

Control Number: 46674



Item Number: 282

Addendum StartPage: 0

PUC DOCKET NO. 46674

APPLICATION OF SUBURBAN
UTILITY COMPANY, INC. FOR
RATE/TARIFF CHANGE

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§

PUBLIC UTILITY COMMISSION
OF TEXAS

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**SUBURBAN UTILITY COMPANY, INC.'s RESPONSES TO OFFICE OF
PUBLIC UTILITY COUNSEL'S SECOND REQUEST FOR INFORMATION
REQUESTS FOR ADMISSIONS 2-1 THROUGH 2-17**

Pursuant to Chapter 16, et. seq. of the Texas Administrative Code, §22.144 ("TAC"), and Rules 190-198 of the Texas Rules of Civil Procedure, SUBURBAN UTILITY COMPANY, INC. ("SUBURBAN") hereby submits and serves these responses to the Office of Public Utility Counsel's ("OPUC") Second Request for Information to SUBURBAN. SUBURBAN will supplement its responses should it become aware of any additional responsive information.

Respectfully submitted this 6th day of February, 2017.




Les Romo
Law Offices of Les Romo
102 West Morrow Street, Suite 202
P.O. Box 447
Georgetown, Texas 78627
(512) 868-5600
Fax: (512) 591-7815
State Bar No. 17225800
lesromo.lawoffice@gmail.com

ATTORNEY FOR SUBURBAN UTILITY COMPANY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing and the following Responses to the OPUC's Second Request for Information to Suburban Utility Company, Inc. were served on the known parties to date on the 6th day of February, 2017 by either First Class Mail, or Facsimile Transmission or

hand delivery.



Les Romo

**SUBURBAN UTILITY COMPANY, INC.'S RESPONSES
TO OPUC'S SECOND REQUEST FOR INFORMATION**

GENERAL OBJECTIONS:

SUBURBAN objects to:

(1) documents, materials or any other item or matter that are in the possession and/or control of the Office Public Utility Counsel, its staff, attorneys and/or by any state or other agency to which they have equal access as SUBURBAN.

(2) any request that either requests or requires it to create documents, lists, charts or other materials that are not currently in existence and/or which are not in its possession or which are equally accessible to the Office of Public Utility Counsel, its staff, attorneys and/or by any state or other agency to which they have equal access as SUBURBAN.

(3) any request that requests documents, materials and information that is beyond the scope of the issues in this case, and the time period in the test year, and which are not subject to the company's control or possession.

(4) any request that requests documents, materials and information that are not relevant to the issues in this case and/or which will not lead to the discovery of relevant information.

(5) any request that seeks information, documents and materials that cover the time period that is beyond the test year in this case, and that is beyond the period of known and measurable changes in this proceeding.

The General Objections apply to each and every Response by SUBURBAN to the OPUC's Second Request for Information as if set forth fully within each Response.

CONDITIONS TO RESPONSE:

1. SUBURBAN's responses are based on the present knowledge of its directors, managers and officers, after a reasonable investigation and a reasonable interpretation and construction of the request in providing these responses.

2. SUBURBAN reserves the right to redact any portion(s) of otherwise responsive and non-privileged documents that contain irrelevant, non-responsive or privileged information.

3. SUBURBAN will supplement its responses if, and when such may be required by applicable discovery rules to this case, if necessary.

4. Any responses in which SUBURBAN Y will produce documents and/or materials are limited in scope to the degree that the documents and/or materials exist, and are in the possession and/or control of SUBURBAN and/or reasonably available to SUBURBAN.

PLEASE NOTE: The persons answering and providing the information for each of the Responses to the OPUC's Second Request for Information on behalf SUBURBAN are: Mitchell M. Martin, Jr., Michael M. Martin, Sr., and Bret W. Fenner.

Without waiving the above-stated objections, and subject to the afore-said objections and conditions SUBURBAN responds to the OPUC's Second Request for Information as set forth below:

2-1 Provide documents in Attachment B in the Application in native, Excel format with all formulas intact and functional.

RESPONSE: OBJECTION: .

These documents are not the property of SUBURBAN and are the proprietary materials and documents of a consultant to SUBURBAN who does not give permission to provide the materials and documents as requested. Accordingly, SUBURBAN has no responsive documents.

2-2 Referring the Schedule III-3(a) of the application:

a. Please provide the docket number of the case in which Suburban's rate base amount was Last set and provide a copy of the Proposal for Decision and Final Order in that proceeding:

RESPONSE:

SUBURBAN does not know of any such docketed case in which its rate base was established in a Proposal for Decision or in a Final Order, and accordingly, has no responsive documents.

b. Please provide the reconciliation of the rate base figures approved specific to the case referenced in 2a above showing specific asset additions and retirements since the rate determination and reconcile with the requested rate base in this proceeding.

RESPONSE: See the Response to 2a. above. SUBURBAN has no responsive documents.

c. If Suburban's rate base has never been established by a regulatory body, please provide invoice documentation supporting the original cost of assets outlined in Attachment B to the application.

RESPONSE:

See SUBURBAN's response to OPUC's First Request for Information RFI No. 1-24 that has already been provided to the OPUC.

- 2-3** Please provide an organizational chart showing the relationships between M.B.C. Water Systems, Inc., Community Utility Co., Consumers Water, Inc. Patton Village Water, Stone Hedge Utility Company. Please indicate the owners of each Company and the percentage ownership.

RESPONSE:

OBJECTION: The OPUC cannot request that SUBURBAN create a document in response to a discovery request. Without waiving this Objection, please see Attachment 2-3 attached hereto.

- 2-4** Please provide audited financial statements specific to Suburban Utility Company, and M.B.C. Water Systems, Inc. For 2014, 2015 and 2016

RESPONSE:

SUBURBAN has no responsive documents in its possession or control.

- 2-5** Please provide copies, (sic) of any current Management Agreement or Contracts between Suburban Utility Company, Community Utility Co., Consumers Water, Inc., Patton Village Water, Stonehedge Utility, and M.B.C. Water Systems, Inc.

RESPONSE:

See SUBURBAN's Response to OPUC's Request for Information No. 1-54 previously served on the OPUC. See also the Attachment 2-5 attached hereto.

- 2-6** Please provide a copy of District Court Order No. D-1-GN-14-003376.

RESPONSE:

See SUBURBAN's Response to OPUC Request for Information 1-37 and 1-41 previously served on the OPUC.

- 2-7** Please provide all documentation demonstrating the Company's request for financing both to private banks as well as to the Texas Water Development Board or other Federal or State agencies within the last ten years.

RESPONSE:

See the email from Judy Olson in Attachment D to the Application on file in this case. See also, Attachment 2-7 attached hereto.

- 2-8** Please provide the "satisfactory financial information" provide to Spirit of Texas Bank and referenced in the email from Judy Olson on September 8, 2016.

RESPONSE:

As is clearly stated in the referenced email from Judy Olson, the approval of a loan to SUBURBAN

is contingent on both "satisfactory financial information" and a dedicated customer surcharge approved by the Public Utility Commission of Texas ("PUC"). Since a dedicated customer surcharge has not yet been approved by the PUC, preparation and submission of the financial information is premature at this time. Accordingly, there are no responsive documents.

2-9 Please provide a list of all subdivisions served by Suburban Utility Company.

RESPONSE:

The following subdivisions are served by SUBURBAN:

- a. Beaumont Place Subdivision
- b. Castlewood Subdivision
- c. Cypress Bend Subdivision
- d. Reservoir Acres Subdivision

2-10 Please reconcile and provide explanations for all changes between Attachment C in PUC Docket No. 42859 and Attachment B in the current docket. For all cost increases, please provide supporting documentation. For all retirements, please provide date of retirement and net salvage recorded, if any:

RESPONSE

OBJECTION: The application in Docket No 42589 was withdrawn by SUBURBAN. All values and capital cost data provided in Attachment C to this Application were also retracted, and are no longer supported as accurate. Research of SUBURBAN's records was conducted since the withdrawal of the application in Docket NO. 42859, and new capital cost data to support the values in Attachment B of this current Application were provided to the OPUC in SUBURBAN's Response to OPUC RFI No. 1-24 and Attachment 1-24 previously served on the OPUC. No item retired from SUBURBAN's rate base had any salvage value, and thus none was recorded.

2-11 If the original cost of any assets listed in Attachment B to the Rate Filing were determined based on trending analysis, please provide applicable trending studies and all work papers supportive thereof.

RESPONSE:

See SUBURBAN's Response to OPUC RFI No. 1-24 and Attachment 1-24 previously served on the OPUC.

- 2-12.** Specific to Attachment A, Allocation of Cost Category Expense, please provide all monthly invoices supporting the Capitalized Expenses of Southwest Engineers totaling \$167,603. Please provide detailed descriptions of services provided specific to each invoice. If services were specific to a utility system or subdivision, please indicate which system or subdivision was served.

RESPONSE:

See Attachment 2-12 attached hereto.

- 2-13** Please provide all TCEQ documentation approving construction of the assets contained in Attachment D, Suburban Utility Company Surcharge Request Data.

RESPONSE:

There are no responsive documents in SUBURBAN's possession or control.

- 2-14.** Please provide any and all documentation supporting the proposed increase in the Company's Transfer Fee from \$25.00 to \$35.00.

RESPONSE:

The cost of living index has increased significantly since the lower figure was in place. The cost of services and business have increased across the board for SUBURBAN, as it has for all companies and individuals. The increase reflects these increased costs.

- 2-15.** Please provide any and all documentation supporting the proposed increase in the Company's Returned Check Charge from \$25.00 to \$35.00.

RESPONSE:

See the Response to OPUC RFI No. 2-14 above.

- 2-16** Please provide as of June 30, 2016, by subdivision served, the balance of Customer Deposits held by SUBURBAN. Please explain why said amounts were not listed as a deduction from Schedule 111-2.

RESPONSE:

See SUBURBAN's Response to OPUC RFI No. 1-27 previously served on the OPUC in this case. Also, customer deposits are held in reserve by SUBURBAN to insure that each customer will make payment for services provided. The deposits are refundable to the customer after each customer establishes a record of timely payment, and are not funds available for use by SUBURBAN in financing capital investments. Customer deposits are not an asset of SUBURBAN nor invested capital. Thus customer deposits are not and should not be included in the establishment of SUBURBAN's rate base, and SUBURBAN did not use such deposits for this purpose in its Application.

- 2-17** Specific to the Test Year, please provide the gallons billed at the following consumption levels by subdivision:
- a. 0–20,000 gallons
 - b. 22,001 –35,000 gallons
 - c. 35,001 – 50,000 gallons
 - d. 50,001 gallons and above

RESPONSE:

See SUBURBAN'S Response to OPUC's RFI No. 1-27 that has been previously served on the OPUC in this case.

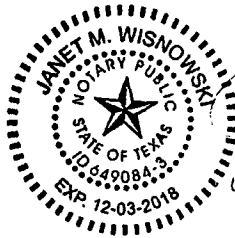
VERIFICATION

STATE OF TEXAS }
 }
COUNTY OF MONTGOMERY }

I hereby verify that I have read the foregoing Suburban Utility Company, Inc.'s responses to the OPUC Staff's Second Request for Information and the responsive statements and documents contained therein and attached thereto, are true and correct to the best of my knowledge and belief.

