



Control Number: 46205



Item Number: 1

Addendum StartPage: 0

46205

Application for Sale, Transfer, or Merger
of a Retail Public Utility

for

JOHN FRIAS WASTE WATER UTILITY
to
OLMITO WATER SUPPLY CORPORATION

July 2016

Prepared by:

FERRIS, FLINN & MEDINA, LLC

Texas Board of Professional Engineers

Firm Registration No. F-897

1405 N. Stuart Place Rd.

Palm Valley, TX 78552

(956) 364-2236



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: 46205

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

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

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

RECEIVED
2016 JUL 22 PM 1:39
PUBLIC UTILITY COMMISSION
FILING CLERK

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System
1700 N. Congress Ave, Room B40
Austin, Texas 78701

TABLE OF CONTENTS

Part A – General Information.....	2
Part B – Current Service Provider or Seller Information.....	2
Part C – Purchaser or Transferee Information	3
Part D – Historical Financial Information	9
Part E – Projected Information	12
Part F – Public Water System Information	16
Part G – Oaths and Notices	18

Part A – General Information

*RN# 101256493 *CN# 600690143 * (PRIOR TCEQ ID numbers)

1. Proposed action of application (check all the boxes that apply):

<input type="checkbox"/> Sale of	<input type="checkbox"/> All <input type="checkbox"/> Portion	of the	<input type="checkbox"/> Water system(s) under CCN No.:	
<input type="checkbox"/> Acquisition			<input type="checkbox"/> Sewer system(s) under CCN No.:	
<input type="checkbox"/> Lease/Rental				

<input checked="" type="checkbox"/> Transfer of	<input checked="" type="checkbox"/> All <input type="checkbox"/> Portion	of the	<input type="checkbox"/> Certificated water service area – CCN No.:	
			<input checked="" type="checkbox"/> Certificated sewer service area – CCN No.:	20714

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

N/A

and to:

<input type="checkbox"/> Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN	
<input type="checkbox"/> Amend the transferee's CCN No.:	
<input checked="" type="checkbox"/> Merge or consolidate public utilities	
<input type="checkbox"/> Cancel CCN of the transferor (seller)	

2. Proposed effective date of this transaction: 9/1/2016
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

Questions 3 through 5 apply to the transferor (current service provider or seller)

3. For the current CCN holder or service provider please indicate:

A. Name: Kathleen Ann Becker de Diener
(Individual, Corporation or Other Legal Entity)

who is a(n) of: ☒ Individual ☐ Corporation ☐ WSC ☐ HOA or POA ☐ Other

B. Utility Name (if different than above): John Frias WWU c/o Ferris, Flinn & Medina, LLC
Address: 1405 N. Stuart Place Rd., Palm Valley, TX 78552 Telephone: (AC) (956) 364-2236

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Frank A. Ferris, PE	Title: President / Engineer
Address: 1405 N. Stuart Place Rd, Palm Valley, TX 78552	Telephone: (AC) (956) 364-2236

Fax: (956) 364-1023

Email: f.ferris@ferrisandflinn.com

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase?

3/24/2009

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

☐ No ☒ Yes- Application/Docket Number: 36275-R Date March 24, 2009

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
See Attachment No. 2			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Olmito Water Supply Corporation, Inc.

(Individual, Corporation, or Other Legal Entity)

Utility Name: (If different than above)

Utility Address: 101 Clara Bennet Rd, Olmito, TX 78575

Fax: (956) 350-4480 Email: vtrevino@olmitowsc.com Telephone (AC): (956) 350-4099

CCN Numbers held prior to the filing of this application: 10537, 20784

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

- ☐ Individual
☐ Home or Property Owners Association
☐ Partnership; attach copy of partnership agreement
☐ Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas:
☒ Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number:

<input type="checkbox"/>	Municipally-owned utility
<input type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:	N/A	Email	
Address			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual*, provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	Pedro Rodriguez	Telephone (AC):	(956) 350-4099
Address:	101 Clara Bennett Dr., Olmito, TX 78575		
Position:	President	Ownership % (if applicable):	0.00%

•Name:	Oscar Sanchez	Telephone (AC):	(956) 350-4099
Address:	101 Clara Bennett Dr., Olmito, TX 78575		
Position:	Vice President	Ownership % (if applicable):	0.00%

•Name:	Margie Tapia	Telephone (AC):	(956) 350-4099
Address:	101 Clara Bennett Dr., Olmito, TX 78575		
Position:	Board Member	Ownership % (if applicable):	0.00%

•Name:	Reynaldo Burnias	Telephone (AC):	(956) 350-4099
Address:	101 Clara Bennett Dr., Olmito, TX 78575		
Position:	Board Member	Ownership % (if applicable):	0.00%

•Name:	Nora Uresti	Telephone (AC):	(956) 350-4099
Address:	101 Clara Bennett Dr., Olmito, TX 78575		
Position:	Secretary/Treasurer	Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

- Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Frank A. Ferris, PE	Title:	President
Address:	1405 N. Stuart Place Rd. Palm Valley, TX 78552	Telephone (AC):	(956) 364-2236
Fax #	(956) 364-1023	Email	f.ferris@ferrisandflinn.com
Relationship to the applicant:	Engineer - Ferris, Flinn & Medina, LLC		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Olmito Water Supply Corporation (Corporation) was established to provide quality water and sanitary sewer service to the people of the Olmito Old Townsite. Over time the service extended into the surrounding areas east of Expressway 83/77 via Lomax and FM 803 to Highway 100 to Old Alice Road, and back pass FM 511 to Merryman Road. Presently, the Corporation has over 1,600 water meter connections and 1,400 sanitary sewer connections; over 90% of the connections are classified as residential customers and rest are considered commercial -Blue Starfish Design (2012). Olmito Water Supply Corporation, Inc. Retrieved April 11, 2016, from <http://olmitowatersupply.com/AboutUs.aspx>

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☒ Yes ☐ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

See Attachment No. 4

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and PUC and ensure continuous and adequate service.

N/A

D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

The quality of service will improve as the JFWWU customers will be served by OWSC directly as members.

E. How will the transaction serve the public interest?

The rate for the users will be reduced and the JFWWU will no longer exist, resulting in less administrative cost by the TCEQ.

12. Please describe the nature of the proposed transaction:

JFWWU contract with OWSC to take over its utility area once the attached agreement has been fulfilled by both parties.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A: N/A

A.

