexed Areas.

- (a) In the event that an area is incorporated or annexed by a municipality, either before or after the effective date of this section, the municipality and a retail public utility that provides water or sewer service to all or part of the area pursuant to a certificate of convenience and necessity may agree in writing that all or part of the area may be served by a municipally owned utility, by a franchised utility, or by the retail public utility. In this section, the phrase "franchised utility" shall mean a retail public utility that has been granted a franchise by a municipality to provide water or sewer service inside municipal boundaries. The agreement may provide for single or dual certification of all or part of the area, for the purchase of facilities or property, and for such other or additional terms that the parties may agree on. If a franchised utility is to serve the area, the franchised utility shall also be a party to the agreement. The executed agreement shall be filed with the utility commission, and the utility commission, on receipt of the agreement, shall incorporate the terms of the agreement into the respective certificates of convenience and necessity of the parties to the agreement.
- (b) If an agreement is not executed within 180 days after the municipality, in writing, notifies the retail public utility of its intent to provide service to the incorporated or annexed area, and if the municipality desires and intends to provide retail utility service to the area, the municipality, prior to providing service to the area, shall file an application with the utility commission to grant single certification to the municipally owned water or sewer utility or to a franchised utility. If an application for single certification is filed, the utility commission shall fix a time and place for a hearing and give notice of the hearing to the municipality and franchised utility, if any, and notice of the application and hearing to the retail public utility.
- (c) The utility commission shall grant single certification to the municipality. The utility commission shall also determine whether single certification as requested by the municipality would result in property of a retail public utility being rendered useless or valueless to the retail public utility, and shall determine in its order the monetary amount that is adequate and just to compensate the retail public utility for such property. If the municipality in its application has requested the transfer of specified property of the retail public utility to the municipality or to a franchised utility, the utility commission shall also determine in its order the adequate and just compensation to be paid for such property pursuant to the provisions of this section, including an award for damages to property remaining in the ownership of the retail public utility after single certification. The order of the utility commission shall not be effective to transfer property. A transfer of property may only be obtained under this section by a court judgment rendered pursuant to Subsection (d) or (e). The grant of single certification by the utility commission shall go into effect on the date the municipality or franchised utility, as the case may be, pays adequate and just compensation pursuant to court order, or pays an amount into the registry of the court or to the retail public utility under Subsection (f). If the court judgment provides that the retail public utility is not entitled to any compensation, the grant of single certification shall go into effect when the court judgment becomes final. The municipality or franchised utility must provide to each customer of the retail public utility being acquired an individual written notice within 60 days after the effective date for the transfer specified in the court judgment. The notice must clearly advise the customer of the identity of the new service provider, the reason for the transfer, the rates to be charged by the new service provider, and the effective date of those rates.
- (d) In the event the final order of the utility commission is not appealed within 30 days, the municipality may request the district court of Travis County to enter a judgment consistent with the order of the utility commission. In such event, the court shall render a judgment that:
 - (1) transfers to the municipally owned utility or franchised utility title to property to be transferred to the municipally owned utility or franchised utility as delineated by the utility commission's final order and

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- property determined by the utility commission to be rendered useless or valueless by the granting of single certification; and
- (2) orders payment to the retail public utility of adequate and just compensation for the property as determined by the utility commission in its final order.
- (e) Any party that is aggrieved by a final order of the utility commission under this section may file an appeal with the district court of Travis County within 30 days after the order becomes final. The hearing in such an appeal before the district court shall be by trial de novo on all issues. After the hearing, if the court determines that the municipally owned utility or franchised utility is entitled to single certification under the provisions of this section, the court shall enter a judgment that:
- (1) transfers to the municipally owned utility or franchised utility title to property requested by the municipality to be transferred to the municipally owned utility or franchised utility and located within the singly certificated area and property determined by the court or jury to be rendered useless or valueless by the granting of single certification; and
- (2) orders payment in accordance with Subsection (g) to the retail public utility of adequate and just compensation for the property transferred and for the property damaged as determined by the court or jury.
- (f) Transfer of property shall be effective on the date the judgment becomes final. However, after the judgment of the court is entered, the municipality or franchised utility may take possession of condemned property pending appeal if the municipality or franchised utility pays the retail public utility or pays into the registry of the court, subject to withdrawal by the retail public utility, the amount, if any, established in the court's judgment as just and adequate compensation. To provide security in the event an appellate court, or the trial court in a new trial or on remand, awards compensation in excess of the original award, the municipality or franchised utility, as the case may be, shall deposit in the registry of the court an additional sum in the amount of the award, or a surety bond in the same amount issued by a surety company qualified to do business in this state, conditioned to secure the payment of an award of damages in excess of the original award of the trial court. On application by the municipality or franchised utility, the court shall order that funds deposited in the registry of the court be deposited in an interest-bearing account, and that interest accruing prior to withdrawal of the award by the retail public utility be paid to the municipality or to the franchised utility. In the event the municipally owned utility or franchised utility takes possession of property or provides utility service in the singly certificated area pending appeal, and a court in a final judgment in an appeal under this section holds that the grant of single certification was in error, the retail public utility is entitled to seek compensation for any damages sustained by it in accordance with Subsection (g) of this section.
- (g) For the purpose of implementing this section, the value of real property owned and utilized by the retail public utility for its facilities shall be determined according to the standards set forth in Chapter 21, Property Code, governing actions in eminent domain; the value of personal property shall be determined according to the factors in this subsection. The factors ensuring that the compensation to a retail public utility is just and adequate, shall, at a minimum, include: impact on the existing indebtedness of the retail public utility and its ability to repay that debt, the value of the service facilities of the retail public utility located within the area in question, the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question, the amount of the retail public utility's contractual obligations allocable to the area in question, any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the single certification, the impact on future revenues lost from existing customers, necessary and reasonable legal expenses and professional fees, factors relevant to maintaining the current financial integrity of the retail public utility, and other relevant factors.
- (g-1) The utility commission shall adopt rules governing the evaluation of the factors to be considered in determining the monetary compensation under Subsection (g). The utility commission by rule shall adopt procedures to ensure that the total compensation to be paid to a retail public utility under Subsection (g) is determined not later than the 90th calendar day after the date on which the utility commission determines that the municipality's application is administratively complete.

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- (h) A municipality or a franchised utility may dismiss an application for single certification without prejudice at any time before a judgment becomes final provided the municipality or the franchised public utility has not taken physical possession of property of the retail public utility or made payment for such right pursuant to Subsection (f) of this section.
- (i) In the event that a municipality files an application for single certification on behalf of a franchised utility, the municipality shall be joined in such application by such franchised utility, and the franchised utility shall make all payments required in the court's judgment to adequately and justly compensate the retail public utility for any taking or damaging of property and for the transfer of property to such franchised utility.
- (j) This section shall apply only in a case where:
- (1) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a nonprofit water supply or sewer service corporation, a special utility district under Chapter 65, Water Code, or a fresh water supply district under Chapter 53, Water Code; or
 - (2) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a retail public utility, other than a nonprofit water supply or sewer service corporation, and whose service area is located entirely within the boundaries of a municipality with a population of 1.7 million or more according to the most recent federal census.
- (k) The following conditions apply when a municipality or franchised utility makes an application to acquire the service area or facilities of a retail public utility described in Subsection (j)(2):
- (1) the utility commission or court must determine that the service provided by the retail public utility is substandard or its rates are unreasonable in view of the reasonable expenses of the utility;
 - (2) if the municipality abandons its application, the court or the utility commission is authorized to award to the retail public utility its reasonable expenses related to the proceeding hereunder, including attorney fees; and
 - (3) unless otherwise agreed by the retail public utility, the municipality must take the entire utility property of the retail public utility in a proceeding hereunder.
- (l) For an area incorporated by a municipality, the compensation provided under Subsection (g) shall be determined by a qualified individual or firm to serve as independent appraiser, who shall be selected by the affected retail public utility, and the costs of the appraiser shall be paid by the municipality. For an area annexed by a municipality, the compensation provided under Subsection (g) shall be determined by a qualified individual or firm to which the municipality and the retail public utility agree to serve as independent appraiser. If the retail public utility and the municipality are unable to agree on a single individual or firm to serve as the independent appraiser before the 11th day after the date the retail public utility or municipality notifies the other party of the impasse, the retail public utility and municipality each shall appoint a qualified individual or firm to serve as independent appraiser. On or before the 10th business day after the date of their appointment, the independent appraisers shall meet to reach an agreed determination of the amount of compensation. If the appraisers are unable to agree on a determination before the 16th business day after the date of their first meeting under this subsection, the retail public utility or municipality may petition the utility commission or a person the utility commission designates for the purpose to appoint a third qualified independent appraiser to reconcile the appraisals of the two originally appointed appraisers. The determination of the third appraiser may not be less than the lesser or more than the greater of the two original appraisals. The costs of the independent appraisers for an annexed area shall be shared equally by the retail public utility and the municipality. The determination of compensation under this subsection is binding on the utility commission.
- (m) The utility commission shall deny an application for single certification by a municipality that fails to demonstrate compliance with the commission's minimum requirements for public drinking water systems.

History

Enacted by *Acts 1987, 70th Leg., ch. 583 (H.B. 2035), § 1*, effective August 31, 1987; am. *Acts 1989, 71st Leg., ch. 567 (H.B. 1808), § 32*, effective September 1, 1989; am. *Acts 1989, 71st Leg., ch. 926 (S.B. 1067), § 1*, effective August 28, 1989; am. *Acts 1995, 74th Leg., ch. 814 (H.B. 1935), §§ 1 to 4*, effective August 28, 1995; am. *Acts 1999, 76th Leg., ch. 1374 (H.B. 1291), § 1*, effective August 30, 1999; am. *Acts 1999, 76th Leg., ch. 1375 (H.B. 1362), § 1*, effective September 1, 1999; am. *Acts 2005, 79th Leg., ch. 1145 (H.B. 2876), § 10*, effective September 1, 2005; am. *Acts 2013, 83rd Leg., ch. 170 (H.B. 1600), § 2.56*, effective September 1, 2013; am. *Acts 2013, 83rd Leg., ch. 171 (S.B. 567), § 56*, effective September 1, 2013.

Annotations

Notes

STATUTORY NOTES

1999 Note:

The changes in law made by Ch. 1375 apply only to an application filed with the Texas Natural Resource Conservation Commission to grant single certification to a municipality under *Section 13.255(b), Water Code*, that is filed on or after September 1, 1999. An application to grant single certification filed with the commission under that section before September 1, 1999, is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose. Acts 1999, 76th Leg., ch. 1375, § 2.

Effect of amendments.

2005 amendment, added “owned and utilized by the retail public utility for its facilities” after “real property” in first sentence of (g); deleted “for the taking, damaging and/or loss of personal property, including the retail public utility’s business” after “the compensation to a retail public utility” in (g); substituted “lost from existing customers” for “and expenses of the retail public utility” near the end of (g); and added (g-1).

2013 amendment, by chs. 170 and 171, added “utility” before “commission” or variants wherever it appears in (a) through (e), (g-1), (k), (l), and (m); deleted “of this section” at the end of the fifth sentence of (c); and deleted “of this section” after “Subsection (g)” in (e)(2).

Applicability.

Acts 2005, 79th Leg., ch. 1145 (H.B. 2876), § 15 provides:

“The changes in law made by this Act apply only to:

- (1) an application for a certificate of public convenience and necessity or for an amendment to a certificate of public convenience and necessity submitted to the Texas Commission on Environmental Quality on or after January 1, 2006; and
- (2) a proceeding to amend or revoke a certificate of public convenience and necessity initiated on or after January 1, 2006.”