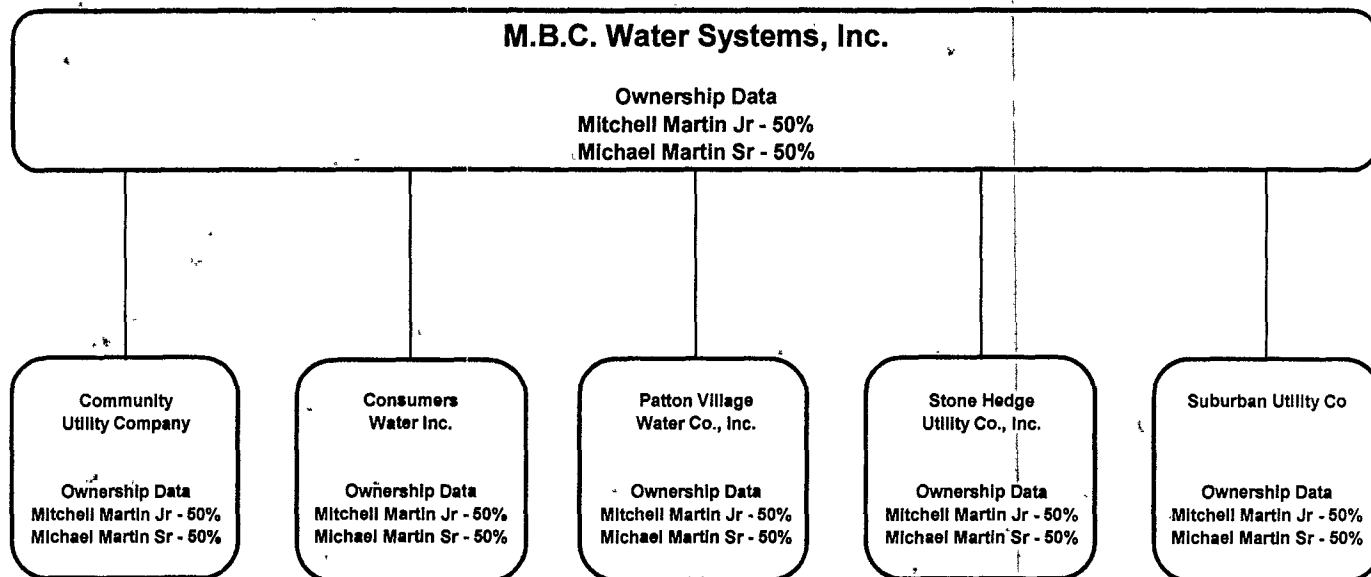
Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this
__ day of February, 2017 before me, by Mitchell M. Martin, Jr.,



Janet M. Wisniewski
Notary Public, in and for the
State of Texas

ATTACHMENT 2-3



ATTACHMENT 2-5

Section 1.04. Customer Relations. MBC shall render to COMMUNITY all reasonable assistance in the promotion of good relations with COMMUNITY's customers.

Section 1.05. Inquiries and Correspondence. MBC shall respond to all correspondence and inquiries from COMMUNITY's Directors, representatives, consultants, or customers in a prompt, professional manner.

ARTICLE II

OPERATION OF WATERWORKS PRODUCTION AND DELIVERY COMMUNITY

Section 2.01. Facility Operations. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary for the routine operation of COMMUNITY's facilities. MBC agrees to operate COMMUNITY's water systems in an efficient manner and shall maintain it in good condition and working order.

Section 2.02. Facility Maintenance and Repairs. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary to perform routine preventative maintenance tasks, as recommended by the equipment manufacturer's manual and in accordance with industry standards as set forth by the American Water Works Association. MBC shall, when needed, repair or provide and replace those parts of equipment expected to require repair or replacement in the normal operation of such facilities. Notwithstanding the provisions of the Assignment of guarantee as defined below, COMMUNITY shall pay the cost of necessary materials, personnel, tools, vehicles and equipment to perform maintenance and make repairs as required.

Section 2.03. Quality of Replacement Equipment. MBC shall use good judgment with respect to replacement materials or parts but shall not be responsible to COMMUNITY for any guaranty in connection with such materials or parts. MBC shall, however, use reasonable efforts to obtain from the manufacturer or supplier the guarantees applicable in the particular industry and shall assign the same to COMMUNITY.

Section 2.04. Major Repairs. If at any time, in the opinion of MBC, a condition arises that requires repair or replacement to COMMUNITY's facilities and MBC believes that the cost of such repair or replacement will not be in excess of \$1,000.00, MBC shall see that the repair or replacement is made. COMMUNITY shall reimburse MBC for the cost of such repair. Repairs or replacements, other than as provided in Section 2.05, in excess of \$1,000.00, must be presented to COMMUNITY's Directors and representatives for approval.

Section 2.05. Emergency Repairs. COMMUNITY acknowledges that MBC may be required to perform emergency repairs to COMMUNITY's facilities located within easements wherein other public utilities may have facilities. COMMUNITY agrees that during such emergency repairs, as long as MBC exercises the amount of care exercised by a reasonably prudent party in such situation, COMMUNITY shall hold MBC harmless from any and all damage that may occur in the performance of the emergency repair.

Section 2.06. Water Connections. MBC agrees to install meters to serve a single-family residence and commercial facilities upon receipt by COMMUNITY of the appropriate tap fee specified in COMMUNITY's Rate Order. Taps will be doubles on single-family residences where possible. All meters and installation material shall meet American Water Works Association standards and applicable rules and regulations of any regulatory authority.

Section 2.07. Inspections. MBC shall provide each potential customer with required inspection forms and the customer shall select a licensed inspector, and pay to have an inspection performed on each newly constructed dwelling requesting to be connected to COMMUNITY's water systems. The customer is required to provide the completed inspection report to MBC in order to obtain service.

Section 2.08. Sampling and Testing. MBC shall perform, or have performed, by a qualified laboratory all sampling, testing and/or analysis required by all applicable regulatory agencies and shall submit the results of any such sample, tests or analysis to such regulatory agencies on a timely basis as required by COMMUNITY or the applicable regulatory agency.

Section 2.09. Regulatory Permits and Reports. MBC agrees to prepare and submit all routine monthly reports on a timely basis (i) to the applicable regulatory agencies supervising the operation of COMMUNITY's facilities, and (ii) to all others approved by COMMUNITY's Directors and representatives.

Section 2.10. Compliance with Applicable Laws. MBC agrees to operate COMMUNITY's facilities in conformance with all applicable laws, rules and regulations, and to maintain and preserve all of COMMUNITY's records in its possession in accordance with applicable laws, rules and regulations.

ARTICLE III

BILLING AND COLLECTION

Section 3.01. Water. MBC shall read all water meters served by COMMUNITY, and will provide monthly billing and collection services to COMMUNITY for water services charged to customers of COMMUNITY. COMMUNITY agrees that adjustments to billing of up to \$100.00 for over and under registration of water meters, for underground leaks, for establishment of water use by customer when water meters have been inoperative, for an obviously incorrect meter reading, or other recognized and proper adjustments granted to customers by MBC will be accepted by COMMUNITY, and such adjustments for water use shall be applicable to obtain the indicated adjusted billing of water charges. Adjustments, other than for corrections of billing errors, in excess of \$100.00 shall be referred to governing Board of Directors for settlement.

Section 3.02. Unconditional Deposit. MBC agrees to deposit all sums of money received from COMMUNITY's customers and property owners in the bank designated by COMMUNITY. MBC agrees that all such moneys shall be deposited as provided herein in the named account without offset, counterclaim, abatement, suspension or diminution.

Section 3.03. Delinquent Accounts. MBC's obligation to collect delinquent accounts shall be under such terms and conditions as may, from time to time, be agreed upon by MBC and COMMUNITY.

Section 3.04. Reports. MBC agrees to render to COMMUNITY such regular monthly reports on billings, money received on water accounts and uncollectible bills and accounts as may be required for a proper audit of the water accounts of COMMUNITY and to keep COMMUNITY apprised of the operations and maintenance of COMMUNITY's water systems.

Section 3.05. Office Administration. MBC will provide daily office administrative and customer service from 9:00 a.m. to 5:00 p.m. Monday thru Thursday and 9:00 a.m. to 3:00 p.m. on Friday, excluding holidays. MBC will provide and maintain an emergency telephone number for use after office hours, weekends and holidays. The emergency number will be posted within COMMUNITY's boundaries as required by State regulations.

Section 3.06. Use of COMMUNITY's Facilities. As part of the consideration -for this agreement, COMMUNITY agrees to provide MBC use of its water plants, including any and all production and distribution facilities. Nothing in this provision shall be construed as to limit access to COMMUNITY's water plants or production and distribution facilities by duly authorized agents or representatives of COMMUNITY.

ARTICLE IV

MANAGEMENT

Section 4.01. Management of System. MBC will provide management services to COMMUNITY and its systems, including, management of all cash flow, correspondence with governmental agencies, planning of all improvements and repairs, supervision of all contracts and contracted personnel, meetings with regulatory agencies, monitoring and regulating all customer relations, supervision of rate cases, of all office operations and personnel, of compliance issues and Board of Director issues and communications. MBC will also prepare and mail the annual Consumer Confidence Reports, and do all customer notifications as needed, and collect monthly coliform samples.

ARTICLE V

PRICE AND PAYMENT

Section 5.01. Price. Effect of Partial Assignment. COMMUNITY shall compensate MBC for the services provided pursuant to this Agreement in accordance with the schedule attached hereto as Exhibit "A".

Section 5.02. Payment. MBC shall submit statements and/or invoices for services to COMMUNITY monthly. COMMUNITY shall pay such statement and/or invoices (within 15 days) of receipt. COMMUNITY agrees to pay interest at a rate of 12% per annum on all undisputed amounts unpaid after 30 days

Section 5.03. Price Adjustment. The amounts indicated by Exhibit A are subject to an annual adjustment. The adjustment will be calculated by the percentage change in the Consumer Price Index from the previous year, and shall become effective on the anniversary date of this agreement.

ARTICLE VI

TERMS AND TERMINATION

Section 6.01. Commencement of Operation. MBC shall commence performance of this Agreement on the effective date hereof, which is hereby established to be January 1, 2011.

Section 6.02. Term. This Agreement shall remain in effect for a period of five (5) years from the effective date hereof. Should no action be taken to renew this agreement beyond the initial term, the agreement shall be considered renewed on the anniversary date on an annual basis with all terms and conditions continuing in full force and effect.

Section 6.03. Termination with Cause. Either party may terminate this agreement for material breach by either party or for failure to perform to the standards set by this agreement provided that, (a) the terminating party provides written notice to the other party of such breach or failure to perform and, (b) the alleged breach or failure to perform is not corrected within sixty days (60 days) of receipt of written notice. In the event of a breach or failure to perform results in litigation, the prevailing party to such litigation shall be entitled to compensation for all costs associated with the litigation.

Section 6.04. Early Termination. In addition to the above-stated provisions, either party may terminate this Agreement at will by giving the other party sixty (60) days written notice of the party's intention to terminate this Agreement. To be valid the notification of termination must be provided to and received by the non-terminating party sixty (60) days prior to the intended termination date.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Independent Contractor. MBC has been retained by COMMUNITY only for the purposes and to the extent set forth in this Agreement, and MBC's relationship to COMMUNITY during the term of this Agreement is that of an independent contractor. MBC shall be free to dispose of such portion of its entire time not required to satisfy the terms of this Agreement in any manner deemed desirable by MBC.

Section 7.02. Subcontracts. MBC shall subcontract such of its work hereunder as may, in MBC's opinion, be desirable. Any subcontractor hired by MBC shall be the sole responsibility of MBC and shall not relieve MBC of any of its obligations or liabilities hereunder.