- Total Purchase Price: [REDACTED]
- Total Original Cost (as recorded on books of seller or merging entity): [REDACTED]
- Accumulated Depreciation as of the proposed effective date of the transaction: [REDACTED]
- Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC: [REDACTED]
 - Revenues from explicit customer agreements: [REDACTED]
 - Developer Contributions (please explain):


N/A

- Other Contributions (please explain):


N/A

Total Contributions in Aid of Construction \$ 0.00

• Net Book Value: \$ 0.00

-  If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

-  If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

[attach additional sheet(s) if necessary]:

N/A	
-----	--

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations. N/A

Utility Plant in Service:	
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

<input type="checkbox"/>	All the customers will be charged the same rates as they were charged before the transaction.
<input checked="" type="checkbox"/>	Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

Bills will be reduced by \$29.24 per month per customer once OWSC obtains the CCN.

☐ Applicant is an IOU and intends to file with the commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

N/A

☐ Other. Please explain:

N/A

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

East Rio Hondo WSC, City of Los Fresnos, Olmito WSC, City of Brownsville, Valley MUD2

16. Financial, Managerial and Technical information for the acquiring entity. (See Attachment No. 6)

2016

Part D – Historical Financial Information

JAN-MAR

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR 2015	A-2 YEAR 2014	A-3 YEAR 2013	A-4 YEAR 2012	A-5 YEAR 2011
CURRENT ASSETS						
Cash	2,422,296.00	2,469,636.00	3,097,762.00	1,430,438.00	1,082,276.00	819,153.00
Accounts Receivable	263,688.00	271,035.00	209,747.00	227,260.00	258,506.00	226,064.00
Inventories	48,230.00	44,274.00	37,074.00	36,948.00	39,546.00	50,154.00
Income Tax Receivable						
Other	29,394.00	41,835.00	40,472.00	44,905.00	41,516.00	44,926.00
Total	2,761,608.00	2,826,780.00	3,385,055.00	1,739,551.00	1,421,844.00	1,140,297.00
FIXED ASSETS						
Land	268,488.00	268,488.00	268,488.00	268,488.00	268,488.00	254,834.00
Collection/Distribution System	22,275,087.00	22,144,151.00	21,281,404.00	20,758,658.00	20,706,669.00	19,798,229.00
Buildings	343,922.00	343,922.00	320,392.00	320,392.00	320,392.00	320,392.00
Equipment	741,044.00	741,044.00	668,288.00	562,573.00	429,993.00	412,911.00
Other	1,806,549.00	1,806,549.00	1,806,549.00	2,206,549.00	2,206,549.00	2,206,549.00
Less: Accum. Depreciation or Reserves	8,566,715.00	8,382,655.00	7,692,358.00	7,006,979.00	6,374,937.00	5,850,563.00
Total	16,868,375.00	16,921,499.00	16,652,763.00	17,109,681.00	17,557,153.00	17,142,352.00
TOTAL ASSETS	19,629,983.00	19,748,279.00	20,037,818.00	18,849,232.00	18,978,998.00	18,282,649.00
CURRENT LIABILITIES						
Accounts Payable	52,491.00	66,525.00	99,040.00	89,174.00	48,821.00	53,273.00
Notes Payable, Current	150,905.00	149,469.00	146,835.00	157,075.00	151,825.00	167,146.00
Accrued Expenses	17,370.00	31,101.00	37,844.00	41,479.00	35,714.00	23,570.00
Other						
TOTAL	220,766.00	247,095.00	283,719.00	287,728.00	236,360.00	243,989.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	5,397,294.00	5,434,661.00	5,584,739.00	4,326,958.00	4,485,806.00	4,622,289.00
Other						318,985.00
TOTAL LIABILITIES	5,618,060.00	5,681,756.00	5,868,458.00	4,614,686.00	4,722,166.00	5,185,263.00
OWNER'S EQUITY						
Paid in Capital						
Retained Equity	14,066,523.00	14,169,360.00	14,234,546.00	14,256,832.00	13,097,386.00	10,264,134.00
Other					327,725.00	126,858.00
Current Period Profit or Loss	-54,600.00	-102,837.00	-65,186.00	-22,286.00	831,721.00	2,706,394.00
TOTAL OWNER'S EQUITY	14,011,923.00	14,066,523.00	14,169,360.00	14,234,546.00	14,256,832.00	13,097,386.00
TOTAL LIABILITIES AND EQUITY	19,629,983.00	19,748,279.00	20,037,818.00	18,849,232.00	18,978,998.00	18,282,649.00
WORKING CAPITAL	2,540,842.00	2,579,685.00	3,101,336.00	1,451,823.00	1,185,484.00	896,308.00
CURRENT RATIO	12.51	11.44	11.93	6.05	6.02	4.67
DEBT TO EQUITY RATIO	.40	.40	.41	.32	.33	.40
<i>Equity to total Assets</i>	<i>0.71</i>	<i>0.71</i>	<i>0.71</i>	<i>0.75</i>	<i>0.75</i>	<i>0.72</i>

JAN-MAR,
2016

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR 2015	A-2 YEAR 2014	A-3 YEAR 2013	A-4 YEAR 2012	A-5 YEAR 2011
METER NUMBER						
Existing Number of Taps	1,823.00	1,805.00	1,766.00	1,750.00	1,678.00	1,638.00
New Taps Per Year	4.00	18.00	39.00	16.00	72.00	40.00
Total Meters at Year End	1,827.00	1,823.00	1,805.00	1,766.00	1,750.00	1,678.00
METER REVENUE						
Fees Per Meter	273.67	1,178.11	1,206.08	1,223.19	1,168.46	1,154.11
Cost Per Meter	276.32	1,127.13	1,154.34	1,141.96	1,104.63	1,059.15
Operating Revenue Per Meter	-2.65	50.98	51.72	81.23	63.83	94.96
GROSS WATER REVENUE						
Fees <i>Water & Sewer</i>	499,988.00	2,147,692.00	2,176,945.00	2,160,155.00	2,044,797.00	1,936,602.00
Other <i>Grants & Interest</i>	1,002.00	7,102.00	46,597.00	31,106.00	925,632.00	2,741,342.00
Gross Income	500,990.00	2,154,794.00	2,223,542.00	2,191,261.00	2,970,429.00	4,677,944.00
OPERATING EXPENSES						
General & Administrative	109,840.00	373,013.00	306,742.00	357,538.00	357,031.00	380,534.00
Interest	50,250.00	202,871.00	205,147.00	196,851.00	205,612.00	194,290.00
Other	394,999.00	1,681,747.00	1,776,839.00	1,659,158.00	1,576,065.00	1,396,726.00
NET INCOME	-54,600.00	-102,837.00	-65,186.00	-22,286.00	831,721.00	2,706,394.00