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Case Notes

Administrative Law: Informal Agency Actions

Administrative Law: Judicial Review: Reviewability: Exhaustion of Remedies

Civil Procedure: Remedies: Injunctions: Preliminary & Temporary Injunctions**Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority****Energy & Utilities Law: Utility Companies: General Overview****Governments: Public Improvements: Sanitation & Water****Administrative Law: Informal Agency Actions**

1. City was granted a preliminary injunction to prevent the U.S. Department of Agriculture from giving an additional loan to a special utilities district for a water project under 7 U.S.C.S. § 1926 because there was a substantial likelihood that the city would prevail on claims that the loan was approved for a longer term than permitted under 7 C.F.R. § 1780.13(e) and was thus not in accordance with 5 U.S.C.S. § 706, and that the loan included funds for facilities in nonrural areas in violation of 7 C.F.R. § 1780.7(b); furthermore, there was a threat that the city would suffer irreparable injury in the injunction were not granted because Water Code Ann. § 13.255 provided no guarantee that the city would be able to overcome the district's protection under 7 U.S.C.S. § 1926(b) if the loan were approved. City of College Station v. USDA, 395 F. Supp. 2d 495, 2005 U.S. Dist. LEXIS 26416 (S.D. Tex. 2005).

Administrative Law: Judicial Review: Reviewability: Exhaustion of Remedies

2. Trial court correctly granted a special utility district's plea to the jurisdiction in a dispute with a city that sought to be allowed to provide water utility service to a newly annexed area in the district's service area; because that determination could be made only by the Texas Commission on Environmental Quality, as provided in Tex. Water Code Ann. § 13.042(e), Tex. Water Code Ann. § 13.242(a), and Tex. Water Code Ann. § 13.255, the city was required to exhaust its administrative remedies. City of College Station v. Wellborn Special Util. Dist., No. 10-04-00306-CV, 2006 Tex. App. LEXIS 6533 (Tex. App. Waco July 26, 2006), reh'g denied, No. 10-04-00306-CV, 2006 Tex. App. LEXIS 9614 (Tex. App. Waco Aug. 29, 2006), pet. denied No. 06-0893, 2007 Tex. LEXIS 243 (Tex. Mar. 9, 2007).

Civil Procedure: Remedies: Injunctions: Preliminary & Temporary Injunctions

3. City was granted a preliminary injunction to prevent the U.S. Department of Agriculture from giving an additional loan to a special utilities district for a water project under 7 U.S.C.S. § 1926 because there was a substantial likelihood that the city would prevail on claims that the loan was approved for a longer term than permitted under 7 C.F.R. § 1780.13(e) and was thus not in accordance with 5 U.S.C.S. § 706, and that the loan included funds for facilities in nonrural areas in violation of 7 C.F.R. § 1780.7(b); furthermore, there was a threat that the city would suffer irreparable injury in the injunction were not granted because Water Code Ann. § 13.255 provided no guarantee that the city would be able to overcome the district's protection under 7 U.S.C.S. § 1926(b) if the loan were approved. City of College Station v. USDA, 395 F. Supp. 2d 495, 2005 U.S. Dist. LEXIS 26416 (S.D. Tex. 2005).

Energy & Utilities Law: Administrative Proceedings: Public Utility Commissions: Authority

4. Trial court correctly granted a special utility district's plea to the jurisdiction in a dispute with a city that sought to be allowed to provide water utility service to a newly annexed area in the district's service area; because that determination could be made only by the Texas Commission on Environmental Quality, as provided in Tex. Water Code Ann. § 13.042(e), Tex. Water Code Ann. § 13.242(a), and Tex. Water Code Ann. § 13.255, the city was required to exhaust its administrative remedies. City of College Station v. Wellborn Special Util. Dist., No. 10-04-00306-CV, 2006 Tex. App. LEXIS 6533 (Tex. App. Waco July 26, 2006), reh'g denied, No. 10-04-00306-CV, 2006 Tex. App. LEXIS 9614 (Tex. App. Waco Aug. 29, 2006), pet. denied No. 06-0893, 2007 Tex. LEXIS 243 (Tex. Mar. 9, 2007).

Energy & Utilities Law: Utility Companies: General Overview

5. Trial court correctly granted a special utility district's plea to the jurisdiction in a dispute with a city that sought to be allowed to provide water utility service to a newly annexed area in the district's service area; because that determination could be made only by the Texas Commission on Environmental Quality, as provided in Tex. Water Code Ann. § 13.042(e), Tex. Water Code Ann. § 13.242(a), and Tex. Water Code Ann. § 13.255, the city was required to exhaust its administrative remedies. City of College Station v. Wellborn Special Util. Dist., No. 10-04-00306-CV, 2006 Tex. App. LEXIS 6533 (Tex.

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App. Waco July 26, 2006), reh'g denied, No. 10-04-00306-CV, 2006 Tex. App. LEXIS 9614 (Tex. App. Waco Aug. 29, 2006), pet. denied No. 06-0893, 2007 Tex. LEXIS 243 (Tex. Mar. 9, 2007).

Governments: Public Improvements: Sanitation & Water

6. City was granted a preliminary injunction to prevent the U.S. Department of Agriculture from giving an additional loan to a special utilities district for a water project under 7 U.S.C.S. § 1926 because there was a substantial likelihood that the city would prevail on claims that the loan was approved for a longer term than permitted under 7 C.F.R. § 1780.13(e) and was thus not in accordance with 5 U.S.C.S. § 706, and that the loan included funds for facilities in nonrural areas in violation of 7 C.F.R. § 1780.7(b); furthermore, there was a threat that the city would suffer irreparable injury in the injunction were not granted because Water Code Ann. § 13.255 provided no guarantee that the city would be able to overcome the district's protection under 7 U.S.C.S. § 1926(b) if the loan were approved. City of College Station v. USDA, 395 F. Supp. 2d 495, 2005 U.S. Dist. LEXIS 26416 (S.D. Tex. 2005).

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§24.120. Single Certification in Incorporated or Annexed Areas.

- (a) In the event that an area is incorporated or annexed by a municipality, either before or after the effective date of this section, the municipality and a retail public utility that provides water or sewer service to all or part of the area under a certificate of convenience and necessity may agree in writing that all or part of the area may be served by a municipally owned utility, by a franchised utility, or by the retail public utility. In this section, the phrase franchised utility means a retail public utility that has been granted a franchise by a municipality to provide water or sewer service inside municipal boundaries. The agreement may provide for single or dual certification of all or part of the area, for the purchase of facilities or property, and for such other or additional terms that the parties may agree on. If a franchised utility is to serve the area, the franchised utility shall also be a party to the agreement. The executed agreement shall be filed with the commission, and the commission, on receipt of the agreement, shall incorporate the terms of the agreement into the respective certificates of convenience and necessity of the parties to the agreement.
- (b) If an agreement is not executed within 180 days after the municipality, in writing, notifies the retail public utility of its intent to provide service to the incorporated or annexed area, and if the municipality desires and intends to provide retail utility service to the area, the municipality, prior to providing service to the area, shall file an application with the commission to grant single certification to the municipally owned water or sewer utility or to a franchised utility. If an application for single certification is filed, the commission shall fix a time and place for a hearing and give notice of the hearing to the municipality and franchised utility, if any, and notice of the application and hearing to the retail public utility. Within ten calendar days after receipt of notice that a decertification process has been initiated, a retail public utility with outstanding debt secured by one or more liens shall:
- (1) submit to the commission a written list with the names and addresses of the lienholders and the amount of debt; and
 - (2) notify the lienholders of the decertification process and request that the lienholder provide information to the commission sufficient to establish the amount of compensation necessary to avoid impairment of any debt allocable to the area in question.
- (c) The commission shall grant single certification to the municipality. The commission shall also determine whether single certification as requested by the municipality would result in property of a retail public utility being rendered useless or valueless to the retail public utility, and shall determine in its order the monetary amount that is adequate and just to compensate the retail public utility for such property. If the municipality in its application has requested the transfer of specified property of the retail public utility to the municipality or to a franchised utility, the commission shall also determine in its order the adequate and just compensation to be paid for such property under the provisions of this section, including an award for damages to property remaining in the ownership of the retail public utility after single certification. The order of the commission shall not be effective to transfer property. A transfer of property may only be obtained under this section by a court judgment rendered under TWC, §13.255(d) or (e). The grant of single certification by the commission shall go into effect on the date the municipality or franchised utility, as the case may be, pays adequate and just compensation in accordance with court order, or pays an amount into the registry of the court or to the retail public utility under TWC, §13.255(f). If the court judgment provides that the retail public utility is not entitled to any compensation, the grant of single certification shall go into effect when the court judgment becomes final. The municipality or franchised utility must provide to each customer of the retail public utility being acquired an individual written notice within 60 days after the effective date for the transfer specified in the court judgment. The notice must clearly advise the customer of the

identity of the new service provider, the reason for the transfer, the rates to be charged by the new service provider, and the effective date of those rates.

- (d) In the event the final order of the commission is not appealed within 30 days, the municipality may request the district court of Travis County to enter a judgment consistent with the order of the commission.
- (e) Any party that is aggrieved by a final order of the commission under this section may file an appeal with the district court of Travis County within 30 days after the order becomes final.
- (f) Transfer of property shall be effective on the date the judgment becomes final. However, after the judgment of the court is entered, the municipality or franchised utility may take possession of condemned property pending appeal if the municipality or franchised utility pays the retail public utility or pays into the registry of the court, subject to withdrawal by the retail public utility, the amount, if any, established in the court's judgment as just and adequate compensation. To provide security in the event an appellate court, or the trial court in a new trial or on remand, awards compensation in excess of the original award, the municipality or franchised utility, as the case may be, shall deposit in the registry of the court an additional sum in the amount of the award, or a surety bond in the same amount issued by a surety company qualified to do business in this state, conditioned to secure the payment of an award of damages in excess of the original award of the trial court. In the event the municipally owned utility or franchised utility takes possession of property or provides utility service in the singly certificated area pending appeal, and a court in a final judgment in an appeal under this section holds that the grant of single certification was in error, the retail public utility is entitled to seek compensation for any damages sustained by it in accordance with subsection (g) of this section.
- (g) For the purpose of implementing this section, the value of real property owned and utilized by the retail public utility for its facilities shall be determined according to the standards in Texas Property Code, Chapter 21, governing actions in eminent domain; the value of personal property shall be determined according to the factors in this subsection. The factors ensuring that the compensation to a retail public utility is just and adequate shall, at a minimum, include: impact on the existing indebtedness of the retail public utility and its ability to repay that debt; the value of the service facilities of the retail public utility located within the area in question; the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question; the amount of the retail public utility's contractual obligations allocable to the area in question; any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the single certification; the impact on future revenues lost from existing customers; necessary and reasonable legal expenses and professional fees; factors relevant to maintaining the current financial integrity of the retail public utility; and other relevant factors.
- (h) The total compensation to be paid to a retail public utility under subsections (g) and (m) of this section must be determined not later than the 90th calendar day after the date on which the commission determines that the municipality's application is administratively complete.
- (i) A municipality or a franchised utility may dismiss an application for single certification without prejudice at any time before a judgment becomes final provided the municipality or the franchised public utility has not taken physical possession of property of the retail public utility or made payment for such right under TWC, §13.255(f).