Section 7.03. Standard of Operation. MBC agrees to use reasonable diligence and care in the operation and maintenance of COMMUNITY's facilities.

Section 7.04. COMMUNITY's Responsibilities. The parties hereto agree that MBC's responsibility is to operate and maintain COMMUNITY's facilities with a reasonable degree of diligence and care, but that MBC is not otherwise responsible for the quality of the water supply or the failure of any portion of COMMUNITY to meet local, state or federal standards, unless attributable to MBC's negligence or willful misconduct or the negligence or willful misconduct of MBC's agents, employees or subcontractors.

Section 7.05. Modifications. No alteration or modification of this Agreement shall be made except in writing duly signed by the parties hereto.

Section 7.06. Notice. Whenever under the provisions of this Agreement notice is required to be given, such notice shall be given in writing by registered mail and addressed to the party for whom intended at its current address of record, and such notice shall be deemed to have been given when the notice has thus been mailed.

Notice to COMMUNITY UTILITY COMPANY shall be made to:

P.O. Box 58
Spring, Texas 77383-0058
(281) 367-4460.

Notice to M.B.C. Water Systems, Inc. shall be made to:

27493 Hanna Road
Suite 1
Conroe, Texas 77385
(281) 444-7747.

Section 7.07. Assignability. This agreement is binding on the parties, their successors, heirs, agents, and assigns, and is not assignable without consent of the other party.

Section 7.08. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the signatories hereto and shall not be construed to confer any benefits or right upon any other party, including customers of COMMUNITY, and is governed by Texas law and enforceable in Montgomery County, Texas.

Section 7.09. Existing Agreement. This agreement shall supersede any existing agreement between COMMUNITY and MBC related to the matters for which the parties entered into this agreement. Upon acceptance of this agreement by the parties, any such existing agreement shall be considered null and void.

Section 7.10. Dispute Resolution. The parties agree that if any dispute arises between them concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement the parties will submit the dispute to mediation prior to filing any legal action concerning the dispute.

Section 7.11. Venue. Venue for any dispute concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement shall be in Montgomery County, Texas.

This agreement has been executed in duplicate by the duly authorized officers of the parties hereto as of the date and year first written above.

Effective as of the date set forth above:

COMMUNITY UTILITY COMPANY

By:

Mitchell M. Martin, Jr.

Mitchell M. Martin, Jr.

Its:

Board President

ATTEST:

Michael Martin

Michael Martin, Board Secretary

M.B.C. WATER SYSTEMS, INC.

By:

Mitchell M. Martin, Jr.

Mitchell M. Martin, Jr.

Its:

Board President

ATTEST:

Michael Martin

Michael Martin, Board Secretary

EXHIBIT "A"

In consideration for services to be rendered by MBC to COMMUNITY pursuant to the agreement, MBC shall receive the following compensation:

I. Basic Service:

- a) Professional Management Oversight. MBC will provide effective professional management oversight to include all things routine, usual and customary with issues arising from the normal course of utility business.
- b) Office Administration. MBC will provide efficient office administration services to include all things routine, usual and customary to effective administration of the day to day business of COMMUNITY.
- c) Bookkeeping Services. MBC will provide bookkeeping services on behalf of COMMUNITY. Bookkeeping services shall comport with governmental bookkeeping standards for state water utilities and in accordance with recommendations as set forth by COMMUNITY's auditors,
- d) Water Operations and Maintenance Services. MBC will provide water utility field operational services, to include routine, usual and customary operations and maintenance of COMMUNITY's facilities on an ongoing basis, to include, but not necessarily be limited to, (i) connection and disconnection of water services, (ii) meter removal and installation in conjunction with provision of residential and commercial water services.

II. Basic Services Monthly Fee:

- a) General Operations: Services for General Operations shall be compensated at the rate of \$20.00 per service connection on the water system per month.
- b) Billing Services: Services for preparing of monthly bills, preparation, maintaining customer record and providing customer relations shall be compensated at the rate of \$4.00 per service connection on the water system per month. Services for preparation of disconnection notices to customers shall be compensated at the rate of \$5.00 per notice.
- c) Other Services: Services for the preparation and mailing of the annual Consumer Confidence Report and other customer notifications as needed shall be compensated at the rate of \$5.00 per notice. Services for collecting additional monthly coliform samples shall be compensated at the rate of \$25.00 per sample.

III. Additional Services.

- a) Water Taps:
 - i. Residential water taps: \$650.00 per tap (5/8" Residential)

IV. Non-Routine Services.

- a) Work performed outside the scope of the basic services, including, but not limited to, repairs or operations performed due to acts of God, damage to facilities caused by others, leaks and other field repairs that may be attributable to substandard workmanship performed by others or the failure of substandard or misapplication of materials by others, will be billed in accordance with the following rate schedule:

Labor Rates:	Per Hour
1. Non-Skilled Labor:	\$20.65/hour
2. Skilled Labor:	\$40.00/hour
3. Certified Equipment Operator:	\$60.00/hour
4. Licensed Operator:	\$41.68/hour
5. Technician:	\$41.68/hour
6. Supervisor:	\$51.66/hour

Equipment Rates:

7. Service Truck:	\$15.00/hour
8. Backhoe w/Operator:	\$65.00/hour
9. Excavator:	\$45.00/hour
10. Well Pulling Rig:	\$45.00/hour
11. Trailer:	\$12.50/hour
12. Generator (10KW):	\$12.50/hour
13. Generator (50KW):	\$50.00/hour
14. Contractor Pump:	\$12.50/hour
15. Road Boring Rig:	\$25.00/hour

Other Equipment, Contractors, Materials, Parts, Services, Supplies, and Postage will be billed at 15% over invoiced costs (or vendor may invoice COMMUNITY directly).

PROFESSIONAL SERVICES AGREEMENT

Between
CONSUMERS WATER INC.
And
M.B.C. WATER SYSTEMS, INC.

CONSUMERS WATER INC. §
County of Montgomery §
State of Texas. §

This Agreement is entered into as of January 1, 2011 by and between CONSUMERS WATER INC. ("CONSUMERS"), a Texas Corporation, duly organized under the laws of and authorized to do business in the State of Texas, and M.B.C. WATER SYSTEMS, INC. ("MBC"), a Texas Corporation, duly organized under the laws of and authorized to do business in the State of Texas.

WITNESSETH:

Recitals

CONSUMERS owns and operates a waterworks production and delivery system that provides or will provide potable water to retail and/or commercial customers within its designated boundaries, Certificate and Convenience Number: 10347 in Harris and Montgomery Counties, Texas.

CONSUMERS desires to obtain services for competent professional management, bookkeeping, office administration, operations and maintenance of its waterworks production and distribution facilities. MBC is in the business of providing management, bookkeeping, operations and maintenance of water production and delivery systems, and desires to enter into this professional services agreement with CONSUMERS.

Agreement

In consideration of the premises and the mutual undertakings herein contained, CONSUMERS and MBC agree as follows:

ARTICLE I

ADMINISTRATIVE SERVICES

Section 1.01. Organization. MBC shall operate and maintain CONSUMERS's water systems in accordance with the terms of this Agreement.

Section 1.02. Personnel. MBC shall provide competent, trained personnel to operate CONSUMERS's water systems, which personnel, where applicable, shall possess valid certificates of competency, as required by the State of Texas.

Section 1.03. Meetings. MBC shall provide competent representation at all regularly scheduled meetings, special meetings and any other meeting of CONSUMERS's representatives and Board of Directors when requested by CONSUMERS.

Section 1.04. Customer Relations. MBC shall render to CONSUMERS all reasonable assistance in the promotion of good relations with CONSUMERS's customers.

Section 1.05. Inquiries and Correspondence. MBC shall respond to all correspondence and inquiries from CONSUMERS's Directors, representatives, consultants, or customers in a prompt, professional manner.

ARTICLE II

OPERATION OF WATERWORKS PRODUCTION AND DELIVERY CONSUMERS

Section 2.01. Facility Operations. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary for the routine operation of CONSUMERS's facilities. MBC agrees to operate CONSUMERS's water systems in an efficient manner and shall maintain it in good condition and working order.

Section 2.02. Facility Maintenance and Repairs. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary to perform routine preventative maintenance tasks, as recommended by the equipment manufacturer's manual and in accordance with industry standards as set forth by the American Water Works Association. MBC shall, when needed, repair or provide and replace those parts of equipment expected to require repair or replacement in the normal operation of such facilities. Notwithstanding the provisions of the Assignment of guarantee as defined below, CONSUMERS shall pay the cost of necessary materials, personnel, tools, vehicles and equipment to perform maintenance and make repairs as required.

Section 2.03. Quality of Replacement Equipment. MBC shall use good judgment with respect to replacement materials or parts but shall not be responsible to CONSUMERS for any guaranty in connection with such materials or parts. MBC shall, however, use reasonable efforts to obtain from the manufacturer or supplier the guarantees applicable in the particular industry and shall assign the same to CONSUMERS.

Section 2.04. Major Repairs. If at any time, in the opinion of MBC, a condition arises that requires repair or replacement to CONSUMERS's facilities and MBC believes that the cost of such repair or replacement will not be in excess of \$1,000.00, MBC shall see that the repair or replacement is made. CONSUMERS shall reimburse MBC for the cost of such repair. Repairs or replacements, other than as provided in Section 2.05, in excess of \$1,000.00, must be presented to CONSUMERS's Directors and representatives for approval.

Section 2.05. Emergency Repairs. CONSUMERS acknowledges that MBC may be required to perform emergency repairs to CONSUMERS's facilities located within easements wherein other public utilities may have facilities. CONSUMERS agrees that during such emergency repairs, as long as MBC exercises the amount of care exercised by a reasonably prudent party in such situation, CONSUMERS shall hold MBC harmless from any and all damage that may occur in the performance of the emergency repair.

Section 2.06. Water Connections. MBC agrees to install meters to serve a single-family residence and commercial facilities upon receipt by CONSUMERS of the appropriate tap fee specified in CONSUMERS's Rate Order. Taps will be doubles on single-family residences where possible. All meters and installation material shall meet American Water Works Association standards and applicable rules and regulations of any regulatory authority.

Section 2.07. Inspections. MBC shall provide each potential customer with required inspection forms and the customer shall select a licensed inspector, and pay to have an inspection performed on each newly constructed dwelling requesting to be connected to CONSUMERS's water systems. The customer is required to provide the completed inspection report to MBC in order to obtain service.

Section 2.08. Sampling and Testing. MBC shall perform, or have performed, by a qualified laboratory all sampling, testing and/or analysis required by all applicable regulatory agencies and shall submit the results of any such sample, tests or analysis to such regulatory agencies on a timely basis as required by CONSUMERS or the applicable regulatory agency.

Section 2.09. Regulatory Permits and Reports. MBC agrees to prepare and submit all routine monthly reports on a timely basis (i) to the applicable regulatory agencies supervising the operation of CONSUMERS's facilities, and (ii) to all others approved by CONSUMERS's Directors and representatives.

Section 2.10. Compliance with Applicable Laws. MBC agrees to operate CONSUMERS's facilities in conformance with all applicable laws, rules and regulations, and to maintain and preserve all of CONSUMERS's records in its possession in accordance with applicable laws, rules and regulations.

ARTICLE III

BILLING AND COLLECTION

Section 3.01. Water. MBC shall read all water meters served by CONSUMERS, and will provide monthly billing and collection services to CONSUMERS for water services charged to customers of CONSUMERS. CONSUMERS agrees that adjustments to billing of up to \$100.00 for over and under registration of water meters, for underground leaks, for establishment of water use by customer when water meters have been inoperative, for an obviously incorrect meter reading, or other recognized and proper adjustments granted to customers by MBC will be accepted by CONSUMERS, and such adjustments for water use shall be applicable to obtain the indicated adjusted billing of water charges. Adjustments, other than for corrections of billing errors, in excess of \$100.00 shall be referred to governing Board of Directors for settlement.