JAN-MAR.
2016

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR 2015	A-2 YEAR 2014	A-3 YEAR 2013	A-4 YEAR 2012	A-5 YEAR 2011
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	47,553.00	181,413.00	167,448.00	176,215.00	181,928.00	181,812.00
Office Expense	6,473.00	19,303.00	12,704.00	15,184.00	12,508.00	12,976.00
Computer Expense	0.00	14,684.00	17,275.00	15,706.00	16,760.00	9,285.00
Auto Expense	236.00	1,456.00	1,422.00	1,400.00	1,543.00	1,693.00
Insurance Expense	12,441.00	46,866.00	49,890.00	49,109.00	45,170.00	45,159.00
Telephone Expense	1,153.00	3,459.00	3,360.00	4,010.00	3,847.00	7,020.00
Utilities Expense	735.00	3,737.00	3,910.00	4,212.00	5,512.00	5,734.00
Depreciation Expense	271.00	1,084.00	1,084.00	8,096.00	8,096.00	8,145.00
Property Taxes	798.00	4,101.00	8,691.00	3,047.00	2,755.00	3,029.00
Professional Fees	2,276.00	22,563.00	25,582.00	39,097.00	38,359.00	22,963.00
Other	37,904.00	74,347.00	15,376.00	41,462.00	42,553.00	82,718.00
Total	109,840.00	373,013.00	306,742.00	357,538.00	357,031.00	380,534.00
% Increase Per Year		21.60	-14.21	0.14	-6.18	
OPERATIONAL EXPENSES						
Salaries	65,353.00	247,253.00	229,727.00	200,822.00	204,808.00	206,626.00
Auto Expense	4,493.00	27,668.00	27,034.00	26,607.00	29,325.00	32,169.00
Utilities Expense	22,641.00	103,914.00	98,875.00	106,029.00	129,903.00	137,662.00
Depreciation Expense	183,789.00	735,157.00	684,295.00	645,705.00	522,218.00	457,664.00
Repair & Maintenance	52,721.00	299,103.00	242,542.00	275,845.00	300,720.00	271,359.00
Supplies						
Other	116,252.00	471,523.00	699,513.00	601,001.00	594,703.00	485,536.00
Total	445,249.00	1,884,618.00	1,981,986.00	1,856,009.00	1,781,677.00	1,591,016.00
% Increase Per Year		-4.91	6.79	4.17	11.98	
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

12

Part E – Projected Information

PROJECTED BALANCE SHEETS

2016 2017 2018 2019 2020

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash		2,174,126.00	2,494,962.00	2,655,228.00	2,681,662.00	2,713,663.00
Accounts Receivable		255,656.00	269,437.00	280,795.00	288,367.00	295,939.00
Inventories		45,000.00	46,350.00	47,740.00	49,172.00	50,647.00
Income Tax Receivable						
Other		42,000.00	43,260.00	44,558.00	45,895.00	47,272.00
Total		2,516,782.00	2,854,009.00	3,028,321.00	3,065,096.00	3,107,521.00
FIXED ASSETS						
Land		268,488.00	268,488.00	268,488.00	268,488.00	268,488.00
Collection/Distribution System		22,875,000.00	22,775,000.00	22,875,000.00	22,975,000.00	23,075,000.00
Buildings		343,922.00	353,922.00	363,922.00	373,922.00	383,922.00
Equipment		791,000.00	841,000.00	891,000.00	941,000.00	991,000.00
Other		1,806,549.00	1,806,549.00	1,806,549.00	1,956,549.00	2,106,549.00
Less: Accum. Depreciation or Reserves		9,144,122.00	9,897,460.00	10,624,097.00	11,325,236.00	12,008,773.00
Total		16,740,837.00	16,147,499.00	15,580,862.00	15,189,723.00	14,816,186.00
TOTAL ASSETS		19,257,619.00	19,001,508.00	18,609,183.00	18,254,819.00	17,923,707.00
CURRENT LIABILITIES						
Accounts Payable		50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Notes Payable, Current		152,284.00	155,213.00	158,261.00	161,444.00	164,673.00
Accrued Expenses		25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Other						
Total		227,284.00	230,213.00	233,261.00	236,444.00	239,673.00
LONGTERM LIABILITIES						
Notes Payable, Long-term		5,282,377.00	5,127,164.00	4,968,903.00	4,807,459.00	4,642,786.00
Other						
TOTAL LIABILITIES		5,509,661.00	5,357,377.00	5,202,164.00	5,043,903.00	4,882,459.00
OWNER'S EQUITY						
Paid in Capital						
Retained Equity		14,066,523.00	13,747,958.00	13,464,093.00	13,247,949.00	13,066,674.00
Other						
Current Period Profit or Loss		-318,565.00	-103,827.00	-57,074.00	-37,033.00	-25,426.00
TOTAL OWNER'S EQUITY		13,747,958.00	13,644,131.00	13,407,019.00	13,210,916.00	13,041,248.00
TOTAL LIABILITIES AND EQUITY		19,257,619.00	19,001,508.00	18,609,183.00	18,254,819.00	17,923,707.00
WORKING CAPITAL		2,289,498.00	2,623,796.00	2,785,060.00	2,828,652.00	2,867,848.00
CURRENT RATIO		11.07	12.38	12.98	12.96	12.97
DEBT TO EQUITY RATIO		0.40	0.39	0.39	0.38	0.37
EQUITY TO TOTAL ASSETS		0.71	0.72	0.72	0.72	0.73

PROJECTED INCOME STATEMENT

2016 2017 2018 2019 2020

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	1,823	1,873	1,963	2,023	2,048	
New Taps Per Year	50	90	60	25	25	
Total Meters at Year End	1,873	1,963	2,023	2,048	2,073	
METER REVENUE						
Fees Per Meter	1,081.58	1,087.62	1,099.85	1,115.72	1,131.21	
Cost Per Meter	1,147.02	1,042.38	1,034.71	1,043.62	1,056.54	
Operating Revenue Per Meter	-65.44	45.24	65.14	72.10	74.67	
GROSS WATER REVENUE						
Fees <i>Water + Sewer</i>	2,025,800.00	2,135,000.00	2,225,000.00	2,285,000.00	2,345,000.00	
Other <i>Grants + Interest</i>	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	
Gross Income	2,030,800.00	2,140,000.00	2,230,000.00	2,290,000.00	2,350,000.00	
OPERATING EXPENSES						
General & Administrative	370,057.00	330,872.00	349,528.00	368,446.00	387,633.00	
Interest	201,000.00	197,634.00	193,847.00	189,706.00	185,216.00	
Other	1,778,308.00	1,715,321.00	1,743,699.00	1,768,881.00	1,802,577.00	
NET INCOME	-318,565.00	-103,827.00	-57,074.00	-37,033.00	-25,426.00	