- (j) In the event that a municipality files an application for single certification on behalf of a franchised utility, the municipality shall be joined in such application by such franchised utility, and the franchised utility shall make all payments required in the court's judgment to adequately and justly compensate the retail public utility for any taking or damaging of property and for the transfer of property to such franchised utility.
- (k) This section shall apply only in a case where:
- (1) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a nonprofit water supply or sewer service corporation, a special utility district under TWC, Chapter 65, or a fresh water supply district under TWC, Chapter 53; or
 - (2) the retail public utility that is authorized to serve in the certificated area that is annexed or incorporated by the municipality is a retail public utility, other than a nonprofit water supply or sewer service corporation, and whose service area is located entirely within the boundaries of a municipality with a population of 1.7 million or more according to the most recent federal census.
- (l) The following conditions apply when a municipality or franchised utility makes an application to acquire the service area or facilities of a retail public utility described in subsection (k)(2) of this section:
- (1) the commission or court must determine that the service provided by the retail public utility is substandard or its rates are unreasonable in view of the reasonable expenses of the utility;
 - (2) if the municipality abandons its application, the court or the commission is authorized to award to the retail public utility its reasonable expenses related to the proceeding, including attorney fees; and
 - (3) unless otherwise agreed by the retail public utility, the municipality must take the entire utility property of the retail public utility in a proceeding under this section.
- (m) For an area incorporated by a municipality, the compensation provided under subsection (g) of this section shall be determined by a qualified individual or firm to serve as independent appraiser, which shall be selected by the affected retail public utility, and the costs of the appraiser shall be paid by the municipality. For an area annexed by a municipality, the compensation provided under subsection (g) of this section shall be determined by a qualified individual or firm to which the municipality and the retail public utility agree to serve as independent appraiser. If the retail public utility and the municipality are unable to agree on a single individual or firm to serve as the independent appraiser before the 11th day after the date the retail public utility or municipality notifies the other party of the impasse, the retail public utility and municipality each shall appoint a qualified individual or firm to serve as independent appraiser. On or before the tenth business day after the date of their appointment, the independent appraisers shall meet to reach an agreed determination of the amount of compensation. If the appraisers are unable to agree on a determination before the 16th business day after the date of their first meeting under this subsection, the retail public utility or municipality may petition the commission or a person the commission designates for the purpose to appoint a third qualified independent appraiser to reconcile the appraisals of the two originally appointed appraisers. The determination of the third appraiser may not be less than the lesser or more than the greater of the two original appraisals. The costs of the independent appraisers for an annexed area shall be shared equally by the retail public utility and the municipality. The determination of compensation under this subsection is binding on the commission.

- (n) The commission shall deny an application for single certification by a municipality that fails to obtain a finding from TCEQ that it will demonstrate compliance with the TCEQ's minimum requirements for public drinking water systems, pursuant to 30 TAC Chapter 290, Subchapter D (relating to Rules and Regulations for Public Water Systems).



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 Certificate of Convenience and Necessity (CCN) Under Water Code Section 13.255

<p>Docket Number: _____</p> <p>(this number will be assigned by the Public Utility Commission after your application is filed)</p>
<p>7 copies of the application, including the original shall be filed with</p> <p>Public Utility Commission of Texas Attention: Filing Clerk 1701 N. Congress Avenue P.O. Box 13326 Austin, Texas 78711-3326</p> <p>If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.</p>

CCN Requirements		
1. Purpose of application		
<p>Check all boxes that apply.</p> <p>The purpose of this application is to:</p> <p><input checked="" type="checkbox"/> Obtain single certification to a service area within the cities limits; and /or</p> <p><input type="checkbox"/> Amend Certificate of Convenience and Necessity (CCN) No: _____</p> <p>to provide <input type="checkbox"/> water or <input checked="" type="checkbox"/> sewer service to:</p> <p>portions of the City of Schertz's corporate limits _____ (Subdivision or Area) and to decertify</p> <p>a portion of <u>Green Valley Special Utility District's Sewer CCN No. 20973</u> (Name of Utility and CCN No.)</p>		
2. Applicant		
<p>Name of City: City of Schertz</p>		
<p>Mailing address: 1400 Schertz Pkwy., Administration Building, Schertz, Texas 78154</p>		
<p>Phone: (210) 619-1000</p>	<p>Fax:</p>	<p>Email: jkessel@schertz.com</p>
<p>Tax Identification number: N/A</p>		

3. County or counties

Name of county(ies)where the city intends to provide retail public utility service:

Bexar County

4. Contact information

Contact person regarding this application:

Name: David Klein

Title: Attorney

Mailing address: 816 Congress Avenue, Suite 1900, Austin, Texas 78701

Phone: (512) 322-5818

Fax: (512) 472-0532

Email: dklein@lglawfirm.com

5. Retail public utility

Retail public utility currently certificated to the area involved in this application:

Utility Name: Green Valley Special Utility District ("GVSUD")

Title:

Mailing address: P.O. Box 99, Marion, Texas 78124-0099

Phone: (830) 914-2330

Fax: (830) 420-4138

Email:

Retail public utility contact person regarding negotiations with the city over the service area involved:

Name: Pat Allen

Title: General Manager

Mailing address: P.O. Box 99, Marion, Texas 78124-0099

Phone: (830) 914-2330

Fax: (830) 420-4138

Email: pallen@gvsud.org

6. Service area

On what date was this proposed service area incorporated by the city? The service area was annexed between 2010-2015.

7. Negotiation date between city and retail public utility

On what date did negotiations begin between the city and the retail public utility? October 22, 2015

8. Notice date

On what date was notice of the city's intent to provide service to the incorporated or annexed area provided to the retail public utility made? October 22, 2015

Please attach a copy of the notice provided. Also attach a copy of the mailing list indicating to whom such notice was provided. See **Attachment B**

9. Description of retail public utility facilities

Please provide a brief description of the retail public utility's facilities in the service area involved in this application. Also indicate how many customers are currently receiving service from the retail public utility in this area:

It is the City's understanding that GVSUD has no wastewater facilities and no wastewater customers in the area to be decertified by this application

10. Service start date

Provide the date when city service to the area can begin. Upon approval by PUC.

11. Franchised utility information

If the city will allow a franchised utility to provide service to the area involved, please attach a copy of the city consent or franchise agreement and provide the following information:

Utility Name: N/A

Mailing address:

Phone:

Fax:

Email:

Franchised Utility's CCN Number:

Franchised Utility's contact person and their address:

Name:

Title:

Mailing address:

Email:

Phone:

Phone:

Fax:

Email:

12. Paper map requirements

All maps should include applicant's name, address, telephone number, and date of drawing or revision and be folded to 8½ x 11 inches. See **Attachment A**.

Attach the following maps with each copy of the application:

- A. Subdivision plat or engineering plans or other large scale map showing the following:
 - 1. The exact proposed service area boundary showing locations of requests for service and locations of existing connections (if applicable).
 - 2. Metes and bounds (if available).
 - 3. Proposed and existing service area boundaries should be plotted on the map in relation to verifiable natural and man-made landmarks such as roads, creeks, rivers, railroads, etc.
 - 4. Service area boundaries should be shown with such exactness that they can be located on the ground.
- ❖ **Applicant may use a USGS 7.5"-minute series map if no other large scale map is available.**
- B. Small scale location map delineating the proposed service area. The proposed service area boundary should be delineated on a copy of the official CCN map. This map will assist the Public Utility Commission in locating the proposed service area in relation to neighboring utility service areas.
- C. Hard copy maps should include the following items:
 - 1. Map scale should be prominently displayed.
 - 2. Color coding should be used to differentiate the applicants existing service areas from the proposed service area.
 - 3. Attach a written description of the proposed service area.
 - 4. Proposed service area should be the same on all maps.
 - 5. Include map information in digital format (if available), see 13, GIS map information.
- D. Each utility shall make available to the public at each of its business offices and designated sales offices within Texas the map of the proposed service area currently on file with the Commission. The applicant employees shall lend assistance to persons requesting to see a map of the proposed area upon request.
- ❖ **For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC's website for assistance.**

13. GIS map information

A. Digital Map Requirements: In order that your digital data can be properly used, the following information is necessary:

1. Submit digital data of the proposed CCN service area on a CD, flash drive, or DVD. Two digital copies are necessary. Most files of CCNs (minus the base map) should be small enough to zip up and put on a CD.
2. The digital data should include all items represented in the hard copy maps.
3. Please identify data file format, projection information, map units and base map used. Acceptable Data File Format:
 - a. ArcView shape file (preferred)
 - b. Arc/Info E00 file

❖ *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.*

ALL APPLICABLE QUESTIONS MUST BE ANSWERED FULLY.

THE APPLICATION WILL NOT BE ACCEPTED FOR FILING WITHOUT MAPS.

PLEASE NOTE THE FILING OF THIS APPLICATION DOES NOT CONSTITUTE AUTHORITY TO PROVIDE WATER/SEWER SERVICE IN THE REQUESTED AREA.

OATH

State of Texas

County of Bexar

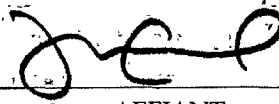
I, John C. Kessel being duly sworn, file this

application under V.T.C.A., Water Code Section 13.255 as City Manager

(Name of the City); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps 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 available only from the Commission.

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



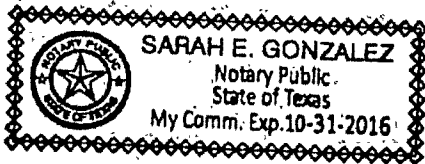
AFFIANT

(Applicant's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this 25th day of April 20 16

SEAL



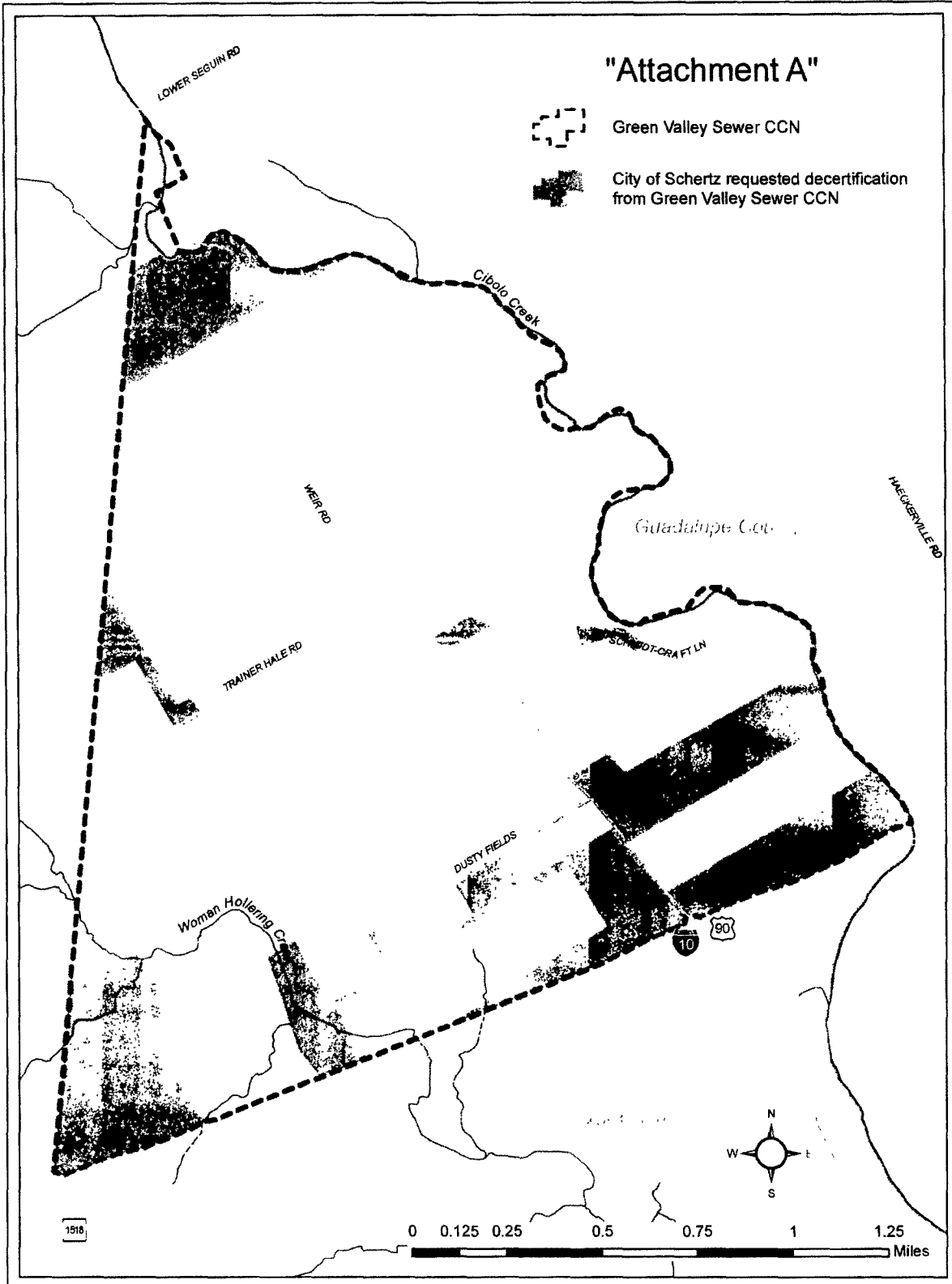

NOTARY PUBLIC

ATTACHMENT A
RESPONSE TO SECTION 12 – MAPPING

1. Large Scale Map depicting service area and area to be decertified (see attached map)
2. Small Scale Map depicting area to be decertified (see attached map)
3. Maps in digital format (see attached cd rom)
4. Written Description (see below):

Through this application, the City of Schertz requests single sewer CCN certification/decertification of approximately 405 acres of land from Green Valley SUD's sewer CCN No. 20973 ("Decertificated Land"). The Decertificated Land is within the corporate limits of the City, and is generally bounded by Lower Seguin Road to the north, Cibolo Creek to the east, United States Interstate Highway 10 to the south, and Farm to Market Road 1518 to the east.