Section 3.02. Unconditional Deposit. MBC agrees to deposit all sums of money received from CONSUMERS's customers and property owners in the bank designated by CONSUMERS. MBC agrees that all such moneys shall be deposited as provided herein in the named account without offset, counterclaim, abatement, suspension or diminution.

Section 3.03. Delinquent Accounts. MBC's obligation to collect delinquent accounts shall be under such terms and conditions as may, from time to time, be agreed upon by MBC and CONSUMERS.

Section 3.04. Reports. MBC agrees to render to CONSUMERS such regular monthly reports on billings, money received on water accounts and uncollectible bills and accounts as may be required for a proper audit of the water accounts of CONSUMERS and to keep CONSUMERS apprised of the operations and maintenance of CONSUMERS's water systems.

Section 3.05. Office Administration. MBC will provide daily office administrative and customer service from 9:00 a.m. to 5:00 p.m. Monday thru Thursday and 9:00 a.m. to 3:00 p.m. on Friday, excluding holidays. MBC will provide and maintain an emergency telephone number for use after office hours, weekends and holidays. The emergency number will be posted within CONSUMERS's boundaries as required by State regulations.

¹ Section 3.06. Use of CONSUMERS's Facilities. As part of the consideration for this agreement, CONSUMERS agrees to provide MBC use of its water plants, including any and all production and distribution facilities. Nothing in this provision shall be construed as to limit access to CONSUMERS's water plants or production and distribution facilities by duly authorized agents or representatives of CONSUMERS.

ARTICLE IV

MANAGEMENT

Section 4.01. Management of System. MBC will provide management services to CONSUMERS and its systems, including, management of all cash flow, correspondence with governmental agencies, planning of all improvements and repairs, supervision of all contracts and contracted personnel, meetings with regulatory agencies, monitoring and regulating all customer relations, supervision of rate cases, of all office operations and personnel, of compliance issues and Board of Director issues and communications. MBC will also prepare and mail the annual Consumer Confidence Reports, and do all customer notifications as needed, and collect monthly coliform samples.

ARTICLE V

PRICE AND PAYMENT

Section 5.01. Price. Effect of Partial Assignment. CONSUMERS shall compensate MBC for the services provided pursuant to this Agreement in accordance with the schedule attached hereto as Exhibit "A".

Section 5.02. Payment. MBC shall submit statements and/or invoices for services to CONSUMERS monthly. CONSUMERS shall pay such statement and/or invoices (within 15 days) of receipt. CONSUMERS agrees to pay interest at a rate of 12% per annum on all undisputed amounts unpaid after 30 days

Section 5.03. Price Adjustment. The amounts indicated by Exhibit A are subject to an annual adjustment. The adjustment will be calculated by the percentage change in the Consumer Price Index from the previous year, and shall become effective on the anniversary date of this agreement.

ARTICLE VI

TERMS AND TERMINATION

Section 6.01. Commencement of Operation. MBC shall commence performance of this Agreement on the effective date hereof, which is hereby established to be January 1, 2011.

Section 6.02. Term. This Agreement shall remain in effect for a period of five (5) years from the effective date hereof. Should no action be taken to renew this agreement beyond the initial term, the agreement shall be considered renewed on the anniversary date on an annual basis with all terms and conditions continuing in full force and effect.

Section 6.03. Termination with Cause. Either party may terminate this agreement for material breach by either party or for failure to perform to the standards set by this agreement provided that, (a) the terminating party provides written notice to the other party of such breach or failure to perform and, (b) the alleged breach or failure to perform is not corrected within sixty days (60 days) of receipt of written notice. In the event of a breach or failure to perform results in litigation, the prevailing party to such litigation shall be entitled to compensation for all costs associated with the litigation.

Section 6.04. Early Termination. In addition to the above-stated provisions, either party may terminate this Agreement at will by giving the other party sixty (60) days written notice of the party's intention to terminate this Agreement. To be valid the notification of termination must be provided to and received by the non-terminating party sixty (60) days prior to the intended termination date.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Independent Contractor. MBC has been retained by CONSUMERS only for the purposes and to the extent set forth in this Agreement, and MBC's relationship to CONSUMERS during the term of this Agreement is that of an independent contractor. MBC shall be free to dispose of such portion of its entire time not required to satisfy the terms of this Agreement in any manner deemed desirable by MBC.

Section 7.02. Subcontracts. MBC shall subcontract such of its work hereunder as may, in MBC's opinion, be desirable. Any subcontractor hired by MBC shall be the sole responsibility of MBC and shall not relieve MBC of any of its obligations or liabilities hereunder.

Section 7.03. Standard of Operation. MBC agrees to use reasonable diligence and care in the operation and maintenance of CONSUMERS's facilities.

Section 7.04. CONSUMERS's Responsibilities. The parties hereto agree that MBC's responsibility is to operate and maintain CONSUMERS's facilities with a reasonable degree of diligence and care, but that MBC is not otherwise responsible for the quality of the water supply or the failure of any portion of CONSUMERS to meet local, state or federal standards, unless attributable to MBC's negligence or willful misconduct or the negligence or willful misconduct of MBC's agents, employees or subcontractors.

Section 7.05. Modifications. No alteration or modification of this Agreement shall be made except in writing duly signed by the parties hereto.

Section 7.06. Notice. Whenever under the provisions of this Agreement notice is required to be given, such notice shall be given in writing by registered mail and addressed to the party for whom intended at its current address of record, and such notice shall be deemed to have been given when the notice has thus been mailed.

Notice to CONSUMERS WATER INC. shall be made to:

P.O. Box 1383
Spring, Texas 77383-1383
(281) 367-4460.

Notice to M.B.C. Water Systems, Inc. shall be made to:

27493 Hanna Road
Suite 1
Conroe, Texas 77385
(281) 444-7747.

Section 7.07. Assignability. This agreement is binding on the parties, their successors, heirs, agents, and assigns, and is not assignable without consent of the other party.

Section 7.08. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the signatories hereto and shall not be construed to confer any benefits or right upon any other party, including customers of CONSUMERS, and is governed by Texas law and enforceable in Montgomery County, Texas.

Section 7.09. Existing Agreement. This agreement shall supersede any existing agreement between CONSUMERS and MBC related to the matters for which the parties entered into this agreement. Upon acceptance of this agreement by the parties, any such existing agreement shall be considered null and void.

Section 7.10. Dispute Resolution. The parties agree that if any dispute arises between them concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement the parties will submit the dispute to mediation prior to filing any legal action concerning the dispute.

Section 7.11. Venue. Venue for any dispute concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement shall be in Montgomery County, Texas. This agreement has been executed in duplicate by the duly authorized officers of the parties hereto as of the date and year first written above.

Effective as of the date set forth above:

CONSUMERS WATER INC.

By: Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
Its: Board President

ATTEST:

Michael Martin
Michael Martin, Board Secretary

M.B.C. WATER SYSTEMS, INC.

By: Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
Its: Board President

ATTEST:

Michael Martin
Michael Martin, Board Secretary

EXHIBIT "A"

In consideration for services to be rendered by MBC to CONSUMERS pursuant to the agreement, MBC shall receive the following compensation:

I. Basic Service:

- a) Professional Management Oversight. MBC will provide effective professional management oversight to include all things routine, usual and customary with issues arising from the normal course of utility business.
- b) Office Administration. MBC will provide efficient office administration services to include all things routine, usual and customary to effective administration of the day to day business of CONSUMERS.
- c) Bookkeeping Services. MBC will provide bookkeeping services on behalf of CONSUMERS. Bookkeeping services shall comport with governmental bookkeeping standards for state water utilities and in accordance with recommendations as set forth by CONSUMERS's auditors.
- d) Water Operations and Maintenance Services. MBC will provide water utility field operational services, to include routine, usual and customary operations and maintenance of CONSUMERS's facilities on an ongoing basis, to include, but not necessarily be limited to, (i) connection and disconnection of water services, (ii) meter removal and installation in conjunction with provision of residential and commercial water services.

II. Basic Services Monthly Fee:

- a) General Operations: Services for General Operations shall be compensated at the rate of \$20.00 per service connection on the water system per month.
- b) Billing Services: Services for preparing of monthly bills, preparation, maintaining customer record and providing customer relations shall be compensated at the rate of \$4.00 per service connection on the water system per month. Services for preparation of disconnection notices to customers shall be compensated at the rate of \$5.00 per notice.
- c) Other Services: Services for the preparation and mailing of the annual Consumer Confidence Report and other customer notifications as needed shall be compensated at the rate of \$5.00 per notice. Services for collecting additional monthly coliform samples shall be compensated at the rate of \$25.00 per sample.

III. Additional Services:

- a) Water Taps:
 - i. Residential water taps: \$650.00 per tap (5/8" Residential)

IV. Non-Routine Services:

- a) Work performed outside the scope of the basic services, including, but not limited to, repairs or operations performed due to acts of God, damage to facilities caused by others, leaks and other field repairs that may be attributable to substandard workmanship performed by others or the failure of substandard or misapplication of materials by others, will be billed in accordance with the following rate schedule:

Labor Rates:	Per Hour
1. Non-Skilled Labor:	\$20.65/hour
2. Skilled Labor:	\$40.00/hour
3. Certified Equipment Operator:	\$60.00/hour
4. Licensed Operator:	\$41.68/hour
5. Technician:	\$41.68/hour
6. Supervisor:	\$51.66/hour

Equipment Rates:	
7. Service Truck:	\$15.00/hour
8. Backhoe w/Operator:	\$65.00/hour
9. Excavator:	\$45.00/hour
10. Well Pulling Rig:	\$45.00/hour
11. Trailer:	\$12.50/hour
12. Generator (10KW):	\$12.50/hour
13. Generator (50KW):	\$50.00/hour
14. Contractor Pump:	\$12.50/hour
15. Road Boring Rig:	\$25.00/hour

Other Equipment, Contractors, Materials, Parts, Services, Supplies, and Postage will be billed at 15% over invoiced costs (or vendor may invoice CONSUMERS directly).

Section 1.04. Customer Relations. MBC shall render to PATTON VILLAGE all reasonable assistance in the promotion of good relations with PATTON VILLAGE's customers.

Section 1.05. Inquiries and Correspondence. MBC shall respond to all correspondence and inquiries from PATTON VILLAGE's Directors, representatives, consultants, or customers in a prompt, professional manner.

ARTICLE II

OPERATION OF WATERWORKS PRODUCTION AND DELIVERY PATTON VILLAGE

Section 2.01. Facility Operations. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary for the routine operation of PATTON VILLAGE's facilities. MBC agrees to operate PATTON VILLAGE's water systems in an efficient manner and shall maintain it in good condition and working order.

Section 2.02. Facility Maintenance and Repairs. MBC shall provide personnel, vehicles, tools and equipment reasonably necessary to perform routine preventative maintenance tasks, as recommended by the equipment manufacturer's manual and in accordance with industry standards as set forth by the American Water Works Association. MBC shall, when needed, repair or provide and replace those parts of equipment expected to require repair or replacement in the normal operation of such facilities. Notwithstanding the provisions of the Assignment of guarantee as defined below, PATTON VILLAGE shall pay the cost of necessary materials, personnel, tools, vehicles and equipment to perform maintenance and make repairs as required.