PROJECTED EXPENSE DETAIL

2016 2017 2018 2019 2020

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	178,357.00	183,708.00	189,219.00	194,896.00	200,742.00	
Office Expense	20,000.00	15,000.00	15,450.00	15,914.00	16,391.00	
Computer Expense	10,000.00	7,500.00	7,725.00	7,957.00	8,195.00	
Auto Expense	2,000.00	2,000.00	2,060.00	2,122.00	2,185.00	
Insurance Expense	60,000.00	50,000.00	51,500.00	53,045.00	54,636.00	
Telephone Expense	4,000.00	3,500.00	3,605.00	3,713.00	3,825.00	
Utilities Expense	4,500.00	4,000.00	4,120.00	4,244.00	4,371.00	
Depreciation Expense	1,200.00	1,164.00	1,129.00	1,095.00	1,062.00	
Property Taxes	4,000.00	4,000.00	4,120.00	4,244.00	4,371.00	
Professional Fees	27,000.00	20,000.00	20,800.00	21,218.00	21,855.00	
Other	69,000.00	40,000.00	50,000.00	60,000.00	70,000.00	
Total	370,057.00	330,872.00	349,528.00	368,446.00	387,633.00	
% Increase Per Year	0.00%	-10.59%	5.64%	5.41%	5.21%	0.00%
OPERATIONAL EXPENSES						
Salaries	267,133.00	275,147.00	283,401.00	291,903.00	300,661.00	
Auto Expense	28,000.00	28,000.00	28,840.00	29,705.00	30,596.00	
Utilities Expense	115,500.00	105,000.00	108,150.00	111,395.00	114,736.00	
Depreciation Expense	760,267.00	752,174.00	725,508.00	700,044.00	682,475.00	
Repair & Maintenance	260,000.00	260,000.00	267,800.00	275,834.00	284,109.00	
Supplies						
Other	548,408.00	492,634.00	523,847.00	549,706.00	575,216.00	
Total	1,979,308.00	1,912,955.00	1,937,546.00	1,958,587.00	1,987,793.00	
% Increase Per Year	0.00%	-3.35%	1.29%	1.09%	1.49%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

Part F – TCEQ Public Water or Sewer System Information

☞ Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

17. A. For Water Systems. TCEQ Public Water System Identification Number:

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q -
 -Name of Permittee:
 -Date of application to transfer Discharge Permit submitted:
 -Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ or PUC standards? ☐ Yes ☒ No. If yes, please explain:

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary): See Attachment No. 7

Description of the Required Improvement	Schedule to Complete	Estimated Cost

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:
 Water _____ Sewer _____

☞ Attach copy of franchise agreement or consent letter from the city or district. N/A

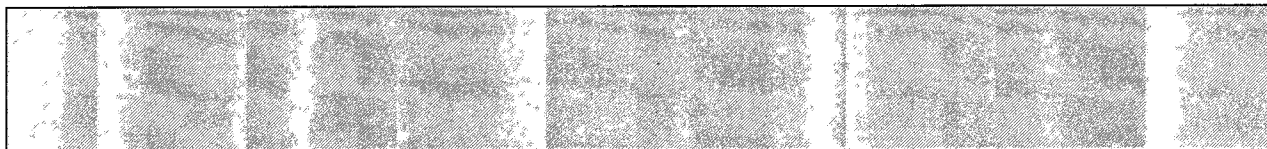
20. Do you currently purchase water or sewer treatment capacity from another source? ☒ Yes ☐ No
☐ Water ☒ Sewer Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency Basis

• Source: Olmito WSC % of total supply: 100.00%

21. List the number of existing connections to be effected by this transaction.

Water				Sewer			
	-Non Metered		-2" meter	-Residential Connection			79
	-5/8" or 3/4" meter		-3" meter	-Commercial Connection			
	-1" meter		-4" meter	-Industrial Connection			
	-1 1/2" meter		-Other	-Other			
Total Water Connections:				Total Sewer Connections			79

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
 If yes, please explain what steps are being taken to address the capacity issues:



23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Tomas Tamayo	B - Water, Sewer	WS0003777, WW0007247
Luis Mascorro	B - Sewer	WW0006261
Martin Martinez	C - Water, Sewer	WS0007986, WW0049092
Ray Vega	B - Water, C - Sewer	WS0011787, WW0049502
Jaime Salinas	C - Water, D - Sewer	WO0037176, WW0054371

24. Attach the following maps with each copy of the application:

- One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 - A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 - A map showing only the proposed area by:
 - metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - following verifiable natural and man-made landmarks, or
 - a copy of recorded plat map with metes and bounds.
 - A written description of the proposed service area.

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF

Texas

COUNTY OF

Cameron

I, Kathleen Ann Becker De Dieer, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Owner (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(i) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

Kathleen B. de Die
AFFIANT
(Utility's Authorized Representative)

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

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

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

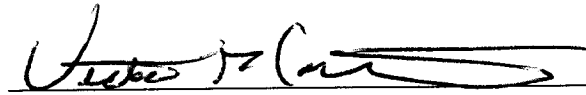
STATE OF Texas

COUNTY OF Cameron

I, Victor G. Trevino, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as General Manager of Olmito Water Supply Corporation, Inc.
(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



AFFIANT

(Utility's Authorized Representative)

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

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day _____ of _____, 20 _____.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

One copy of this page must be submitted for each utility involved in this transaction.

Notice to Current Customers, Neighboring Systems and Cities

KATHLEEN ANN BECKER DE DIENER _____ 'S

(Seller's or Transferor's Name)

NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO

20714 _____

TO

Olmito Water Supply Corporation, Inc. _____

(Purchaser's or Transferee's Name)

IN Cameron _____

COUNTY, TEXAS

To: _____
(Name of Customer, Neighboring System or City)

Date Notice Mailed _____, 20 _____

(Address)

City State Zip

Kathleen Ann Becker de Diener _____

6005 Old Alice Rd. _____

Brownsville, TX 78526 _____

Sellers or Transferors' Name

Address

City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. _____ in _____ [County Name]

County to:

Olmito Water Supply Corporation, Inc. _____

101 Clara Bennett Dr. _____

Olmito, TX, 78575 _____

Purchasers or Transferee's Name

Address

City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of
the CCN include the following subdivision(s):

Saint Francis of Assisi Subdivision _____

The area subject to this transaction is located approximately _____ 2.5 _____ miles _____ north _____ [direction] of
downtown Olmito _____, [City or Town] Texas, and is **generally** bounded on the north by

CCDD No. 1, Main Drain No. 2 _____; on the east by Chapa Subdivision _____

; on the south by Parker Subdivision _____; and on the west by Drain Ditch _____

The total area being requested includes approximately _____ 36 _____ acres and serves _____ 79 _____ current customers.