ATTACHMENT A.1. LARGE SCALE MAP (OVERSIZED DOCUMENT)



ATTACHMENT A.2. SMALL SCALE MAP

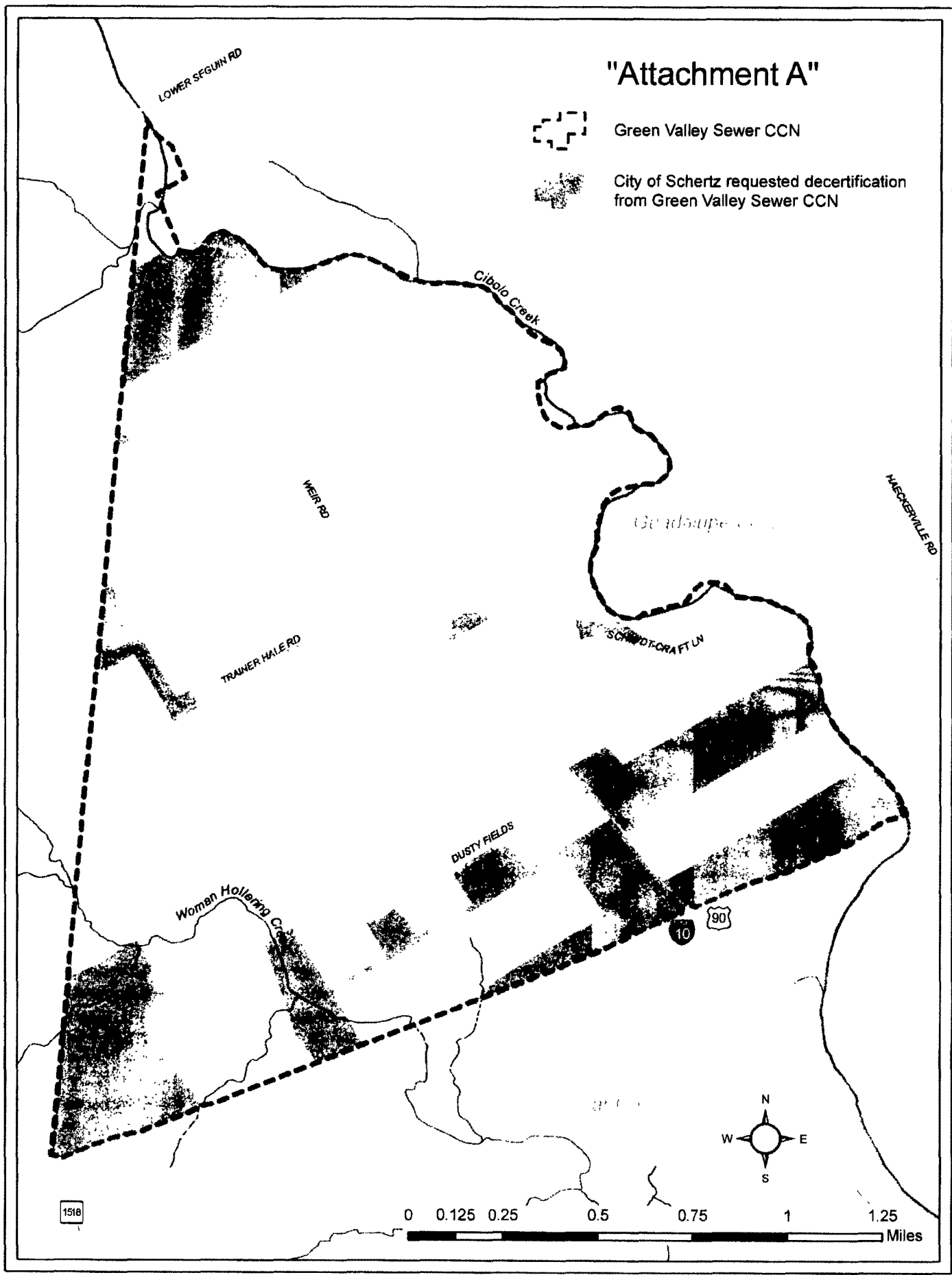
"Attachment A"



Green Valley Sewer CCN



City of Schertz requested decertification from Green Valley Sewer CCN



ATTACHMENT A.3. MAPS IN DIGITAL FORMAT

ATTACHMENT B – NOTICE OF INTENT TO SERVE

October 22, 2015

Green Valley Special Utility District
Attn: Pat Allen, General Manager
529 South Center Street
Marion, Texas 78124

Hand Delivery of Notice of Intent by the City of Schertz to Provide Sewer Service in Its Corporate Limits.

Pat Allen
Received by

Pat Allen
Printed name

General Manager
Title

10/22/15
Date

3:10 PM
Time

October 22, 2015

Green Valley Special Utility District
Attn: Pat Allen, General Manager
529 South Center Street
Marion, TX 78124

VIA HAND DELIVERY AND USPS
REGULAR MAIL

Re: Notice of Intent by the City of Schertz to Provide Sewer Service in Its Corporate Limits

Dear Mr. Allen:

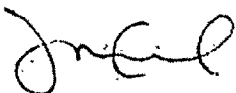
As you know, the City of Schertz ("City") currently provides retail sewer service to customers in portions of the City's corporate limits. Other portions of the City's corporate limits, however, overlap with Green Valley Special Utility District's ("*Green Valley SUD*") sewer Certificate of Convenience and Necessity ("*CCN*") No. 20973.

In accordance with Texas Water Code § 13.255, the City hereby provides Green Valley SUD with notice that the City intends to provide retail sewer service to the areas within its corporate limits that overlap with Green Valley SUD's sewer CCN service area ("*Transfer Tracts*"), which are depicted as portion of the blue areas that are within the purple dashed line on the map attached hereto as Attachment A. These areas are generally bounded by Lower Seguin Road to the north, Cibolo Creek to the east, United States Interstate Highway 10 to the south, and Farm to Market Road 1518 to the east. For your convenience, the pertinent portions annexation ordinances for the Transfer Tracts - the metes and bounds descriptions - are attached as Attachment B. To be clear, this notice of intent to serve does not include the portions of those metes and bounds descriptions that are outside the purple dashed line.

Please also note that the olive areas depicted in Attachment A are additional tracts that are subject to annexation agreements with the City; and while the City anticipates annexing those areas in the future, this notice of intent to serve letter does not include those olive areas.

We look forward to discussing the terms of an agreement between the City and Green Valley SUD, which will detail the arrangement between the parties for the City's provision of retail sewer service to the Transfer Tracts. If you have any questions, please contact David Klein at (512) 322-5818.

Sincerely,



John C. Kessel
City Manager

"Attachment A"



Green Valley SUD CCN

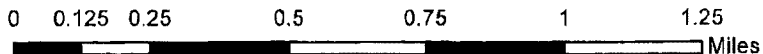
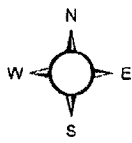


Area inside corporate limits to be served by City of Schertz

Area subject to development agreements not in City of Schertz Corporate Limits



Bexar County



1518

F

"Attachment B"

**City Of Schertz
Amended Sewer CCN 20271
Addition
Bexar County, Texas
June 10, 2015 Project No. 1123.3805**

The State Legislature, through House Bill 2876 (effective September 1, 2005), require that all entities holding a sewer purveyor's CCN up-date said map with metes and bounds description therein. The following is a meets and bounds description, describing the City Of Schertz Sewer Service Area CCN accordingly.

Being 2,088.69 acres of land situated in Bexar County, Texas. The said 2,088.69 acre tract being more particularly described in metes and bounds as follows:

Beginning: at a point for the Southeastern corner of the City of Schertz City Limits at the intersection of the center of Cibolo Creek and the Northern line of Interstate Highway 10 on the Western line of the City of Cibolo City Limits and a common line of the Bexar and Guadalupe Counties, Texas;

Thence: along the Northern line of Interstate Highway 10 and the Southern line of the City of Schertz City Limits as follows:

S 70°51'04" W – 342.69 feet;

S 57°05'42" W – 683.55 feet;

S 66°11'03" W – 840.02 feet;

S 73°15'07" W – 503.80 feet;

S 66°11'03" W – 838.90 feet to a point at the flair cutback of Weir Road and Interstate Highway 10;

N 78°07'57" W – 140.00 feet along the cutback flair of Weir Road and Interstate Highway 10;

S 78°25'11" W – 61.77 feet across Weir Road;

S 11°53'03" W – 116.68 feet along a cutback flair of Weir Road and Interstate Highway 10;

S 66°11'03" W – 322.19 feet;

S 67°11'24" W – 206.32 feet;
S 68°29'13" W – 116.77 feet;
S 63°03'30" W – 670.90 feet;
S 68°20'16" W – 5713.57 feet;
S 77°51'51" W – 104.19 feet;
S 68°21'36" W – 150.03 feet;
S 59°49'50" W – 101.12 feet;
S 68°21'36" W – 729.22 feet;
S 76°07'30" W – 407.00 feet;
S 68°21'36" W – 756.66 feet to a cutback flair at F.M. 1518 and Interstate Highway 10;
N 71°04'54" W – 151.79 feet along a cutback flair at F.M. 1518 and Interstate Highway 10;

Thence: Departing Interstate Highway 10 and the Southern line of the City of Schertz City Limits N 05°12'00" E – 14532.92 feet to a point in the center of Cibolo Creek, being the Common line of the City of Schertz and City of Cibolo City limits along with the common line of Bexar and Guadalupe Counties;

Thence: S 33°41'04" E – 248.27 feet along the center of Cibolo Creek, the common line of the City of Schertz and the City of Cibolo City Limits and the common line of Bexar and Guadalupe Counties;

Thence: Along continuing with the center of Cibolo Creek, the common line of the City of Schertz ETJ and the City of Cibolo City Limits and the common line of Bexar and Guadalupe Counties as follows;

S 54°25'18" E – 263.17 feet;
S 23°37'01" E – 480.85 feet;
S 61°55'53" W – 455.78 feet;
S 21°58'31" E – 883.43 feet to a point for a corner of the City of Schertz City Limits, a corner of the City of Schertz ETJ, a common corner with the City of Cibolo City Limits along with Bexar and Guadalupe Counties;

Certificate of Convenience and Necessity No. 20271

Thence: Continuing with the center of Cibolo Creek, a common line of the City of Schertz and the City of Cibolo City Limits and the common line of Bexar and Guadalupe Counties as follows;