Section 2.03. Quality of Replacement Equipment. MBC shall use good judgment with respect to replacement materials or parts but shall not be responsible to PATTON VILLAGE for any guaranty in connection with such materials or parts. MBC shall, however, use reasonable efforts to obtain from the manufacturer or supplier the guarantees applicable in the particular industry and shall assign the same to PATTON VILLAGE.

Section 2.04. Major Repairs. If at any time, in the opinion of MBC, a condition arises that requires repair or replacement to PATTON VILLAGE's facilities and MBC believes that the cost of such repair or replacement will not be in excess of \$1,000.00, MBC shall see that the repair or replacement is made. PATTON VILLAGE shall reimburse MBC for the cost of such repair. Repairs or replacements, other than as provided in Section 2.05, in excess of \$1,000.00, must be presented to PATTON VILLAGE's Directors and representatives for approval.

Section 2.05. Emergency Repairs. PATTON VILLAGE acknowledges that MBC may be required to perform emergency repairs to PATTON VILLAGE's facilities located within easements wherein other public utilities may have facilities. PATTON VILLAGE agrees that during such emergency repairs, as long as MBC exercises the amount of care exercised by a reasonably prudent party in such situation, PATTON VILLAGE shall hold MBC harmless from any and all damage that may occur in the performance of the emergency repair.

Section 2.06. Water Connections. MBC agrees to install meters to serve a single-family residence and commercial facilities upon receipt by PATTON VILLAGE of the appropriate tap fee specified in PATTON VILLAGE's Rate Order. Taps will be doubles on single-family residences where possible. All meters and installation material shall meet American Water Works Association standards and applicable rules and regulations of any regulatory authority.

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Section 2.08. Sampling and Testing. MBC shall perform, or have performed, by a qualified laboratory all sampling, testing and/or analysis required by all applicable regulatory agencies and shall submit the results of any such sample, tests or analysis to such regulatory agencies on a timely basis as required by PATTON VILLAGE or the applicable regulatory agency.

Section 2.09. Regulatory Permits and Reports. MBC agrees to prepare and submit all routine monthly reports on a timely basis (i) to the applicable regulatory agencies supervising the operation of PATTON VILLAGE's facilities, and (ii) to all others approved by PATTON VILLAGE's Directors and representatives.

Section 2.10. Compliance with Applicable Laws. MBC agrees to operate PATTON VILLAGE's facilities in conformance with all applicable laws, rules and regulations, and to maintain and preserve all of PATTON VILLAGE's records in its possession in accordance with applicable laws, rules and regulations.

ARTICLE III

BILLING AND COLLECTION

Section 3.01. Water. MBC shall read all water meters served by PATTON VILLAGE, and will provide monthly billing and collection services to PATTON VILLAGE for water services charged to customers of PATTON VILLAGE. PATTON VILLAGE agrees that adjustments to billing of up to \$100.00 for over and under registration of water meters, for underground leaks, for establishment of water use by customer when water meters have been inoperative, for an obviously incorrect meter reading, or other recognized and proper adjustments granted to customers by MBC will be accepted by PATTON VILLAGE, and such adjustments for water use shall be applicable to obtain the indicated adjusted billing of water charges. Adjustments, other than for corrections of billing errors, in excess of \$100.00 shall be referred to governing Board of Directors for settlement.

Section 3.02. Unconditional Deposit. MBC agrees to deposit all sums of money received from PATTON VILLAGE's customers and property owners in the bank designated by PATTON VILLAGE. MBC agrees that all such moneys shall be deposited as provided herein in the named account without offset, counterclaim, abatement, suspension or diminution.

Section 3.03. Delinquent Accounts. MBC's obligation to collect delinquent accounts shall be under such terms and conditions as may, from time to time, be agreed upon by MBC and PATTON VILLAGE.

Section 3.04. Reports. MBC agrees to render to PATTON VILLAGE such regular monthly reports on billings, money received on water accounts and uncollectible bills and accounts as may be required for a proper audit of the water accounts of PATTON VILLAGE and to keep PATTON VILLAGE apprised of the operations and maintenance of PATTON VILLAGE's water systems.

Section 3.05. Office Administration. MBC will provide daily office administrative and customer service from 9:00 a.m. to 5:00 p.m. Monday thru Thursday and 9:00 a.m. to 3:00 p.m. on Friday, excluding holidays. MBC will provide and maintain an emergency telephone number for use after office hours, weekends and holidays. The emergency number will be posted within PATTON VILLAGE's boundaries as required by State regulations.

Section 3.06. Use of PATTON VILLAGE's Facilities. As part of the consideration for this agreement, PATTON VILLAGE agrees to provide MBC use of its water plants, including any and all production and distribution facilities. Nothing in this provision shall be construed as to limit access to PATTON VILLAGE's water plants or production and distribution facilities by duly authorized agents or representatives of PATTON VILLAGE.

ARTICLE IV

MANAGEMENT

Section 4.01. Management of System. MBC will provide management services to PATTON VILLAGE and its systems, including, management of all cash flow, correspondence with governmental agencies, planning of all improvements and repairs, supervision of all contracts and contracted personnel, meetings with regulatory agencies, monitoring and regulating all customer relations, supervision of rate cases, of all office operations and personnel, of compliance issues and Board of Director issues and communications. MBC will also prepare and mail the annual Consumer Confidence Reports, and do all customer notifications as needed, and collect monthly coliform samples.

ARTICLE V

PRICE AND PAYMENT

Section 5.01. Price, Effect of Partial Assignment. PATTON VILLAGE shall compensate MBC for the services provided pursuant to this Agreement in accordance with the schedule attached hereto as Exhibit "A".

Section 5.02. Payment. MBC shall submit statements and/or invoices for services to PATTON VILLAGE monthly. PATTON VILLAGE shall pay such statement and/or invoices (within 15 days) of receipt. PATTON VILLAGE agrees to pay interest at a rate of 12% per annum on all undisputed amounts unpaid after 30 days.

Section 5.03. Price Adjustment. The amounts indicated by Exhibit A are subject to an annual adjustment. The adjustment will be calculated by the percentage change in the Consumer Price Index from the previous year, and shall become effective on the anniversary date of this agreement.

ARTICLE VI

TERMS AND TERMINATION

Section 6.01. Commencement of Operation. MBC shall commence performance of this Agreement on the effective date hereof, which is hereby established to be January 1, 2011.

Section 6.02. Term. This Agreement shall remain in effect for a period of five (5) years from the effective date hereof. Should no action be taken to renew this agreement beyond the initial term, the agreement shall be considered renewed on the anniversary date on an annual basis with all terms and conditions continuing in full force and effect.

Section 6.03. Termination with Cause. Either party may terminate this agreement for material breach by either party or for failure to perform to the standards set by this agreement provided that, (a) the terminating party provides written notice to the other party of such breach or failure to perform and, (b) the alleged breach or failure to perform is not corrected within sixty days (60 days) of receipt of written notice. In the event of a breach or failure to perform results in litigation, the prevailing party to such litigation shall be entitled to compensation for all costs associated with the litigation.

Section 6.04. Early Termination. In addition to the above-stated provisions, either party may terminate this Agreement at will by giving the other party sixty (60) days written notice of the party's intention to terminate this Agreement. To be valid the notification of termination must be provided to and received by the non-terminating party sixty (60) days prior to the intended termination date.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Independent Contractor. MBC has been retained by PATTON VILLAGE only for the purposes and to the extent set forth in this Agreement, and MBC's relationship to PATTON VILLAGE during the term of this Agreement is that of an independent contractor. MBC shall be free to dispose of such portion of its entire time not required to satisfy the terms of this Agreement in any manner deemed desirable by MBC.

Section 7.02. Subcontracts. MBC shall subcontract such of its work hereunder as may, in MBC's opinion, be desirable. Any subcontractor hired by MBC shall be the sole responsibility of MBC and shall not relieve MBC of any of its obligations or liabilities hereunder.

Section 7.03. Standard of Operation. MBC agrees to use reasonable diligence and care in the operation and maintenance of PATTON VILLAGE's facilities.

Section 7.04. PATTON VILLAGE's Responsibilities. The parties hereto agree that MBC's responsibility is to operate and maintain PATTON VILLAGE's facilities with a reasonable degree of diligence and care, but that MBC is not otherwise responsible for the quality of the water supply or the failure of any portion of PATTON VILLAGE to meet local, state or federal standards, unless attributable to MBC's negligence or willful misconduct or the negligence or willful misconduct of MBC's agents, employees or subcontractors.

Section 7.05. Modifications. No alteration or modification of this Agreement shall be made except in writing duly signed by the parties hereto.

Section 7.06. Notice. Whenever under the provisions of this Agreement notice is required to be given, such notice shall be given in writing by registered mail and addressed to the party for whom intended at its current address of record, and such notice shall be deemed to have been given when the notice has thus been mailed.

Notice to PATTON VILLAGE WATER INC. shall be made to:

P.O. Box 308
Spring, Texas 77383-0308
(281) 367-4460.

Notice to M.B.C. Water Systems, Inc. shall be made to:

27493 Hanna Road
Suite 1
Conroe, Texas 77385
(281) 444-7747.

Section 7.07. Assignability. This agreement is binding on the parties, their successors, heirs, agents, and assigns, and is not assignable without consent of the other party.

Section 7.08. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the signatories hereto and shall not be construed to confer any benefits or right upon any other party, including customers of PATTON VILLAGE, and is governed by Texas law and enforceable in Montgomery County, Texas.

Section 7.09. Existing Agreement. This agreement shall supersede any existing agreement between PATTON VILLAGE and MBC related to the matters for which the parties entered into this agreement. Upon acceptance of this agreement by the parties, any such existing agreement shall be considered null and void.

Section 7.10. Dispute Resolution. The parties agree that if any dispute arises between them concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement the parties will submit the dispute to mediation prior to filing any legal action concerning the dispute.

Section 7.11. Venue. Venue for any dispute concerning the Agreement as well as any rights, duties and obligations of the parties related to the Agreement shall be in Montgomery County, Texas. This agreement has been executed in duplicate by the duly authorized officers of the parties hereto as of the date and year first written above.

Effective as of the date set forth above:

PATTON VILLAGE WATER CO., INC.

By: Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
Its: Board President

ATTEST:

Michael Martin
Michael Martin, Board Secretary

M.B.C. WATER SYSTEMS, INC.

By: Mitchell M. Martin, Jr.
Mitchell M. Martin, Jr.
Its: Board President

ATTEST:

Michael Martin
Michael Martin, Board Secretary

EXHIBIT "A"

In consideration for services to be rendered by MBC to PATTON VILLAGE pursuant to the agreement, MBC shall receive the following compensation.

I. Basic Service:

- a) Professional Management Oversight. MBC will provide effective professional management oversight to include all things routine, usual and customary with issues arising from the normal course of utility business.
- b) Office Administration. MBC will provide efficient office administration services to include all things routine, usual and customary to effective administration of the day to day business of PATTON VILLAGE.
- c) Bookkeeping Services. MBC will provide bookkeeping services on behalf of PATTON VILLAGE. Bookkeeping services shall comport with governmental bookkeeping standards for state water utilities and in accordance with recommendations as set forth by PATTON VILLAGE's auditors.
- d) Water Operations and Maintenance Services. MBC will provide water utility field operational services, to include routine, usual and customary operations and maintenance of PATTON VILLAGE's facilities on an ongoing basis, to include, but not necessarily be limited to, (i) connection and disconnection of water services, (ii) meter removal and installation in conjunction with provision of residential and commercial water services.