This transaction will have the following effect on the current customer's rates and services:

JFWWU - Monthly MW charges \$46.24 up to 1,600 gallons, plus \$1.50 for every 1,000 gallons after that. OWSC MM charges \$17.00 up to 2,000 gallons, plus \$1.50 for every 1,000 gals after that.

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

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

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

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

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

Kathleen B. de Dios
Utility Representative

John Frias Waste Water Utility
Utility Name

ATTACHMENTS
MAPS
EXHIBITS

Olmito WSC, PO Box 36, Olmito, TX 78575
Attachment 1, Question 4

J:\RATES\TARIFFS\20714, 36275-R John Frias Wastewater Utility Tariff.doc

Texas Commission Environmental Quality

INTEROFFICE MEMORANDUM

TO: Tariff Coordinator
Utilities Financial Review
June 19, 2009

THRU: Doug Holcomb, P.E., Section Manager
Utilities & Districts Section
Water Supply Division

FROM: Kamal Adhikari, E.I.T., Water Supply Division

SUBJECT: Request for Tariff Approval Stamp
Utility Name: John Frias
CCN Number: 20714
Application/Docket Number: 36275-R

Attached, please find:

- ☐ A. A tariff for a utility reflecting the results of a rate case approved by the Commission (contested).
- ☒ B. A tariff for a utility reflecting rates effective by Operation of Law i.e. no protests received nor hearing requested (uncontested).
- ☐ C. A tariff for a utility with minor tariff changes allowed under TCEQ Rule 291.21(b)(2).
- ☐ D. A utility tariff submitted in a CCN application.
- ☐ E. A tariff for a utility submitted in a report of sale and/or transfer of CCN application.
- ☐ F. Other: Contested case settled after the Preliminary Hearing. Rates established are based on the settlement agreement.
- ☐ G. Comments regarding any of the above or any related tariff on file:

I have reviewed the above tariff and I recommend it be stamped APPROVED. Date of tariff approval: March 24, 2009

(Signature)

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY _____

25

SEWER UTILITY TARIFF FOR

John Frias
(Utility Name)

6005 Old Alice Road
(Business Address)

Brownsville, Texas 78562
(City, State, Zip Code)

(956) 350-8188
(Area Code/Telephone)

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

20714

This tariff is effective in the following county:

Cameron

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

N/A

This tariff is effective in the following subdivisions and systems:

St. Francis of Assissi Subdivision and Chapa

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	9

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY _____

26

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallage Charge</u>
5/8" or 3/4"	<u>\$46.24</u> (Includes <u>1,600</u> gallons)	<u>\$1.50</u> per 1000 gallons after the minimum

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN
FOR CASH PAYMENTS.

REGULATORY ASSESSMENT 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY
BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE \$200.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL
AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) \$0.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

RETURNED CHECK CHARGE \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY _____

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected\$25.00

TRANSFER FEE\$15.00

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

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

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

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY _____

28

Buddy Garcia, *Chairman*
Larry R. Soward, *Commissioner*
Bryan W. Shaw, Ph.D., *Commissioner*
Mark R. Vickery, P.G., *Executive Director*

RECEIVED

6/11/10/SD.
MR. Holden brought by for
me. OK/SD.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 8, 2009

Mr. John Holden, Bookkeeper
6005 Old Alice Road
Brownsville, Texas 78526

Re: Sewer Rate/Tariff Change Application of John Frias, Certificate of Convenience and Necessity (CCN) No. 20714 in Cameron County; Application No. 36275-R

CN: 600690143; RN: 101256493

Dear Mr. Holden:

The Texas Commission on Environmental Quality (TCEQ) did not receive protests to your rate change from ten percent of your customers during the statutory comment period. Therefore, a public hearing on your rate change request will not be scheduled.

Your proposed rate schedule was effective on March 24, 2009, without public hearing according to the requirements of the Texas Water Code, Section 13.187. Please mail a copy of the attached notice to each of your customers with your next billing.

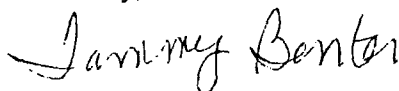
Enclosed are copies of the approved rate schedule pages for your tariff. You should retain a complete copy of your utility's approved tariff at each of the utility's business offices or designated sales offices.

Pursuant to the Texas Water Code, Section 13.187(d), you may not file a statement of intent to increase your rates more than once in a twelve month period except to implement an approved purchased water pass through adjustment or to adjust the rates of a newly acquired utility system; or unless a financial hardship exists as determined by the TCEQ.

You are required by TCEQ rules to assist anyone seeking information on your approved rates or service policies and to make copies of your tariff available upon request at reasonable reproduction costs. You are also required to maintain copies of the current TCEQ Permanent Rules, 30 Texas Administrative Code, Chapter 290 and Chapter 291. I have enclosed a pamphlet explaining how to obtain copies of TCEQ rules.

If you have any questions, please contact Ms. Elizabeth Flores at 512/239-6846 or Mr. Kamal Adhikari at 512/239-0680, or if by correspondence include MC 153 in the address.

Sincerely,



Tammy Benter, Team Leader
Utilities & Districts Section
Water Supply Division

TB/EF/KA/as

Enclosure

JOHN FRIAS
NOTICE TO CUSTOMERS OF RATES
EFFECTIVE MARCH 24, 2009

The Texas Commission on Environmental Quality did not receive protests from 10% of the customers during the statutory comment period for the recently noticed rate increase. This rate increase was effective as proposed without hearing according to Section 13.187 of the Texas Water Code.

The following rates were effective on March 24, 2009:

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$46.24</u> (Includes 1,600 gallons)	<u>\$1.50</u> per 1000 gallons after the minimum

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT.....1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE\$200.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

TAP FEE (Unique costs)Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter).....Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50).....\$0.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

RETURNED CHECK CHARGE.....\$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected\$25.00

TRANSFER FEE.....\$15.00

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

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

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

SEWER UTILITY TARIFF FOR

John Frias
(Utility Name)

6005 Old Alice Road
(Business Address)

Brownsville, Texas 78562
(City, State, Zip Code)

(956) 350-8188
(Area Code/Telephone)

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

20714

This tariff is effective in the following county:

Cameron

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

N/A

This tariff is effective in the following subdivisions and systems:

St. Francis of Assissi Subdivision and Chapa

TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE.....	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	3
SECTION 3.0 -- EXTENSION POLICY	9

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY 28/1 KH

39

John Frias
(Utility Name)

Sewer Utility Tariff Page No. 2

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	<u>\$46.24</u> (Includes <u>1,600</u> gallons)	<u>\$1.50</u> per 1000 gallons after the minimum

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

Cash X, Check X, Money Order X, Credit Card , Other (specify)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT
PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN
FOR CASH PAYMENTS.