- N 53°18'45" E – 19.45 feet;
- S 84°27'14" E – 91.80 feet;
- N 88°51'57" E – 123.84 feet;
- N 69°04'39" E – 133.87 feet;
- N 18°16'09" E – 155.74 feet;
- N 54°49'19" E – 116.60 feet;
- N 78°11'54" E – 106.93 feet;
- S 63°29'34" E – 95.67 feet;
- S 62°59'21" E – 127.37 feet;
- S 57°52'39" E – 112.98 feet;
- S 45°00'09" E – 138.45 feet;
- S 41°38'09" E – 107.17 feet;
- S 34°19'58" E – 110.47 feet;
- S 55°37'20" E – 102.45 feet;
- S 64°03'56" E – 97.58 feet;
- S 82°59'04" E – 145.72 feet;
- S 89°06'17" E – 142.42 feet;
- N 84°42'48" E – 116.70 feet;
- N 71°50'55" E – 113.22 feet;
- N 67°52'03" E – 201.82 feet;
- N 70°55'35" E – 225.41 feet;
- N 72°07'22" E – 129.70 feet;
- S 83°32'31" E – 106.20 feet to a corner of the City of Schertz City Limits, a corner of the City of Schertz ETJ, a common corner of the City of Cibolo City Limits, a corner of Bexar and Guadalupe Counties;

Thence: Continuing with the center of Cibolo Creek, a common line of the City of Schertz ETJ, the City of Cibolo City Limits and the common line of Bexar and Guadalupe Counties as follows;

Certificate of Convenience and Necessity No. 20271

S 73°47'33" E - 178.31 feet;
S 66°58'14" E - 180.49 feet;
S 58°16'07" E - 141.01 feet;
S 66°48'11" E - 144.22 feet;
S 66°44'03" E - 171.78 feet;
S 64°50'34" E - 115.07 feet;
S 77°04'29" E - 98.77 feet;
S 82°45'27" E - 101.16 feet;
N 86°41'55" E - 82.20 feet;
N 78°41'28" E - 88.51 feet;
S 86°34'01" E - 79.05 feet;
S 81°39'25" E - 119.62 feet;
S 84°33'36" E - 99.87 feet
S 83°28'50" E - 111.19 feet;
S 86°49'14" E - 85.35 feet;
S 68°27'39" E - 64.47 feet;
S 52°13'35" E - 79.86 feet;
S 50°00'13" E - 103.99 feet;
S 33°24'39" E - 88.85 feet;
S 49°49'22" E - 92.94 feet;
S 53°49'23" E - 130.99 feet;
S 39°33'44" E - 94.15 feet;
S 25°30'57" E - 76.93 feet;
S 45°54'42" E - 70.31 feet;
S 47°16'26" E - 191.69 feet;
S 61°35'48" E - 175.82 feet;
S 66°37'01" E - 190.84 feet;
S 46°38'20" E - 117.21 feet;
S 23°12'01" E - 120.17 feet;
S 06°45'13" W - 120.76 feet;
S 61°08'46" W - 88.29 feet;

Certificate of Convenience and Necessity No. 20271

S 77°37'14" W - 132.48 feet;
S 50°39'03" W - 102.04 feet;
S 50°49'21" W - 105.70 feet;
S 02°53'31" E - 156.42 feet;
S 12°11'30" E - 181.52 feet;
S 21°41'27" E - 149.44 feet;
S 48°36'40" E - 124.10 feet;
S 59°59'51" E - 129.38 feet;
S 86°30'40" E - 129.64 feet;
N 74°44'47" E - 71.97 feet;
N 88°59'41" E - 89.97 feet;
N 84°41'14" E - 137.18 feet;
N 54°05'32" E - 80.47 feet;
N 50°47'16" E - 167.59 feet;
N 55°53'16" E - 105.74 feet;
N 69°44'43" E - 126.43 feet;
S 72°42'04" E - 90.22 feet;
S 46°38'48" E - 76.81 feet;
S 18°26'12" E - 88.48 feet;
S 15°06'06" E - 73.03 feet;
S 38°39'18" E - 90.60 feet;
S 60°01'13" E - 75.85 feet;
S 69°26'45" E - 53.98 feet;
S 76°27'54" E - 70.18 feet;
S 46°38'21" E - 62.56 feet;
S 31°49'45" E - 86.24 feet;
S 40°47'56" E - 119.19 feet;
S 35°09'08" E - 109.36 feet;
S 21°53'43" E - 91.53 feet;
S 06°55'39" E - 85.55 feet;
S 14°25'18" W - 57.37 feet;

Certificate of Convenience and Necessity No. 20271

S 36°13'09" W - 73.61 feet;
S 43°24'42" W - 82.00 feet
S 55°19'34" W - 104.58 feet;
S 84°30'35" W - 43.91 feet;
N 86°06'00" W - 72.82 feet;
S 85°36'07" W - 86.11 feet;
S 77°45'12" W - 199.36 feet;
S 78°41'28" W - 99.61 feet;
S 58°43'10" W - 94.37 feet;
S 48°25'41" W - 97.80 feet;
S 29°13'55" W - 153.98 feet;
S 14°30'24" W - 136.76 feet;
S 12°24'17" W - 227.49 feet;
S 05°49'37" E - 117.10 feet;
S 08°44'49" W - 93.81 feet;
S 25°47'44" W - 182.97 feet;
S 05°42'40" W - 167.25 feet;
S 15°26'27" E - 129.49 feet;
S 19°26'32" E - 107.15 feet;
S 27°38'27" E - 98.47 feet;
S 30°33'47" E - 144.95 feet;
S 32°40'27" E - 129.92 feet;
S 56°47'15" E - 119.36 feet;
S 71°59'37" E - 162.72 feet;
N 89°30'02" E - 150.70 feet;
N 51°14'46" E - 106.59 feet;
N 75°57'53" E - 259.29 feet;
N 74°03'22" E - 205.23 feet;
N 73°20'17" E - 140.58 feet;
N 35°01'27" E - 121.04 feet;
N 38°20'07" E - 121.45 feet;

Certificate of Convenience and Necessity No. 20271

N 51°20'35" E - 98.48 feet;
N 80°32'19" E - 93.55 feet;
N 88°50'35" E - 152.29 feet;
S 65°52'52" E - 112.90 feet;
S 42°23'11" E - 70.08 feet;
S 44°40'17" E - 149.12 feet;
S 84°58'10" E - 154.04 feet;
S 87°14'29" E - 162.87 feet;
S 75°48'09" E - 167.80 feet;
S 65°12'24" E - 216.52 feet;
S 61°34'34" E - 242.92 feet;
S 49°48'38" E - 148.81 feet;
S 04°32'54" E - 173.01 feet;
S 08°14'51" W - 136.64 feet;
S 06°36'49" W - 136.13 feet;
S 32°08'53" E - 114.44 feet;
S 33°12'31" E - 128.83 feet;
S 15°26'52" E - 154.53 feet;
S 05°33'12" E - 141.77 feet;
S 07°19'36" E - 138.32 feet;
S 25°20'54" E - 123.61 feet;
S 24°43'17" E - 150.14 feet;
S 24°30'32" E - 116.09 feet;
S 39°04'38" E - 148.71 feet;
S 39°49'28" E - 296.92 feet;
S 50°56'53" E - 303.47 feet;
S 42°22'42" E - 250.29 feet;
S 39°35'18" E - 289.91 feet;
S 29°08'11" E - 220.26 feet;
S 17°39'06" E - 118.06 feet;

Certificate of Convenience and Necessity No. 20271

Thence: S 17°39'06" W – 118.06 feet continuing along line to the POINT OF BEGINNING and containing 2088.69 acres of land.

The Acreage and Distances shown are based on Lambert Grid, Texas South Central Zone, NAD 83.

AN ORDINANCE

PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF A TRACT OF LAND CONTAINING 107.63 ACRES OF LAND, OUT OF BEXAR COUNTY.

WHEREAS, the hereafter described tract of land adjoins the corporate limits of the City of Schertz, Texas, and does not exceed one (1) mile in width; and

WHEREAS, public hearings on the question of whether said land should be annexed to and become a part of the City of Schertz, Texas, were duly called and notice thereof given and said public hearings have been had, all in accordance with law; and

WHEREAS, by the passage of this ordinance, annexation of said territory will have been brought to completion within ninety (90) days of the institution of annexation proceedings; and

WHEREAS, the City Council of the City of Schertz, Texas, is of the opinion and finds that such territory is suitable for municipal purposes and that it is in the best interest of the City of Schertz, Texas, and the citizens and inhabitants thereof that said territory be annexed to and made a part of said City; and

WHEREAS, the City Council has directed the City Manager to prepare a service plan that provides for the extension of municipal services into the area to be annexed in accordance with law; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS:

I

THAT the following described territory containing 107.63 acres of land lying adjacent to and adjoining the City of Schertz, Texas, be and the same is hereby added and annexed to the City of Schertz, Texas, and said territory shall hereinafter be included within the boundary limits of said City and the various points contiguous to the area described are hereby altered and amended so as to include said land and territory within the corporate limits of the City of Schertz, Texas; said land being more particularly described by metes and bounds as follows:

Project No. 1121.69
July 28, 1986

PROPOSED ANNEXATION
LOWER SEGUIN ROAD
107.630 ACRES

FIELDNOTE DESCRIPTION of 107.630 acres of land being in Bexar County, Texas; being in part out of the Julian Diaz Survey No. 66 Abstract No. 187, F. Rodriguez Abstract No. 609 and M.S. Bennett Abstract No. 6, Bexar County, Texas; said property being described is East of the existing City Limits Line of the City of Schertz as annexed by Ordinance No. _____ dated July 1, 1986 along the right-of-way line of Lower Seguin road to a depth of 250 feet in a Northerly and Southerly direction from the center line of Lower Seguin Road between F.M. 1518 and the Cibolo Creek:

BEGINNING at a point on the existing City Limits Line of the City of Schertz, as annexed by Ordinance No. _____, dated July 1, 1986, said point being on the East right-of-way line of F.M. 1518 and the South right-of-way line of Lower Seguin Road;

THENCE, North $10^{\circ}11'00''$ West, 387.30 feet along the existing City Limits Line of the City of Schertz and East right-of-way line of F.M. 1518 to a point being the Northwest corner of this tract;

THENCE, North $59^{\circ}10'00''$ East, 930.97 feet;

THENCE, South $86^{\circ}30'00''$ East, 2,740.00 feet;

THENCE, North $59^{\circ}10'00''$ East, 4,727.27 feet to a point being the Northeast corner of this tract;

THENCE, South $39^{\circ}53'12''$ East, 423.78 feet;

THENCE, South $28^{\circ}00'00''$ East, 250.00 feet;

THENCE, South $44^{\circ}00'00''$ East, 570.00 feet;

THENCE, South $34^{\circ}00'00''$ East, 450.67 feet to a point being the Southeast corner of this tract;

THENCE, North $78^{\circ}20'00''$ West, 631.66 feet;

THENCE, North $42^{\circ}20'00''$ West, 761.73 feet;

THENCE, South $59^{\circ}10'00''$ West, 4,473.21 feet;

THENCE, North $86^{\circ}30'00''$ West, 2,740.00 feet;

THENCE, South $59^{\circ}10'00''$ West, 964.95 feet to a point being the Southwest corner of this tract;

THENCE, North $10^{\circ}11'00''$ West, 147.03 feet to the POINT OF BEGINNING and containing 107.630 acres of land.

II

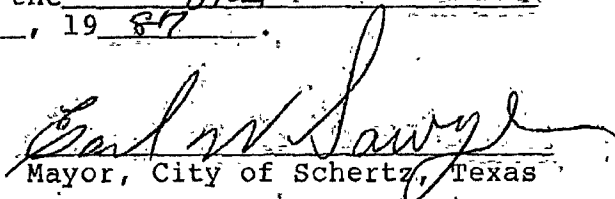
THAT the Service Plan providing municipal services be attached and made a part of this ordinance annexing the area and approved as a part of this ordinance. The Plan shall be construed as a contractual obligation and be valid for ten (10) years and renewal shall be at the discretion of the City of Schertz, Texas.