II. Basic Services Monthly Fee:

- a) General Operations: Services for General Operations shall be compensated at the rate of \$20.00 per service connection on the water system per month.
- b) Billing Services: Services for preparing of monthly bills, preparation, maintaining customer record and providing customer relations shall be compensated at the rate of \$4.00 per service connection on the water system per month. Services for preparation of disconnection notices to customers shall be compensated at the rate of \$5.00 per notice.
- c) Other Services: Services for the preparation and mailing of the annual Consumer Confidence Report and other customer notifications as needed shall be compensated at the rate of \$5.00 per notice. Services for collecting additional monthly coliform samples shall be compensated at the rate of \$25.00 per sample.

III. Additional Services.

- a) Water Taps:
 - i. Residential water taps: \$650.00 per tap (5/8" Residential)

IV. Non-Routine Services.

- a) Work performed outside the scope of the basic services, including, but not limited to, repairs or operations performed due to acts of God, damage to facilities caused by others, leaks and other field repairs that may be attributable to substandard workmanship performed by others or the failure of substandard or misapplication of materials by others, will be billed in accordance with the following rate schedule:

Labor Rates:	Per Hour
1. Non-Skilled Labor:	\$20.65/hour
2. Skilled Labor:	\$40.00/hour
3. Certified Equipment Operator:	\$60.00/hour
4. Licensed Operator:	\$41.68/hour
5. Technician:	\$41.68/hour
6. Supervisor:	\$51.66/hour

Equipment Rates:

7. Service Truck:	\$15.00/hour
8. Backhoe w/Operator:	\$65.00/hour
9. Excavator:	\$45.00/hour
10. Well Pulling Rig:	\$45.00/hour
11. Trailer:	\$12.50/hour
12. Generator (10KW):	\$12.50/hour
13. Generator (50KW):	\$50.00/hour
14. Contractor Pump:	\$12.50/hour
15. Road Boring Rig:	\$25.00/hour

Other Equipment, Contractors, Materials, Parts, Services, Supplies, and Postage will be billed at 15% over invoiced costs (or vendor may invoice PATTON VILLAGE directly).

ATTACHMENT 2-7

APPLICATION RESOLUTION - CERTIFICATE OF SECRETARY

M.B.C. WATER SYSTEMS, INC.

STATE OF TEXAS)
)
COUNTY OF MONTGOMERY)

I, the undersigned Secretary of the Board of Directors of M.B.C. WATER SYSTEMS, INC., ("M.B.C.") located in Montgomery, Texas, DO HEREBY CERTIFY as follows:

1. That on the 1st day of November, 2010, a regular meeting of the Board of Directors of M.B.C. was held at a meeting place within the City of Conroe, Texas, the duly constituted members of the Board of Directors of M.B.C., being as follows:

Mitchell M. Martin, Jr., President and Director

Michael M. Martin, Jr., Secretary and Director

Among other business considered at said meeting, the attached Resolution entitled:

"A RESOLUTION by the Board of Directors of M.B.C. Water Systems, Inc. requesting financial participation and assistance from the Texas Water Development Board in the amount of \$13,455,624.00; authorizing the filing of an application for financial participation and assistance; and making certain findings in connection therewith."

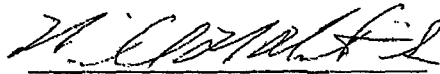
was introduced and submitted to the Board of Directors of M.B.C. for passage and adoption. After presentation and due consideration of the Resolution, and upon motion made by Director Mitchell M. Martin, Jr., and seconded by Director Michael Martin, the Resolution was duly passed and adopted by M.B.C.'s Board of Directors by the following vote:

All Directors voted "For" No Directors voted "Against" No Directors abstained

all as shown in the official Minutes of the Board of Directors of M.B.C. for the meeting held on the above-stated date.

2. That the attached Resolution is a true and correct copy of the original on file in the official records of M.B.C.; the duly qualified and acting members of the Board of Directors on the above-stated meeting and those persons shown above and, according to the records of my office.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of M.B.C. Water Systems, Inc. on this 16th day of December, 2010.



Michael M. Martin, Sr., Secretary of the Board
M.B.C. Water Systems, Inc.

APPLICATION FILING AND AUTHORIZED REPRESENTATIVE RESOLUTION

M.B.C. WATER SYSTEMS, INC.

This is entitled: "A RESOLUTION by the Board of Directors of M.B.C. Water Systems, Inc. requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith."

Accordingly thereto: This is a Resolution by the Board of Directors (the "Board") of M.B.C. WATER SYSTEMS, INC., whereby the Board is requesting financial assistance from the Texas Water Development Board; and the Board hereby authorizes the filing of an application for such financial assistance; and making certain findings in connection therewith.

BE IT THEREFORE RESOLVED by the Board of Directors of M.B.C. WATER SYSTEMS, INC. the following: :

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in the amount not to exceed thirteen million four hundred fifty-five thousand six hundred twenty-four and no/one hundred dollars (\$13,455,624.00) to provide for the cost of upgrades and repairs to the water systems, for land acquisition, the purchase of water systems owned by Community Utility Company, Consumers Water, Inc., Suburban Utility CO., and Patton Village Water CO., Inc., for engineering and legal services related to this project, for reports, permits, escrowed interest, Texas Water Development Board fees and such other costs and fees as may occur and/or be necessary related to this project.

SECTION 2: That MITCHELL M. MARTIN, Jr., be and hereby is designated the authorized representative of M.B.C. WATER SYSTEMS, INC., for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

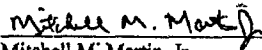
SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent M.B.C. WATER SYSTEMS, INC. before any hearing held by the Texas Water Development Board and/or before any other state hearing board or agency on such application, to wit:

Financial Advisor: Bill Blitch
Blitch Associates, Inc.
11111 Katy Freeway, Suite 820
Houston, TX 77079
(713) 467-7344
Fax: (713) 291-6482

Engineer: John Littlefield
307 St. Lawrence
Gonzales, TX 78629
(830) 672-7546
Fax: (830) 672-2034

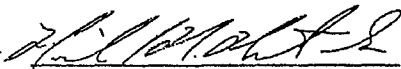
Board Counsel: Les Romo
Law Office of Les Romo
307 Shannon Lane
Georgetown, TX 78628
(512) 868-5600
Fax: (512) 863-0452

PASSED AND APPROVED on this 1st day of November, 2010.



Mitchell M. Martin, Jr.
Board President-Director
M.B.C. Water Systems, Inc.

ATTEST:



Michael M. Martin, Sr., Secretary-Director



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street Phone (830) 672-7546
Gonzales, Texas 78629 Fax (830) 672-2034

www.swengineers.com
TBPB No. F-1909

December 23, 2010

Texas Water Development Board
Project Finance
1700 N. Congress Avenue, 6th Floor
Austin, Texas 78701

RE: M.B.C. WATER SYSTEMS, INC.
Texas Water Development Board
2011 Drinking Water State Revolving Fund (DWSRF)
SWE Project No. 0362-006-10

Gentlemen,

As per application instructions, please find attached one (1) original and seven (7) copies of the Application for Financial Assistance to the 2011 Drinking Water State Revolving Fund (DWSRF) on behalf of our client, M.B.C. Water Systems, Inc.

The required one (1) electronic copy will take more time to prepare and therefore is not included with this submittal, but will be submitted at a later date.

Respectfully submitted,

Jerry G. Shepherd, P.E.

JGS/mh

ENCL.

cc: M.B.C. Water Systems, Inc. w/set
Blitch & Associates w/set
Law Office of Les Romo w/set

ATTACHMENT 2-12



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com
TBP# No. F-1909

Statement

May 15, 2013

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Project: 0362-006-10 MBC Water System - 2011 TWDB DWSRF Proj

Outstanding Invoices

Invoice Number	Date	Amount Invoiced	Amount Received	Balance Due	Days Past Due
0100663	10/31/2010	35,433.75	29,602.66	5,831.09	927
0100746	11/30/2010	10,123.75		10,123.75	897
0100847	12/31/2010	57,042.25		57,042.25	866
0110046	1/31/2011	27,719.25		27,719.25	835
0110113	2/28/2011	15,537.50		15,537.50	807
0110186	3/31/2011	7,434.91		7,434.91	776
0110266	4/30/2011	1,265.00		1,265.00	746
0110349	5/31/2011	1,875.00		1,875.00	715
0110426	6/30/2011	1,937.50		1,937.50	685
0110493	7/31/2011	9,046.25		9,046.25	654
0110527	8/31/2011	187.50		187.50	623
Statement Totals		167,602.66	29,602.66	138,000.00	



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

October 31, 2010

Project No: 0362-006-10

Invoice No: 100663

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from October 01, 2010 to October 31, 2010

Task 00000 Funding Application

Professional Personnel

	Hours	Rate	Amount
Principal Engineer	10.50	135.00	1,417.50
Senior Project Engineer	63.00	125.00	7,875.00
Principal	30.00	150.00	4,500.00
Engineer Technician	6.00	90.00	540.00
Senior Administrative Assistant	.50	65.00	32.50
CAD Technician II	4.50	70.00	315.00
Administrative Assistant	55.75	65.00	3,623.75
Totals	170.25		18,303.75
Total Labor			18,303.75
Total this Phase			\$18,303.75

Task 00001 Engineering Feasibility Report

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	5.75	125.00	718.75
Principal	24.00	150.00	3,600.00
Engineer Technician	6.00	90.00	540.00
Totals	35.75		4,858.75
Total Labor			4,858.75
Total this Phase			\$4,858.75

Task 00002 Environmental Information Document

Professional Personnel

	Hours	Rate	Amount
Principal	8.00	150.00	1,200.00
Engineer Technician	6.00	90.00	540.00
Totals	14.00		1,740.00

Project	0362-006-10	Invoice	100663
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Total Labor	1,740.00
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Total this Phase	\$1,740.00
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Task	00003	Water Conservation Plan
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Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	2.75	125.00	343.75
Principal	36.00	150.00	5,400.00
Engineer Technician	14.00	90.00	1,260.00
Totals	52.75		7,003.75
Total Labor			7,003.75

Total this Phase	\$7,003.75
-------------------------	-------------------

Task	00005	Sale, Transfer, Merger
------	-------	------------------------

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	9.50	125.00	1,187.50
Principal	6.00	150.00	900.00
Engineer Technician	16.00	90.00	1,440.00
Totals	31.50		3,527.50
Total Labor			3,527.50

Total this Phase	\$3,527.50
-------------------------	-------------------

Total this Invoice	\$35,433.75
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Outstanding Invoices

Number	Date	Balance
100539	9/30/2010	18,063.75
Total		18,063.75

Respectfully submitted,

John W. Littlefield

JWL/dm

Date ?