REGULATORY ASSESSMENT..... 1.0%
TCEQ RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY
BILL.

Section 1.02 - Miscellaneous Fees

TAP FEE..... \$200.00
TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF
LISTED ON THIS TARIFF.

TAP FEE (Unique costs) Actual Cost
FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL
AREAS.

TAP FEE (Large meter) Actual Cost
TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$0.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

RETURNED CHECK CHARGE \$25.00
RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY 81KA

33

SECTION 1.0 -- RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00)\$25.00
- b) Customer's request that service be disconnected\$25.00

TRANSFER FEE\$15.00

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

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

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

RATES LISTED ARE EFFECTIVE ONLY
IF THIS PAGE HAS TCEQ APPROVAL STAMP

TEXAS COMM. ON ENVIRONMENTAL QUALITY
36275-R, CCN 20714, MARCH 24, 2009
APPROVED TARIFF BY 271KA

34

Olmito

116

Signed

WASTEWATER TREATMENT PLANT AGREEMENT
BETWEEN OLMITO WATER SUPPLY CORPORATION
AND JOHN FRIAS WASTE WATER UTILITY

This agreement is hereby entered into between Olmito Water Supply Corporation (hereinafter referred to as "OWSC") and John Frias Waste Water Utility (hereinafter referred to as "JFWWU") on or about the 9th day of August, 2007, When referring to the entities endorsing this agreement, they shall be jointly referred to as "Parties". As such the Parties agree as follows:

Whereas the Parties have determined there is a need for the expansion of utilities currently provided to the St. Francis of Assisi Subdivision located in Olmito, Texas 78575 (hereinafter referred to as "Subdivision").

Whereas JFWWU currently provides wastewater treatment to the Subdivision and desires to terminate such services.

Whereas the Parties have determined OWSC is qualified to provide both freshwater and wastewater maintenance services to the subdivision

1. RESPONSIBILITIES OF JFWWU:

- a. JFWWU shall provide for the payment of the construction of a lift station at the Subdivision and the connecting force main.
- b. Parties estimate the cost of such planning, construction, and installation of the lift station and force main shall be approximately \$200,000.00. JFWWU shall be responsible for payment of said construction save and except a payment of \$25,000.00 by OWSC to be paid on completion of the facilities satisfactory to both parties.
- c. JFWWU shall, upon execution of this agreement, provide all necessary easements, deeds and other reasonable access to the lift station and force main as well as all other areas where such wastewater facility are located for the purpose of maintenance and update of such system.
- d. JFWWU shall surrender full ownership and control of the wastewater lift station and force main after full payment as described below calculated by the parties to be 8 years after the first billing cycle by OWSC to the JFWWU Customers.
- e. JFWWU shall remove as required by TCEQ the existing wastewater plant.

2. RESPONSIBILITIES OF OWSC:

- a. OWSC shall maintain, operate and manage the wastewater lift station, force main and collection system in the Subdivision. Such activities shall be the sole expense and responsibility of OWSC.
- b. OWSC shall be responsible for collecting from all customers in the subdivision the following sums in addition to its regular waste water charges:

35

- i. \$27.24 per month per customer for the repayment of expenses in the construction of the lift station and force main as described in greater detail below.
- ii. \$2.00 per month per customer to be held by OWSC for the maintenance and care of the lift station, force main collection system and related structures.
- iii. OWSC shall use reasonable efforts to collect those sums described above and sent to customers by OWSC.
- iv. JFWWU shall execute any necessary documentation to allow for OWSC to collect those sums delineated in i. and ii above.
- c. Parties agree the above calculations were based on a total of 85 customers even though there are only 70 customers at the time of the agreement.
- d. OWSC shall pay to JFWWU the amount collected on their behalf. Such sums will be due and payable to JFWWU by the first Thursday of each month beginning 45 days after the first invoice/statements are sent by OWSC to customers for wastewater services and continuing monthly for a period of 96 months.

3. GENERAL PROVISIONS:

- a. Parties agree at the beginning of the payment period, JFWWU shall surrender ownership of the lift station, force main, easements and collection system. Such lift station, forcemain along with all related collection system structures shall be dedicated to OWSC.
- b. OWSC shall have complete discretion in determining the tap fees, connection fees, disconnect fees or any other expenses to be charged to customers related to the connection, use or disconnect of wastewater services to any particular customer.
- c. OWSC shall have the right to disconnect any customer from such services based on lack of payment or breach of any terms of the agreement between OWSC and Customers.
- d. Upon completion of the terms of this agreement, JFWWU shall take all necessary steps to transfer all permits and CCN issued to JFWWU by any City, County, State or Federal entities to OWSC. All such expenses, if any, shall be borne by JFWWU at the time they are incurred.

4. INDEPENDENT CONTRACTOR RELATIONSHIP. No party hereto shall have the right to bind the other, to transact any business in any other party's name, or to make any promises or representations on behalf of any other party. The parties expressly agree that the nature of their relationship is that of independent contractors, and not that of employer, partners, joint venturers, or any other relationship. In no event shall any party be liable for the debts or obligations of any other party hereto.

5. ASSIGNMENT. No party may assign this Agreement or any interest herein or subcontract its obligations hereunder, without the prior written consent of the other party.

6. AMENDMENTS. This Agreement may be amended only by written agreement of each of the parties hereto.

7. ENTIRE AGREEMENT; THIRD PARTY BENEFICIARIES. This agreement

constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all proposals or prior agreements, oral or written, and all other communications, oral or written. No third parties shall be deemed to be beneficiaries of any provisions of this Agreement.

8. **BINDING EFFECT.** This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.
9. **DESCRIPTIVE HEADINGS.** The descriptive headings in this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.
10. **SEVERABILITY.** If any part of this Agreement should be held to be void or unenforceable, such part will be treated as severable, leaving valid the remainder of this Agreement notwithstanding the part or parts found void or unenforceable. In such event, the parties hereto agree that the court or other authorized entity in the proceeding in which any such provision hereof is determined to be void or unenforceable shall reform the offending provision in such a manner as to cause it, if at all possible, to be valid and enforceable while at the same time accomplishing, as nearly as possible, the parties' original intent in including such provision in this Agreement.
11. **CONSTRUCTION OF AMBIGUITIES.** The general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. In the event that any provision of this Agreement is found to be ambiguous, each Party shall have an opportunity to present evidence as to the actual intent of the Parties with respect to such ambiguous provision.
12. **GOVERNING LAW.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas. Venue shall only be considered proper in the County of Cameron.
13. **DISPUTE RESOLUTION.** Any claim or controversy that arises out of or relates to this agreement, or the breach of it, shall be settled by submitted to mediation within 90 days of such dispute. Such mediation shall be submitted to a mediator from the Cameron County area. The mediator shall be selected by agreement between parties. Each party shall be responsible for its own costs, including attorney's fees.
14. **WAIVER.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by the Party to be charged. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No delay in acting with regard to any breach of any provision of this Agreement shall be construed to be a waiver of such breach.
15. **FORCE MAJEURE.** Neither Party shall be liable to the other party for any interruption, failure, inability, or delay to perform hereunder, if such failure, inability, or delay is due to any cause beyond the reasonable control of the party so failing, including without limitation, acts of God, acts of any government, war or other hostility, civil disorder, the

clements, fire, explosion, power failure, telecommunications service failure or interruption, equipment failure, industrial or labor dispute, or inability to access necessary supplies, and due diligence is used in curing such cause and in resuming performance.