III

THAT the territory so described and the areas so annexed shall hereafter be a part of the City of Schertz, Texas, and all taxable property situated therein shall hereafter bear its pro rata part of the taxes levied by the City of Schertz, Texas and the inhabitants thereof shall be entitled to all of the rights and privileges of all the citizens and shall be bound by the acts, ordinances, resolutions and regulations of the city of Schertz, Texas.

Approved on first reading the 7 day of April, 1987.

PASSED, APPROVED AND ADOPTED this the 21st day of April, 1987.


Mayor, City of Schertz, Texas

ATTEST:


City Secretary, City of Schertz

(SEAL OF CITY)

SERVICE PLAN PROVIDING FOR MUNICIPAL SERVICES

- I Pursuant to H.B. 1952, Sixty-Seventh Legislature of the State of Texas, the City of Schertz, Texas, does hereby propose and adopt the following service plan that provides for the extension of city services to land that adjoins the corporate limits of the City of Schertz, Texas. Said land being herein described by legal description and that said land is hereby being considered for annexation by the City of Schertz, Texas; and whereby upon annexation of said land by the City of Schertz, Texas, the plan hereby adopted establishes a contractual obligation between the City of Schertz, Texas, and the registered voters that will be within the territory herein described and proposed to be annexed by the City of Schertz, Tx.

- II This plan applies to a 107.630 acres of land out of Bexar County, described in the attached fieldnotes, metes and bounds and map, and made a part hereof.

- III The City of Schertz, Texas, proposes and adopts the following plan:
 - A. That upon installation of water and sewer lines as required by ordinances of the City, the City will permit those services to be used according to the general standard and scope of those type of services furnished by the City in other areas of the City of Schertz which have characteristics of topography, patterns of land utilization, and population density similar to this area being annexed.

 - B. That law enforcement services, fire department services, and emergency medical services will be provided by the City of Schertz according to the general standard and scope of those services furnished by the City in other areas of the City of Schertz which have characteristics of topography, patterns of land utilization, and population density similar to this area being annexed.

 - C. That garbage collection service will be made available by the City of Schertz according to the same standard and scope of that type of service made available by the City in other areas of the City of Schertz, Texas.

- D. That all other utilities available within the present corporate limits of the City of Schertz will be made available to this area being annexed according to the capabilities of those companies providing those utilities and according to any agreement, contract, or franchise that may exist between those companies and the City of Schertz.
- E. That this area being annexed and the residents thereof are entitled to the amenities of the City of Schertz to the equal degree of the citizens presently within the corporate limits of the City of Schertz.
- F. That the area being annexed and the residents thereof are entitled to and shall be governed by the Charter of the City of Schertz and all statutes, ordinances, policies and any and all other governing directives that exist or may ever exist for those residents presently within the corporate limits of the City of Schertz.
- G. That if this area being annexed is ever disannexed, then only those laws, rules, regulations, ordinances and any and all other governing directives that may apply to areas of land within the extra territorial jurisdiction of the City of Schertz will be in effect.
- H. That it is the intent of the City of Schertz to comply with the laws of the State of Texas that relate to the annexation of territory.
- I. That the provisions of this plan will commence upon the effective date of an approved and adopted ordinance annexing this territory into the corporate limits of the City Schertz.

Project No. 1121.69
July 28, 1986

PROPOSED ANNEXATION
LOWER SEGUIN ROAD
107.630 ACRES

FIELDNOTE DESCRIPTION of 107.630 acres of land being in Bexar County, Texas; being in part out of the Julian Diaz Survey No. 66 Abstract No. 187, F. Rodriguez Abstract No. 609 and M.S. Bennett Abstract No. 6, Bexar County, Texas; said property being described is East of the existing City Limits Line of the City of Schertz as annexed by Ordinance No. _____. dated July 1, 1986 along the right-of-way line of Lower Seguin road to a depth of 250 feet in a Northerly and Southerly direction from the center line of Lower Seguin Road between F.M. 1518 and the Cibolo Creek:

BEGINNING at a point on the existing City Limits Line of the City of Schertz, as annexed by Ordinance No. _____, dated July 1, 1986, said point being on the East right-of-way line of F.M. 1518 and the South right-of-way line of Lower Seguin Road;

THENCE, North $10^{\circ}11'00''$ West, 387.30 feet along the existing City Limits Line of the City of Schertz and East right-of-way line of F.M. 1518 to a point being the Northwest corner of this tract;

THENCE, North $59^{\circ}10'00''$ East, 930.97 feet;

THENCE, South $86^{\circ}30'00''$ East, 2,740.00 feet;

THENCE, North $59^{\circ}10'00''$ East, 4,727.27 feet to a point being the Northeast corner of this tract;

THENCE, South $39^{\circ}53'12''$ East, 423.78 feet;

THENCE, South 28°00'00" East, 250.00 feet;

THENCE, South 44°00'00" East, 570.00 feet;

THENCE, South 34°00'00" East, 450.67 feet to a point being the Southeast corner of this tract;

THENCE, North 78°20'00" West, 631.66 feet;

THENCE, North 42°20'00" West, 761.73 feet;

THENCE, South 59°10'00" West, 4,473.21 feet;

THENCE, North 86°30'00" West, 2,740.00 feet;

THENCE, South 59°10'00" West, 964.95 feet to a point being the Southwest corner of this tract;

THENCE, North 10°11'00" West, 147.03 feet to the POINT OF BEGINNING and containing 107.630 acres of land.

ORDINANCE NO. 10-A-20

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SCHERTZ PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF APPROXIMATELY 183.429 ACRES OF LAND BETWEEN FM 1518 AND TRAINER HALE ROAD NORTH OF IH-10 TO A LINE APPROXIMATELY 1,200 TO 2,600 FEET NORTH OF IH-10, ALL IN BEXAR COUNTY, TEXAS; AND RELATED MATTERS

WHEREAS, the City Council of the City of Schertz (the "City") has determined that it should annex the territory described on Exhibit A attached hereto and made a part hereof (the "Annexed Land"); and

WHEREAS, the Annexed Land is located entirely within the extraterritorial jurisdiction of the City, is contiguous to the corporate boundaries of the City (or is deemed to be contiguous, pursuant to Section 43.035(c) of the Texas Local Government Code, as amended), and may be annexed pursuant to Chapter 43 of the Texas Local Government Code, as amended (the "Act"); and

WHEREAS, the City has complied with all requirements of the Act relating to annexation of the Annexed Land; and

WHEREAS, the City Council of the City finds that (i) the Annexed Land is suitable for municipal purposes and (ii) it is in the best interest of the City and the citizens and inhabitants thereof that the Annexed Land be annexed to and made a part of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS:

SECTION 1. The City hereby annexes the Annexed Land described in Exhibit A.

SECTION 2. The Annexed Land shall be included within the City's corporate limits, effective on the effective date of this Ordinance, and all taxable property in the Annexed Land shall hereafter bear its pro rata part of the taxes levied by the City, subject to allowable exemptions.

SECTION 3. The inhabitants of the Annexed Land shall be entitled to all of the rights and privileges of all the citizens of the City and shall be bound by the acts, ordinances, resolutions, and regulations of the City.

SECTION 4. This Ordinance shall be in force and effect from and after its final passage.

[The remainder of this page intentionally left blank.]


PASSED AND APPROVED on first reading the 13th day of July, 2010.

PASSED AND FINALLY APPROVED on second and final reading the 20th day of July, 2010.



Mayor

ATTEST:

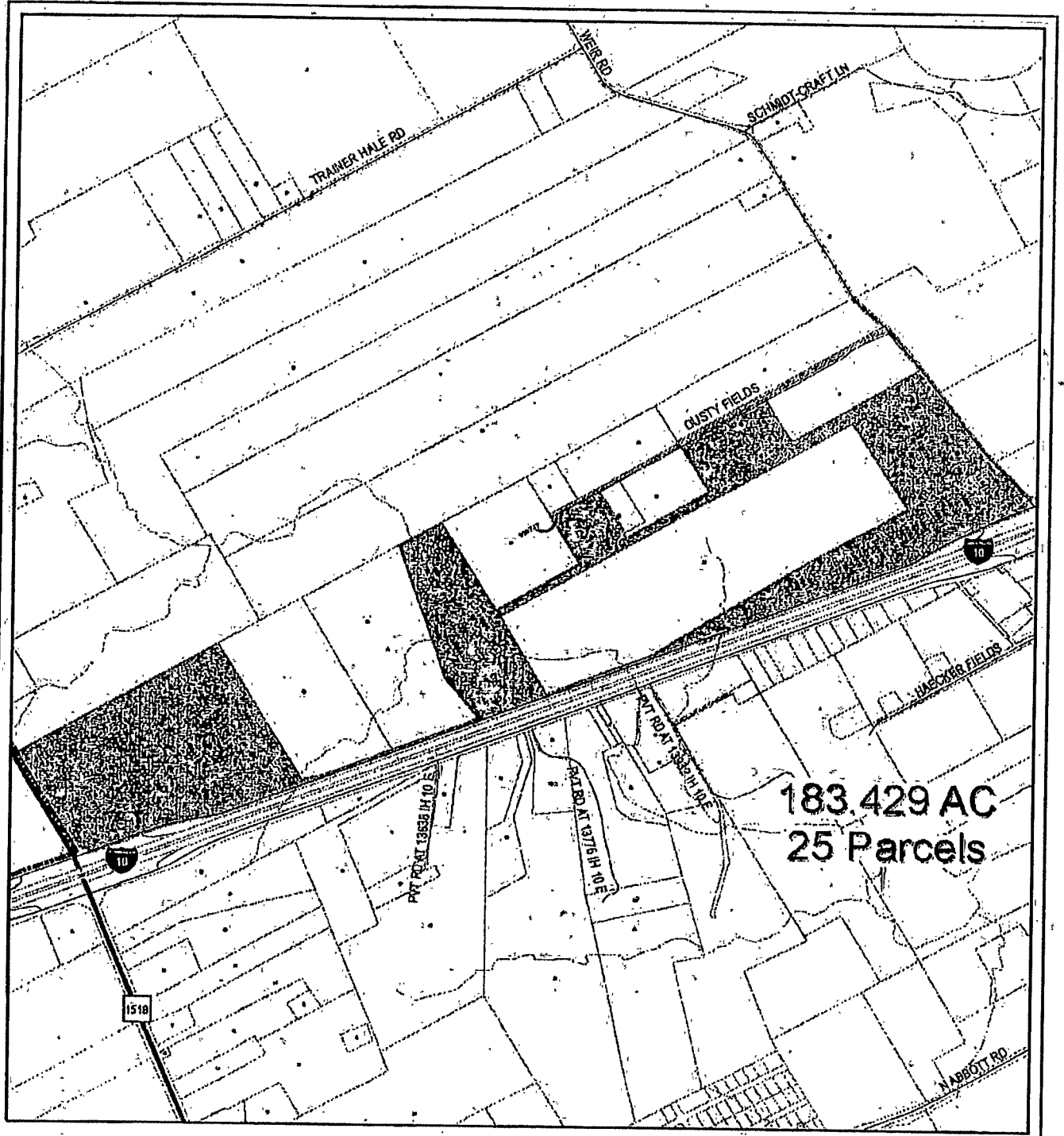


City Secretary

[CITY SEAL]

EXHIBIT A
PROPERTY TO BE ANNEXED




The property described in shading on the attached map.