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.sivengineers.com

November 30, 2010

Project No: 0362-008-10

Invoice No: 100746

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

PAID

Chk# 4225 Date 11-16-10
Amt 5566.25

PAID

Chk# 4685 Date 5-16-13
Rec'd 5-28-13 Amt 6021.66

Re: 2011 TWDB DWSRF Project

Dear Mitch:

POSTED

Submitted herewith is our statement for Engineering Services for the above referenced project.
Professional Services from November 1, 2010 to November 30, 2010

Task 00000 Funding Application

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	3.00	125.00	375.00
Principal	22.00	150.00	3,300.00
Senior Administrative Assistant	.25	65.00	16.25
Administrative Assistant	1.25	65.00	81.25
Administrative Clerk	.50	50.00	25.00
Totals	27.00		3,797.50
Total Labor			

Total this Phase

3,797.50 approved
602.66
5-16-13
\$3,797.50 balance
3,194.84
4-28-13 paid 3,194.84
bal 0

Task 00003 Water Conservation Plan

Professional Personnel

	Hours	Rate	Amount
Principal	30.00	150.00	4,500.00
Engineer Technician	12.00	90.00	1,080.00
Senior Administrative Assistant	.75	65.00	48.75
Administrative Assistant	1.50	65.00	97.50
Totals	44.25		5,726.25
Total Labor			

5,726.25

Total this Phase

\$5,726.25

5,726.25
2,311.41
3,414.84

Project 0362-006-10 2011 TWDB DWSRF Project- Invoice 100746

Task 00005 Sale, Transfer, Merger

Professional Personnel

	Hours	Rate	Amount
Principal	4.00	150.00	600.00
Totals	4.00		600.00
Total Labor			600.00

Total this Phase \$600.00

Total this Invoice \$10,123.75

Outstanding Invoices

Number	Date	Balance
100539	9/30/10	10,000.00
100663	10/31/10	35,433.75
Total		45,433.75

Respectfully submitted,



John W. Littlefield

JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

December 31, 2010

Project No: 0362-006-10

Invoice No: 100847

PAID

Ck# 4685 Date 10-21-13

Rcvd 11-1-13 Amt 2045.16

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from December 1, 2010 to December 31, 2010

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Principal Engineer	5.50	135.00	742.50
Senior Project Engineer	8.75	125.00	1,093.75
Principal	6.00	150.00	900.00
Graduate Engineer II	16.25	95.00	1,543.75
Administrative Assistant	4.50	65.00	292.50
Totals	41.00		4,572.50
Total Labor			4,572.50

Total this Phase \$4,572.50

pol -2045.16
10-21-13
balance 2767.34

Billings to Date

	Current	Prior	Total
Labor	4,572.50	45,426.25	49,998.75
Totals	4,572.50	45,426.25	49,998.75

Task 00001 Engineering Feasibility Report

Fee

Total Fee 200,000.00

Percent Complete 7.00 Total Earned 14,000.00
Previous Fee Billing 4,858.75
Current Fee Billing 9,141.25

Total Fee 9,141.25

Total this Phase \$9,141.25

Billings to Date

	Current	Prior	Total
Fee	9,141.25	0.00	9,141.25
Labor	0.00	4,858.75	4,858.75
Totals	9,141.25	4,858.75	14,000.00

Task 00002 Environmental Information Document

Fee

Total Fee 235,000.00

Percent Complete 0.75 Total Earned 1,762.50
Previous Fee Billing 1,740.00
Current Fee Billing 22.50

Total Fee 22.50

Total this Phase \$22.50

Task 00003 Water Conservation Plan

Fee

Total Fee 75,000.00

Percent Complete 66.67 Total Earned 50,002.50
Previous Fee Billing 12,730.00
Current Fee Billing 37,272.50

Total Fee 37,272.50

Total this Phase \$37,272.50

Task 00004 Drought Contingency Plan

Fee

Total Fee 20,000.00

Percent Complete 0.00 Total Earned 0.00

Previous Fee Billing 0.00

Current Fee Billing 0.00

Total Fee 0.00
Total this Phase \$0.00

Task 00005 Sale, Transfer, Merger

Estimated Fee \$20,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	2.00	125.00	250.00
Regulatory Manager	6.50	90.00	585.00
Administrative Assistant	6.50	65.00	422.50
Totals	15.00		1,257.50

Total Labor 1,257.50

Total this Phase \$1,257.50

Billings to Date

	Current	Prior	Total
Labor	1,257.50	7,352.50	8,610.00
Totals	1,257.50	7,352.50	8,610.00

Task 00006 Rate Issues

Estimated Fee \$10,000.00

Total this Phase \$0.00

Task 00007 Reimbursable Expenses

Reimbursable Expenses

Miscellaneous

12/31/10 Reimbursable Expenses -
Reproduction

Total Reimbursables

4,776.00

4,776.00

4,776.00

Total this Phase

\$4,776.00

Billings to Date

	Current	Prior	Total
Expense	4,776.00	0.00	4,776.00
Totals	4,776.00	0.00	4,776.00

Total this Invoice

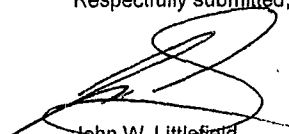
\$57,042.25

Outstanding Invoices

Number	Date	Balance
100539	9/30/10	5,000.00
100663	10/31/10	35,433.75
100746	11/30/10	10,123.75
Total		50,557.50

paid - 2045,10
10/31/10
for 59,992.01

Respectfully submitted,



John W. Littlefield

JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

January 31, 2011

Project No: 0362-006-10

Invoice No: 110046

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from January 1, 2011 to January 31, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Consultants

B & D Environmental, Inc.

1/20/11 B & D Environmental, Inc.	Professional Services	1,170.00	
Total Consultants		1,170.00	1,170.00
	Total this Phase		\$1,170.00

Billings to Date

	Current	Prior	Total
Labor	0.00	49,998.75	49,998.75
Consultant	1,170.00	0.00	1,170.00
Totals	1,170.00	49,998.75	51,168.75

Task 00001 Engineering Feasibility Report

Fee

Total Fee	200,000.00		
Percent Complete	7.00	Total Earned	14,000.00
		Previous Fee Billing	14,000.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	9,141.25	9,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	14,000.00	14,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00		
Percent Complete	0.75	Total Earned	1,762.50
		Previous Fee Billing	1,762.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00		
Percent Complete	66.67	Total Earned	50,002.50
		Previous Fee Billing	50,002.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00		
Percent Complete	0.00	Total Earned	0.00
		Previous Fee Billing	0.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Task 00005 Sale, Transfer, Merger
Estimated Fee \$30,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	14.50	125.00	1,812.50
Principal	19.00	150.00	2,850.00
Engineer Technician	20.00	90.00	1,800.00
Senior Administrative Assistant	.75	65.00	48.75
Administrative Assistant	3.50	65.00	227.50
Totals	57.75		6,738.75
Total Labor			6,738.75

Consultants

B & D Environmental, Inc.
1/20/11 B & D Environmental, Inc. Professional Services 7,140.00
Total Consultants 7,140.00 7,140.00
Total this Phase \$13,878.75

Billings to Date

	Current	Prior	Total
Labor	6,738.75	8,610.00	15,348.75
Consultant	7,140.00	0.00	7,140.00
Totals	13,878.75	8,610.00	22,488.75

Task 00006 Rate Issues
Estimated Fee \$60,000.00

Professional Personnel

	Hours	Rate	Amount
Principal	12.00	150.00	1,800.00
Totals	12.00		1,800.00
Total Labor			1,800.00

Consultants

B & D Environmental, Inc.
1/20/11 B & D Environmental, Inc. Professional Services 10,130.00
Total Consultants 10,130.00 10,130.00
Total this Phase \$11,930.00

Billings to Date

	Current	Prior	Total
Labor	1,800.00	0.00	1,800.00
Consultant	10,130.00	0.00	10,130.00
Totals	11,930.00	0.00	11,930.00

Project 0362-006-10 2011 TWDB DWSRF Project Invoice 110046

Task 00007 Reimbursable Expenses

Consultants

B & D Environmental, Inc.

1/20/11 B & D Environmental, Inc. Professional Services 740.50

Total Consultants 740.50 740.50

Total this Phase \$740.50

Billings to Date

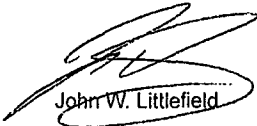
	Current	Prior	Total
Consultant	740.50	0.00	740.50
Expense	0.00	4,776.00	4,776.00
Totals	740.50	4,776.00	5,516.50

Total this Invoice \$27,719.25

Outstanding Invoices

Number	Date	Balance
100539	9/30/10	5,000.00
100663	10/31/10	35,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
Total		107,599.75

Respectfully submitted,


John W. Littlefield
JWL/dm

Invoice

SWE Project No. 0362-006-10
MBC Water Systems, Inc.

B & D ENVIRONMENTAL, INC.

P.O. Box 500264
Austin, Texas 78750-0264
Phone: (512) 264-9124
Fax: (512) 692-1967

Date: January 7, 2011

To: Mr. John W. Littlefield
Southwest Engineers
307 Saint Lawrence Street
Gonzales, TX 78629

QTY. or hours	DESCRIPTION	TOTAL
1.00	07/28/10 – Travel to meeting in Gonzales, TX: \$60/per hour plus mileage of 82 miles at 50.0 cents per mile (IRS current rate)	\$ 101.00
3.00	07/28/10 – Meeting at Southwest Engineers office to discussion MBC's TWDB funding loan application	\$ 450.00
1.00	07/28/10 – Travel from meeting in Gonzales, TX: \$60/per hour plus mileage of 82 miles at 50.0 cents per mile (IRS current rate)	\$ 101.00
1.00	08/09/10 – Meeting with TCEQ Staff to discuss instituting a customer rate surcharge to pay for TWDB loan.	\$ 150.00
3.00	10/09/10 – Pre-Application Funding Meeting at TWDB for MBC's Loan Application	\$ 450.00
1.00	11/03/10 – Meeting at Southwest Engineers Buda office to discussion MBC's TWDB funding loan application	\$ 150.00
3.25	11/03/10 – Travel to meet with MBC in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
4.00	11/04/10 – Meeting with MBC's to prepare STM applications and rate surcharge applications	\$ 600.00
3.25	11/04/10 – Travel from meeting with MBC, Inc. in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
3.25	11/29/10 – Travel to meet with MBC in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
6.00	11/30/10 – Meeting with MBC to prepare STM applications and rate surcharge applications	\$ 900.00
3.25	11/30/10 – Travel from meeting with MBC in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
	Total Balance Page 1	\$ 4,121.00

QTY. or hours	DESCRIPTION	TOTAL
4.00	12/06/10 – Submitted to TCEQ: STM Applications for Suburban, Consumers, Community and Patton Village to consolidate these utilities into MBC Water Systems, Inc.	\$ 6,000.00
3.25	12/13/10 – Travel to meet with MBC in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
3.00	12/14/10 – Meeting with MBC to prepare rate surcharge applications for consolidated utilities to pay TWDB loan	\$ 450.00
3.25	12/14/10 – Travel from meeting with MBC in Spring, TX: \$60/per hour plus mileage of 219.5 miles at 50.0 cents per mile (IRS current rate)	\$ 304.75
3.00	12/15/10 – Submitted to TCEQ: Surcharge Rate Applications for Suburban, Consumers, Community to pay for a loan from the TWDB	\$ 6,000.00
1.00	12/15/10 – Submitted to the City of Patton Village a Surcharge Rate Application for Patton Village Water Co., Inc. to pay for a loan from the TWDB	\$ 2,000.00
	Total Balance Page 2	\$ 15,059.50
	Total Balance Page 1	\$ 4,121.00
	Total Balance Due	\$ 19,180.50

TERMS: Per Agreement for Professional Services:

Please submit to the address above.