16. EXCLUSIVITY. This Agreement is nonexclusive and does not affect either party's ability to contract with other entities.

IN WITNESS WHEREOF, the parties hereto, duly authorized, will indicate their acceptance of this Agreement by affixing their signatures to this Agreement.

John Frias Waste Water Utility

By: _____
Name: Kathleen Diener, authorized representative

Olmito Water Supply Corporation

By: Juan J. Lozano
Name: Juan Lozano
Title: President
Olmito Water Supply Corporation

John Frias Waste Water Utility
Calculation of Rate based on Costs as of July 9, 2007

JFWWU Invested Capital

Lift Station	
Contract	\$187,338.00
Less Contribution by Olmito WSC	-\$25,000.00
Add Engineering for Lift Station	\$30,000.00
Add Miscellaneous Costs	\$5,000.00
Land Value of Lift Station	\$5,000.00
Total Capital Investment	\$202,338.00

JFWWU Portion of Bill

TCEQ Allowable Return on Investment (ROI)	12.00%
Annual ROI	\$24,280.32
Annual Operating Cost	\$3,500.00
Total Annual	
Budget	\$27,780.32
Monthly Income Requirement	\$2,315.03
Number of Customers for Rate Calculation	85
John Frias Portion of Bill per Customer	\$27.24

Add Olmito Portion

Average Charge by Olmito WSC	\$30.00
Reserve Fund by Olmito WSC for Collection System	\$2.00
Estimated Average Monthly Bill	\$59.24

Olmito WSC, PO Box 36, Olmito, TX 78575
Attachment 2, Question 5

As Of 9/30/2015

OLMITO WATER SUPPLY CORP.
John Frias Utility Customers

Group Num.	Account Num.	Customer	Initial Mon. Year	Payoff Mon. Year
1	1 04 09000 00	Juan Manuel Gandara	4 2008	3 2016
1	1 04 11880 00	George Lozano	4 2008	3 2016
1	1 04 13320 00	Francisco Paredes	4 2008	3 2016
1	1 04 07650 00	A.M. Chapa Rentals	4 2008	3 2016
Group Qty.	4			
2	1 04 01020 01	Maria Delia Castillo	5 2008	4 2016
2	1 04 01180 00	Eduardo Garza	5 2008	4 2016
2	1 04 05030 00	Sylvia Bazaldua	5 2008	4 2016
2	1 04 06940 00	Heriberto Rodriguez	5 2008	4 2016
2	1 04 08870 00	Maricela Garza	5 2008	4 2016
2	1 04 08940 04	Navidad Trejo	5 2008	4 2016
2	1 04 09070 00	Mark Anthony Chapa	5 2008	4 2016
2	1 04 09250 00	Daniel Rodriguez	5 2008	4 2016
2	1 04 09780 00	Nora Solis	5 2008	4 2016
2	1 04 10220 00	Leonardo Solis, Jr.	5 2008	4 2016
2	1 04 10270 00	Gloria Reyna	5 2008	4 2016
2	1 04 10840 01	Cesario Avila, Jr.	5 2008	4 2016
2	1 04 11090 00	Wayde Cox	5 2008	4 2016
2	1 04 11200 00	Francisco Moya	5 2008	4 2016
2	1 04 11220 00	Pedro Rodriguez, Jr.	5 2008	4 2016
2	1 04 11330 00	John Deputy	5 2008	4 2016
2	1 04 11470 00	Faustino Bolanos	5 2008	4 2016
2	1 04 11490 00	Jose Uribe	5 2008	4 2016
2	1 04 11500 00	Raul Reyna, Jr.	5 2008	4 2016
2	1 04 11690 00	Luis Mascorro	5 2008	4 2016
2	1 04 11830 00	Ramiro Soto	5 2008	4 2016
2	1 04 11890 00	Noe Garcia	5 2008	4 2016
2	1 04 12090 00	Maria Gomez de Gandara	5 2008	4 2016
2	1 04 12140 00	Maria Perez	5 2008	4 2016
2	1 04 12350 00	Tavitta Robins	5 2008	4 2016
2	1 04 12370 00	Ricardo Salinas, Jr.	5 2008	4 2016
2	1 04 12390 00	Peter Guerrero	5 2008	4 2016
2	1 04 12440 00	Benito Banuelos	5 2008	4 2016
2	1 04 12450 00	Margarita Gonzalez	5 2008	4 2016
2	1 04 12530 00	Maria Gloria Ortiz	5 2008	4 2016
2	1 04 12560 00	Gerardo Portales	5 2008	4 2016
2	1 04 12570 00	Frank Medina	5 2008	4 2016
2	1 04 12580 00	Javier Noyola	5 2008	4 2016
2	1 04 12620 00	Juan Hurtado III	5 2008	4 2016
2	1 04 12660 00	Jesus Puente, Jr.	5 2008	4 2016
2	1 04 12760 00	Bertha Perez	5 2008	4 2016
2	1 04 12860 01	Javier Noyola	5 2008	4 2016
2	1 04 12900 00	Guillermo Martinez	5 2008	4 2016