183.429 AC
25 Parcels

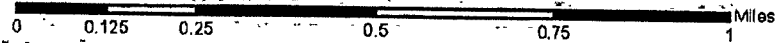


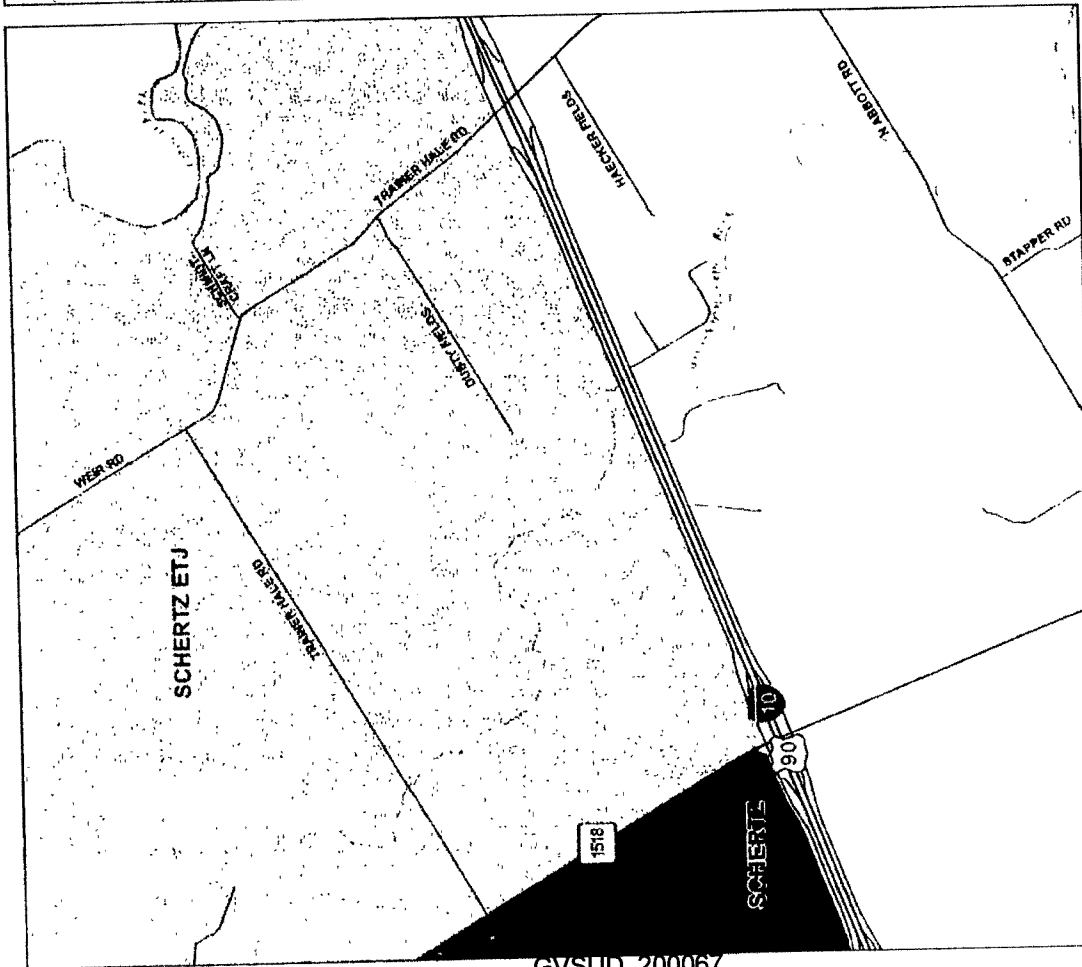
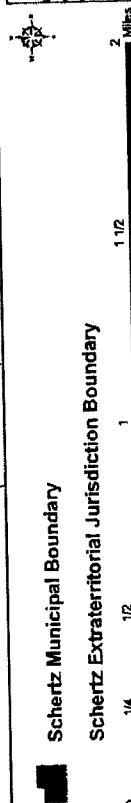
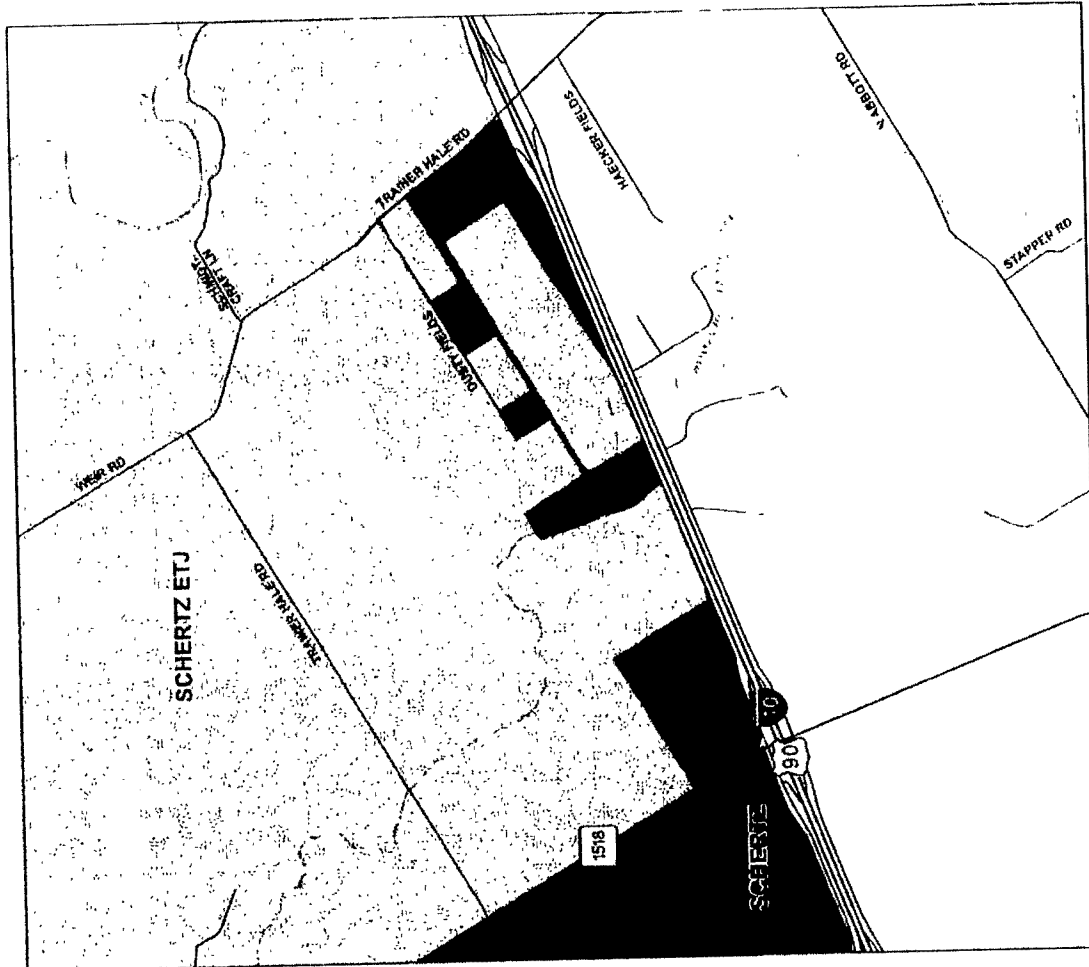
City of Schertz Annexation Exhibit 1

-  Parcel Boundaries
-  Schertz Municipal Boundary
-  Annexation Area



Last Update: July 7, 2010
 City of Schertz, GIS coordinator: Tony McPhee, smc@cityofscherztexas.com (281) 618-1194
This City of Schertz GIS data is provided as a public service. It is not intended to be used for any purpose other than that for which it was created. The City of Schertz is not responsible for any errors or omissions in this data. The City of Schertz is not responsible for any damages or losses resulting from the use of this data. The City of Schertz is not responsible for any claims or lawsuits filed against the City of Schertz or its employees, officers, or agents, in any capacity, arising out of or in connection with the use of this data.





City of Schertz
Annexation ORD 10-A-20



CERTIFICATE OF CITY SECRETARY

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 20th day of July, 2010, the City Council (the "Council") of the City of Schertz, Texas (the "City") convened in regular session in the regular meeting place of the City at the City Hall (the "Meeting"), the duly constituted members of the Council being as follows:

Harold D. Baldwin	Mayor
Cedric Edwards	Mayor Pro Tem
Jim Fowler	Councilmember
David Scagliola	Councilmember
Council Place 3	Vacant

and all of such persons were present at the Meeting, except the following: Councilmember Michael Carpenter, thus constituting a quorum. Among other business considered at the Meeting, the attached Ordinance (the "Ordinance") entitled:

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SCHERTZ PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF APPROXIMATELY 183.429 ACRES OF LAND BETWEEN FM 1518 AND TRAINER HALE ROAD NORTH OF IH-10 TO A LINE APPROXIMATELY 1,200 TO 2,600 FEET NORTH OF IH-10, ALL IN BEXAR COUNTY, TEXAS; AND RELATED MATTERS


was introduced and submitted to the Council for passage and adoption. After presentation and discussion of the Ordinance, a motion was made by Councilmember Jim Fowler that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Mayor Pro Tem Cedric Edwards and carried by the following vote:

3 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Council for the Meeting.

2. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 28th day of January, 2011.


City Secretary

(CITY SEAL)

50385073.1

Copy

ORDINANCE NO. 10-A-20

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SCHERTZ PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF APPROXIMATELY 183.429 ACRES OF LAND BETWEEN FM 1518 AND TRAINER HALE ROAD NORTH OF IH-10 TO A LINE APPROXIMATELY 1,200 TO 2,600 FEET NORTH OF IH-10, ALL IN BEXAR COUNTY, TEXAS; AND RELATED MATTERS

WHEREAS, the City Council of the City of Schertz (the "City") has determined that it should annex the territory described on Exhibit A attached hereto and made a part hereof (the "Annexed Land"); and

WHEREAS, the Annexed Land is located entirely within the extraterritorial jurisdiction of the City, is contiguous to the corporate boundaries of the City (or is deemed to be contiguous, pursuant to Section 43.035(c) of the Texas Local Government Code, as amended), and may be annexed pursuant to Chapter 43 of the Texas Local Government Code, as amended (the "Act"); and

WHEREAS, the City has complied with all requirements of the Act relating to annexation of the Annexed Land; and

WHEREAS, the City Council of the City finds that (i) the Annexed Land is suitable for municipal purposes and (ii) it is in the best interest of the City and the citizens and inhabitants thereof that the Annexed Land be annexed to and made a part of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS:

SECTION 1. The City hereby annexes the Annexed Land described in Exhibit A.

SECTION 2. The Annexed Land shall be included within the City's corporate limits, effective on the effective date of this Ordinance, and all taxable property in the Annexed Land shall hereafter bear its pro rata part of the taxes levied by the City, subject to allowable exemptions.

SECTION 3. The inhabitants of the Annexed Land shall be entitled to all of the rights and privileges of all the citizens of the City and shall be bound by the acts, ordinances, resolutions, and regulations of the City.

SECTION 4. This Ordinance shall be in force and effect from and after its final passage.

[The remainder of this page intentionally left blank.]

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



February 17, 2011

Ms. Brenda Dennis
City Secretary
City of Schertz
1400 Schertz Pkwy
Schertz, TX 78154-1634

Dear Ms. Dennis:

We have received Schertz annexation ordinance nos. 08-A-03, 09-A-38, 10-A-01, 10-A-10, 10-A-19, 10-A-20, 10-A-33, 10-A-34, and the map indicating the property annexed into the City of Schertz.

The local sales and use tax will become effective April 1, 2011 in the areas indicated on the map.

If you have any questions or need more information, please call me toll free at (800) 531-5441, ext. 51907. My direct number is (512) 475-1907.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Hastie", is written over a faint, illegible typed name.