41

As Of 9/30/2015

OLMITO WATER SUPPLY CORP.
John Frias Utility Customers

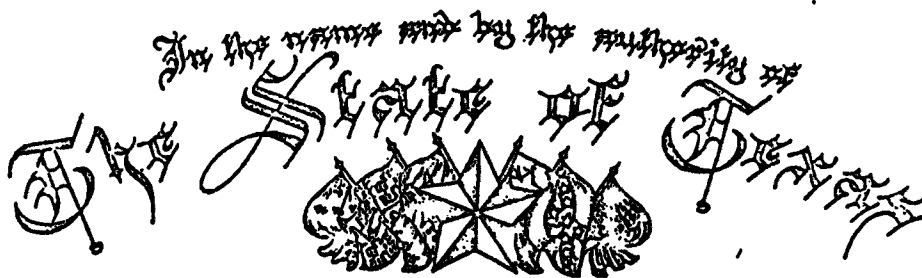
Group Num.	Account Num.	Customer	Initial Mon. Year	Payoff Mon. Year
2	1 04 12920 02	Fernando Galvan	5 2008	4 2016
2	1 04 13020 00	Wanda Greenlaw	5 2008	4 2016
2	1 04 13050 00	Ofella / Jose Villarreal	5 2008	4 2016
2	1 04 13240 00	Vicente Salinas	5 2008	4 2016
2	1 04 13310 00	Ramon Torres	5 2008	4 2016
2	1 04 13330 00	Beatriz Torres	5 2008	4 2016
2	1 04 13360 00	Maria Del Bosque	5 2008	4 2016
2	1 04 16040 00	Presiliano Mendez	5 2008	4 2016
2	1 04 16060 00	Blanca Ruiz	5 2008	4 2016
2	1 04 16070 00	Elvia Avila Rodriguez	5 2008	4 2016
2	1 04 16200 00	Rigoberto Cervantes	5 2008	4 2016
2	1 04 16290 00	Javier Barbosa	5 2008	4 2016
2	1 04 16530 00	Pedro Flores	5 2008	4 2016
2	1 04 16550 01	Elizabeth Martinez	5 2008	4 2016
2	1 04 16700 00	Rosalinda Rinehart	5 2008	4 2016
Group Qty. 53				
3	1 04 03330 00	Veronica Herrera		
3	1 04 05240 00	Rosa Julia Michi	6 2008	5 2016
3	1 04 11530 02	Rosie Torres	6 2008	5 2016
3	1 04 11680 00	Marcelino Ibarra	6 2008	5 2016
3	1 04 11780 00	Claudia Villarreal	6 2008	5 2016
3	1 04 11870 00	Rodrigo Gracia	6 2008	5 2016
3	1 04 12060 01	Roman Pineda III	6 2008	5 2016
3	1 04 12400 03	Francisco Arriaga	6 2008	5 2016
3	1 04 12600 00	Francisco Mar	6 2008	5 2016
3	1 04 12650 00	Ernesto Marquez	6 2008	5 2016
3	1 04 13060 00	Norma Galvan	6 2008	5 2016
3	1 04 13130 00	Maria Garza	6 2008	5 2016
3	1 04 13190 00	Ana San Miguel -Hernandez	6 2008	5 2016
3	1 04 13560 00	Eduardo Martinez - Rodriguez	6 2008	5 2016
3	1 04 16480 00	Viviana Sanchez	6 2008	5 2016
Group Qty. 15				
4	1 04 07680 00	Leoncio Buenrostro	7 2008	6 2016
Group Qty. 1				
5	1 04 06890 00	St. Francis of Assisi	11 2009	10 2017
Group Qty. 1				
6	1 04 02064 00	Raul Reyna, Jr.	8 2010	7 2018
Group Qty. 1				

As Of 9/30/2015

OLMITO WATER SUPPLY CORP.
John Frias Utility Customers

<u>Group</u> <u>Num.</u>	<u>Account Num.</u>	<u>Customer</u>	<u>Initial</u> <u>Mon. Year</u>	<u>Payoff</u> <u>Mon. Year</u>
7 Group Qty. 1	1 04 31270 00	Ivon Barrientos	10 2010	9 2018
8 Group Qty. 1	1 04 41550 00	Denjami Barker	9 2012	8 2020
9 Group Qty. 1	1 04 41840 00	Mayra J. Rodriguez	9 2013	8 2021
10 Group Qty. 1	1 04 42350 00	Arredondo Builders - Maricruz Rivera	7 2015	6 2023
<hr/>				
Grand Total	79			

Olmito WSC, PO Box 36, Olmito, TX 78575
Attachment 3, Article 1434a



OFFICE OF THE SECRETARY OF STATE

COPY

CERTIFICATE OF INCORPORATION
OF

OLMITO WATER SUPPLY CORPORATION
CHARTER NO. 232462

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

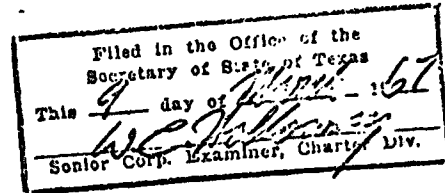
Dated MARCH 9, 1967

John L. Hill
Secretary of State



COPY

43



ARTICLES OF INCORPORATION
OF

OLMITO WATER SUPPLY CORPORATION

THE STATE OF TEXAS §
COUNTY OF CAMERON §

KNOW ALL MEN BY THESE PRESENTS:

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

ARTICLE I.

COPY

The name of the Corporation is OLMITO Water Supply Corporation.

ARTICLE II.

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

ARTICLE III.

The period of its duration is perpetual.

46

ARTICLE IV.

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

ARTICLE V.

The street address of the initial registered office of the Corporation is P. O. Box 114, Olmito, Texas, and the name of its initial registered agent at such address is J. A. Bennett.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is five (5), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
<u>J. A. Bennett</u>	<u>Box 114</u>	<u>Olmito, Texas</u>
<u>Lupe Esquivel</u>	<u>Box 163</u>	<u>Olmito, Texas</u>
<u>Betty Hill</u>	<u>Box 783</u>	<u>San Benito, Texas</u>
<u>Fernando Serda</u>	<u>Box 51</u>	<u>Olmito, Texas</u>
<u>Charley Pieper</u>	<u>Box 44</u>	<u>Olmito, Texas</u>

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
J. A. Bennett	Box 114	Olmito, Texas
Lupe Esquivel	Box 163	Olmito, Texas
Betty Hill	Box 783	San Benito, Texas
Fernando Serda	Box 51	Olmito, Texas
Charley Pieper	Box 44	Olmito, Texas

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

ARTICLE VIII.

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

IN WITNESS WHEREOF, we have hereunto set our hands, this the 4th day of March 1967

witnessed by Betty Hill

<u>J. A. Bennett</u>	J. A. Bennett
<u>Lupe Esquivel</u>	Lupe Esquivel
<u>Betty Hill</u>	Betty Hill
<u>Fernando Serda</u>	Fernando Serda
<u>Charley Pieper</u>	Charley Pieper

THE STATE OF TEXAS

COUNTY OF CAMERON

I, Quarar Butierrez, a Notary Public, do
hereby certify that on this 4th day of March, 1967,
personally appeared before me, J. A. BENNETT, LUPE ESQUIVEL, BETTY HILL,
FERNANDO SERDA and CHARLEY PIEPER

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

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

COPY

Quarar Butierrez
Notary Public in and for
Cameron County, Texas

(Notarial Seal)

My Commission expires June 1, 1967.