Josh Hastie
Revenue Accounting Division
Tax Allocation Section



SCANNED

ORDINANCE NO. 10-A-20

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SCHERTZ PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF APPROXIMATELY 183.429 ACRES OF LAND BETWEEN FM 1518 AND TRAINER HALE ROAD NORTH OF IH-10 TO A LINE APPROXIMATELY 1,200 TO 2,600 FEET NORTH OF IH-10, ALL IN BEXAR COUNTY, TEXAS; AND RELATED MATTERS

WHEREAS, the City Council of the City of Schertz (the "City") has determined that it should annex the territory described on Exhibit A attached hereto and made a part hereof (the "Annexed Land"); and

WHEREAS, the Annexed Land is located entirely within the extraterritorial jurisdiction of the City, is contiguous to the corporate boundaries of the City (or is deemed to be contiguous, pursuant to Section 43.035(c) of the Texas Local Government Code, as amended), and may be annexed pursuant to Chapter 43 of the Texas Local Government Code, as amended (the "Act"); and

WHEREAS, the City has complied with all requirements of the Act relating to annexation of the Annexed Land; and

WHEREAS, the City Council of the City finds that (i) the Annexed Land is suitable for municipal purposes and (ii) it is in the best interest of the City and the citizens and inhabitants thereof that the Annexed Land be annexed to and made a part of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS:

SECTION 1. The City hereby annexes the Annexed Land described in Exhibit A.

SECTION 2. The Annexed Land shall be included within the City's corporate limits, effective on the effective date of this Ordinance, and all taxable property in the Annexed Land shall hereafter bear its pro rata part of the taxes levied by the City, subject to allowable exemptions.

SECTION 3. The inhabitants of the Annexed Land shall be entitled to all of the rights and privileges of all the citizens of the City and shall be bound by the acts, ordinances, resolutions, and regulations of the City.

SECTION 4. This Ordinance shall be in force and effect from and after its final passage.

[The remainder of this page intentionally left blank.]



Any provision herein which restricts the sale, or use of the described real property because of race is invalid and unenforceable under Federal law STATE OF TEXAS, COUNTY OF BEXAR
I hereby Certify that this Instrument was FILED in File Number 20110022816 on this date and at the time stamped hereon by me and was duly RECORDED in the Official Public Record of Real Property of Bexar County, Texas on:

FEB 08 2011



Gerard Rickhoff
COUNTY CLERK BEXAR COUNTY, TEXAS

Doc# 20110022816 Fees: \$41.00
02/08/2011 10:55AM # Pages 9
Filed & Recorded in the Official Public
Records of BEXAR COUNTY
GERARD RICKHOFF COUNTY CLERK

RECORDER'S MEMORANDUM
AT THE TIME OF RECORDATION, THIS
INSTRUMENT WAS FOUND TO BE INADEQUATE
FOR THE BEST PHOTOGRAPHIC REPRODUCTION
BECAUSE OF ILLEGIBILITY, CARBON OR
PHOTO COPY, DISCOLORED PAPER ETC.



U.S. Department of Justice
Civil Rights Division

TCH:RSB:JR:SMC:tst
DJ 166-012-3
2010-3189
2010-3290

Voting Section - NWB
950 Pennsylvania Avenue, NW
Washington, DC 20530

September 27, 2010

W. Jeffrey Kuhn, Esq.
Michael L. Spain, Esq.
Fulbright & Jaworski
300 Convent Street, Suite 2200
San Antonio, Texas 78205-3792

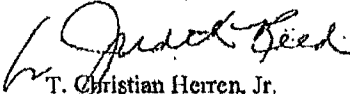
Dear Messrs. Kuhn and Spain:

This refers to two annexations (Ordinance Nos. 10-A-19 and 10-A-20 (2010)); and the joint election procedures for the November 2, 2010, special bond and tax election, including conduct by the counties and use of the counties' early voting locations and hours, for the City of Schertz in Bexar, Comal, and Guadalupe Counties, Texas, submitted to the Attorney General pursuant to Section 5 of the Voting Rights Act of 1965, 42 U.S.C. 1973c. We received your submissions on August 10 and 13, 2010.

The Attorney General does not interpose any objection to the specified changes. However, we note that Section 5 expressly provides that the failure of the Attorney General to object does not bar subsequent litigation to enjoin the enforcement of the changes. In addition, as authorized by Section 5, we reserve the right to reexamine these submissions if additional information that would otherwise require an objection comes to our attention during the remainder of the sixty-day review period. Procedures for the Administration of Section 5 of the Voting Rights Act of 1965, 28 C.F.R. 51.41 and 51.43.

We have reviewed the joint election procedures, including the conduct of elections by the counties and the use of counties' early voting locations and hours, as a recurrent practice pursuant to the Procedures for the Administration of the Voting Rights Act of 1965, 28 C.F.R. 51.14. Thus, the city need not submit future implementation of this same practice. Should the city cancel a general election because there are unopposed candidates, Section 4 review of that decision is required. 28 C.F.R. 51.2. However, a policy that cancels all uncontested elections may be implemented and reviewed under Section 5 as a recurrent practice.

Sincerely,


T. Christian Herren, Jr.
Chief, Voting Section

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ORDINANCE NO. 10-A-34

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF SCHERTZ PROVIDING FOR THE EXTENSION OF THE BOUNDARY LINES OF THE CITY OF SCHERTZ, TEXAS BY THE ANNEXATION OF APPROXIMATELY 62± ACRES OF LAND NORTH OF INTERSTATE 10 BETWEEN TRAINER HALE ROAD AND CIBOLO CREEK, ALL IN BEXAR COUNTY, TEXAS; AND RELATED MATTERS

WHEREAS, the City Council of the City of Schertz (the "City") has determined that it should annex the territory described on Exhibit A attached hereto and made a part hereof (the "Annexed Land"); and

WHEREAS, the Annexed Land is located entirely within the extraterritorial jurisdiction of the City, is contiguous to the corporate boundaries of the City (or is deemed to be contiguous, pursuant to Section 43.035(c) of the Texas Local Government Code, as amended), and may be annexed pursuant to Chapter 43 of the Texas Local Government Code, as amended (the "Act"); and

WHEREAS, the City has complied with all requirements of the Act relating to annexation of the Annexed Land including preparation of an Annexation Service Plan attached hereto as Exhibit B; and

WHEREAS, the City Council of the City finds that (i) the Annexed Land is suitable for municipal purposes and (ii) it is in the best interest of the City and the citizens and inhabitants thereof that the Annexed Land be annexed to and made a part of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS:

SECTION 1. The City hereby annexes the Annexed Land described in Exhibit A and approves the Annexation Service Plan attached hereto as Exhibit B.

SECTION 2. The Annexed Land shall be included within the City's corporate limits, effective on the effective date of this Ordinance, and all taxable property in the Annexed Land shall hereafter bear its pro rata part of the taxes levied by the City, subject to allowable exemptions.

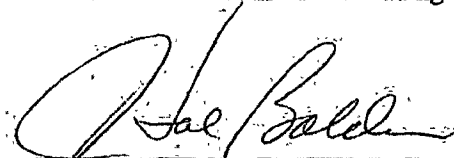
SECTION 3. The inhabitants of the Annexed Land shall be entitled to all of the rights and privileges of all the citizens of the City and shall be bound by the acts, ordinances, resolutions, and regulations of the City.

SECTION 4. This Ordinance shall be in force and effect from and after its final passage.

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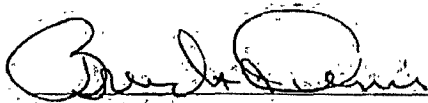
PASSED AND APPROVED on first reading the 2nd day of November, 2010.

PASSED AND FINALLY APPROVED on second and final reading the 9th day of November, 2010.



Mayor

ATTEST:

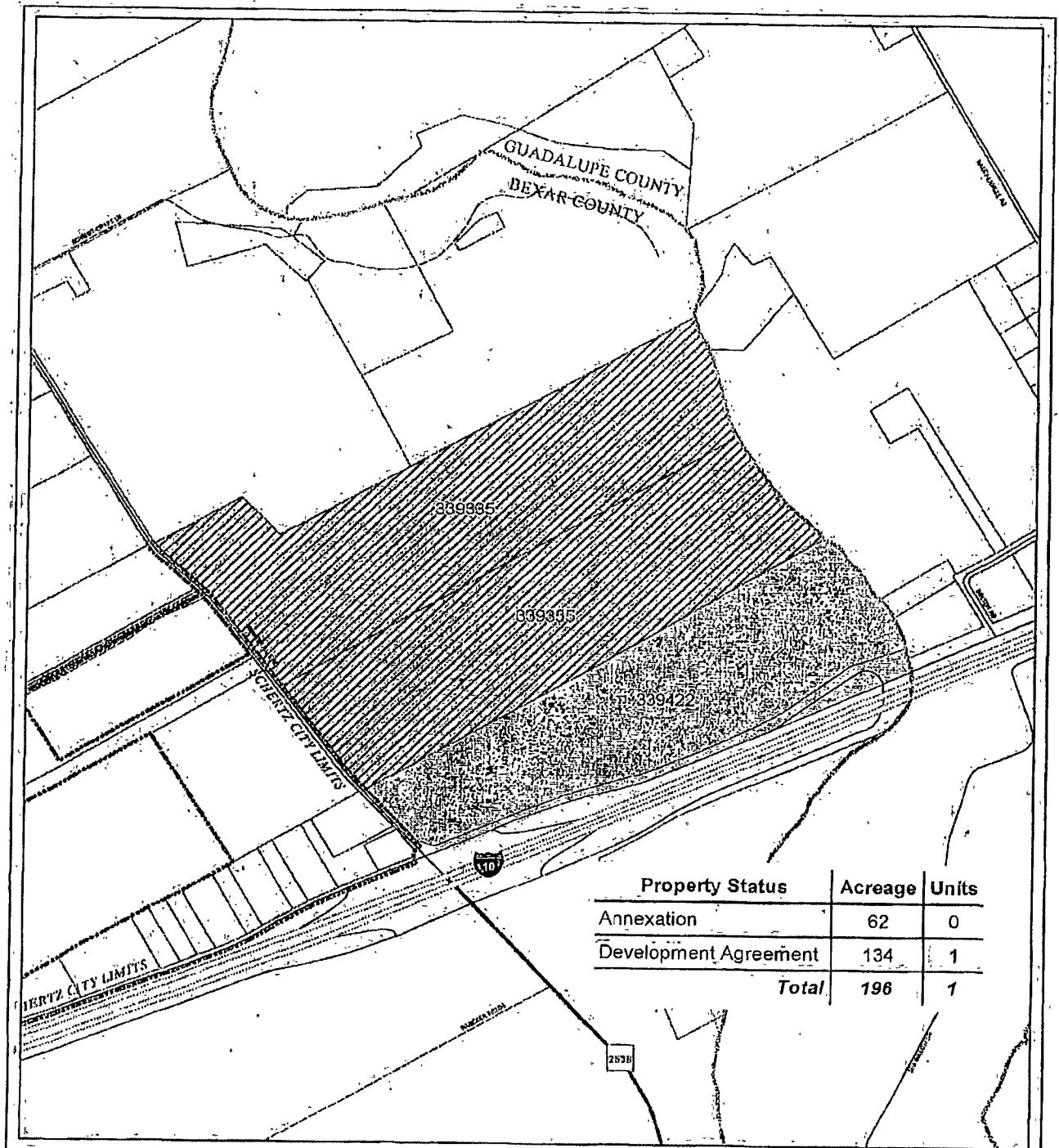


City Secretary

[CITY SEAL]

EXHIBIT A
PROPERTY TO BE ANNEXED



The property described in green shading on the attached map.



City of Schertz Annexation Proposal

Last Update: October 21, 2010
 City of Schertz GIS coordinator: Tony McFalls amcfalls@schertz.com (210) 619-1184

The City of Schertz is a public body corporate and political subdivision of the State of Texas. It is a city and is not a county. The City of Schertz is not a governmental entity and is not a public body corporate and political subdivision of the State of Texas. The City of Schertz is not a governmental entity and is not a public body corporate and political subdivision of the State of Texas. The City of Schertz is not a governmental entity and is not a public body corporate and political subdivision of the State of Texas.

-  Annexation
-  Development Agreement

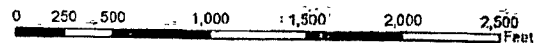


EXHIBIT B
ANNEXATION SERVICE PLAN

See attached