THANK YOU



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

February 28, 2011

Project No: 0362-006-10

Invoice No: 110113

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from February 1, 2011 to February 28, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Principal	5.00	150.00	750.00
Graduate Engineer III	7.25	105.00	761.25
Regulatory Manager	11.00	90.00	990.00
Administrative Assistant	.25	65.00	16.25
Graduate Engineer I	32.00	85.00	2,720.00
Totals	55.50		5,237.50
Total Labor			5,237.50

Total this Phase \$5,237.50

Billings to Date

	Current	Prior	Total
Labor	5,237.50	49,998.75	55,236.25
Consultant	0.00	1,170.00	1,170.00
Totals	5,237.50	51,168.75	56,406.25

Project	0362-006-10	2011 TWDB DWSRF Project	Invoice 110113
Task	00001	Engineering Feasibility Report	

Fee

Total Fee	200,000.00		
Percent Complete	10.00	Total Earned	20,000.00
		Previous Fee Billing	14,000.00
		Current Fee Billing	6,000.00
		Total Fee	6,000.00
		Total this Phase	\$6,000.00

Billings to Date

	Current	Prior	Total
Fee	6,000.00	9,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	6,000.00	14,000.00	20,000.00

Task	00002	Environmental Information Document
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Fee

Total Fee	235,000.00		
Percent Complete	0.75	Total Earned	1,762.50
		Previous Fee Billing	1,762.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task	00003	Water Conservation Plan
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Fee

Total Fee	75,000.00		
Percent Complete	66.67	Total Earned	50,002.50
		Previous Fee Billing	50,002.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Project 0362-006-10 2011 TWDB DWSRF Project Invoice 110113

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00		
Percent Complete	0.00	Total Earned	0.00
		Previous Fee Billing	0.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Task 00005 Sale, Transfer, Merger

Estimated Fee \$30,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	18.50	125.00	2,312.50
Principal	2.00	150.00	300.00
Regulatory Manager	.50	90.00	45.00
Administrative Assistant	1.50	65.00	97.50
Totals	22.50		2,755.00
Total Labor			2,755.00
		Total this Phase	\$2,755.00

Billings to Date

	Current	Prior	Total
Labor	2,755.00	15,348.75	18,103.75
Consultant	0.00	7,140.00	7,140.00
Totals	2,755.00	22,488.75	25,243.75

Task 00006 Rate Issues

Estimated Fee \$60,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task 00007 Reimbursable Expenses

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Consultant	0.00	740.50	740.50
Expense	0.00	4,776.00	4,776.00
Totals	0.00	5,516.50	5,516.50

Project 0362-006-10 2011 TWDB DWSRF Project Invoice 110113

Task 00008 CCN Amendment

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	3.00	125.00	375.00
Principal	3.00	150.00	450.00
Engineer Technician	8.00	90.00	720.00
Totals	14.00		1,545.00
Total Labor			1,545.00

Total this Phase \$1,545.00

Billings to Date

	Current	Prior	Total
Labor	1,545.00	0.00	1,545.00
Totals	1,545.00	0.00	1,545.00

Total this Invoice \$15,537.50

Outstanding Invoices

Number	Date	Balance
100663	10/31/10	35,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
Total		130,319.00

Respectfully submitted,



JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
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March 31, 2011

Project No: 0362-006-10

Invoice No: 110186

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from March 1, 2011 to March 31, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	3.00	125.00	375.00
Principal	7.00	150.00	1,050.00
Administrative Assistant	.75	65.00	48.75
Totals	10.75		1,473.75
Total Labor			1,473.75

Consultants

Miscellaneous

3/31/11 Consultant Services

600.00

Total Consultants

600.00

600.00

Total this Phase

\$2,073.75

Billings to Date

	Current	Prior	Total
Labor	1,473.75	55,236.25	56,710.00
Consultant	600.00	1,170.00	1,770.00
Totals	2,073.75	56,406.25	58,480.00

Task 00001 Engineering Feasibility Report

Fee

Total Fee	200,000.00	Total Earned	20,000.00
Percent Complete	10.00	Previous Fee Billing	20,000.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00	Total Earned	1,762.50
Percent Complete	0.75	Previous Fee Billing	1,762.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00	Total Earned	50,002.50
Percent Complete	66.67	Previous Fee Billing	50,002.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00		
Percent Complete	0.00	Total Earned	0.00
		Previous Fee Billing	0.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Task 00005 Sale, Transfer, Merger

Estimated Fee \$30,000.00

Consultants

Miscellaneous

3/31/11 Consultant Services	930.00	
Total Consultants	930.00	930.00
Total this Phase		\$930.00

Billings to Date

	Current	Prior	Total
Labor	0.00	18,103.75	18,103.75
Consultant	930.00	7,140.00	8,070.00
Totals	930.00	25,243.75	26,173.75

Task 00006 Rate Issues

Estimated Fee \$60,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task 00007 Reimbursable Expenses

Consultants

Miscellaneous

3/31/11 Consultant Services

441.16

Total Consultants

441.16

441.16

Total this Phase

\$441.16

Billings to Date

	Current	Prior	Total
Consultant	441.16	740.50	1,181.66
Expense	0.00	4,776.00	4,776.00
Totals	441.16	5,516.50	5,957.66

Task 00008 CCN Amendment

Consultants

Miscellaneous

3/31/11 Consultant Services

3,990.00

Total Consultants

3,990.00

3,990.00

Total this Phase

\$3,990.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,545.00	1,545.00
Consultant	3,990.00	0.00	3,990.00
Totals	3,990.00	1,545.00	5,535.00

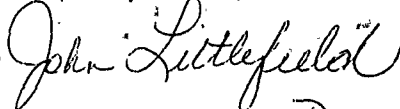
Total this Invoice

\$7,434.91

Outstanding Invoices

Number	Date	Balance
100663	10/31/10	30,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
Total		140,856.50

Respectfully submitted,



John W. Littlefield

JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

April 30, 2011

Project No: 0362-006-10

Invoice No: 110266

Mr. Mitchell "Mitch". Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from April 1, 2011 to April 30, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Principal	8.00	150.00	1,200.00
Administrative Assistant	1.00	65.00	65.00
Totals	9.00		1,265.00
Total Labor			1,265.00
		Total this Phase	\$1,265.00

Billings to Date

	Current	Prior	Total
Labor	1,265.00	56,710.00	57,975.00
Consultant	0.00	1,770.00	1,770.00
Totals	1,265.00	58,480.00	59,745.00

Task 00001 Engineering Feasibility Report

Fee

Total Fee	200,000.00		
Percent Complete	10.00	Total Earned	20,000.00
		Previous Fee Billing	20,000.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00			
Percent Complete	0.75	Total Earned	1,762.50	
		Previous Fee Billing	1,762.50	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00			
Percent Complete	66.67	Total Earned	50,002.50	
		Previous Fee Billing	50,002.50	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00			
Percent Complete	0.00	Total Earned	0.00	
		Previous Fee Billing	0.00	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Project	0362-006-10	2011 TWDB DWSRF Project	Invoice 110266
Task	00005	Sale, Transfer, Merger	
Estimated Fee	\$30,000.00		

			Total this Phase	\$0.00
Billings to Date				
	Current	Prior	Total	
Labor	0.00	18,103.75	18,103.75	
Consultant	0.00	8,070.00	8,070.00	
Totals	0.00	26,173.75	26,173.75	

Task	00006	Rate Issues	
Estimated Fee	\$60,000.00		

			Total this Phase	\$0.00
Billings to Date				
	Current	Prior	Total	
Labor	0.00	1,800.00	1,800.00	
Consultant	0.00	10,130.00	10,130.00	
Totals	0.00	11,930.00	11,930.00	

Task	00007	Reimbursable Expenses	
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			Total this Phase	\$0.00
Billings to Date				
	Current	Prior	Total	
Consultant	0.00	1,181.66	1,181.66	
Expense	0.00	4,776.00	4,776.00	
Totals	0.00	5,957.66	5,957.66	

Task	00008	CCN Amendment	
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			Total this Phase	\$0.00
Billings to Date				
	Current	Prior	Total	
Labor	0.00	1,545.00	1,545.00	
Consultant	0.00	3,990.00	3,990.00	
Totals	0.00	5,535.00	5,535.00	

Total this Invoice	\$1,265.00
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Outstanding Invoices

Number	Date	Balance
100663	10/31/10	25,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
110186	3/31/11	7,434.91
Total		143,291.41

Respectfully submitted,


John W. Littlefield

JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

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May 31, 2011

Project No: 0362-006-10

Invoice No: 110349

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from May 1, 2011 to May 31, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Principal	12.50	150.00	1,875.00
Totals	12.50		1,875.00
Total Labor			1,875.00
Total this Phase			\$1,875.00

Billings to Date

	Current	Prior	Total
Labor	1,875.00	57,975.00	59,850.00
Consultant	0.00	1,770.00	1,770.00
Totals	1,875.00	59,745.00	61,620.00

Task Fee 00001 Engineering Feasibility Report

Total Fee 200,000.00

Percent Complete	10.00	Total Earned	20,000.00
		Previous Fee Billing	20,000.00
		Current Fee Billing	0.00
		Total Fee	0.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee 235,000.00

Percent Complete

0.75

Total Earned

1,762.50

Previous Fee Billing

1,762.50

Current Fee Billing

0.00

Total Fee

0.00

Total this Phase

\$0.00

Billings to Date

Current

Prior

Total

Fee

0.00

22.50

22.50

Labor

0.00

1,740.00

1,740.00

Totals

0.00

1,762.50

1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee 75,000.00

Percent Complete

66.67

Total Earned

50,002.50

Previous Fee Billing

50,002.50

Current Fee Billing

0.00

Total Fee

0.00

Total this Phase

\$0.00

Billings to Date

Current

Prior

Total

Fee

0.00

37,272.50

37,272.50

Labor

0.00

12,730.00

12,730.00

Totals

0.00

50,002.50

50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee 20,000.00

Percent Complete

0.00

Total Earned

0.00

Previous Fee Billing

0.00

Current Fee Billing

0.00

Total Fee

0.00

Total this Phase

\$0.00

70

Task 00005 Sale, Transfer, Merger
Estimated Fee \$30,000.00

Billings to Date **Total this Phase** **\$0.00**

	Current	Prior	Total
Labor	0.00	18,103.75	18,103.75
Consultant	0.00	8,070.00	8,070.00
Totals	0.00	26,173.75	26,173.75

Task 00006 Rate Issues
Estimated Fee \$60,000.00

Billings to Date **Total this Phase** **\$0.00**

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task 00007 Reimbursable Expenses

Billings to Date **Total this Phase** **\$0.00**

	Current	Prior	Total
Consultant	0.00	1,181.66	1,181.66
Expense	0.00	4,776.00	4,776.00
Totals	0.00	5,957.66	5,957.66

Task 00008 CCN Amendment

Billings to Date **Total this Phase** **\$0.00**

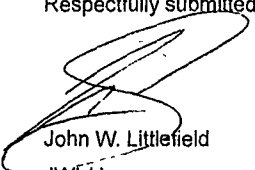
	Current	Prior	Total
Labor	0.00	1,545.00	1,545.00
Consultant	0.00	3,990.00	3,990.00
Totals	0.00	5,535.00	5,535.00

Outstanding Invoices **Total this Invoice** **\$1,875.00**

Number	Date	Balance
100663	10/31/10	25,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
110186	3/31/11	7,434.91
110266	4/30/11	1,265.00

Total **144,556.41**

Respectfully submitted,


John W. Littlefield
JWL/dm



Southwest Engineers

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Gonzales, Texas 78629 Fax (830) 672-2034
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June 30, 2011

Project No: 0362-006-10

Invoice No: 110426

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from June 1, 2011 to June 30, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	5.50	125.00	687.50
Principal	1.00	150.00	150.00
Administrative Assistant	.25	65.00	16.25
Graduate Engineer I	12.75	85.00	1,083.75
Totals	19.50		1,937.50
Total Labor			1,937.50
Total this Phase			\$1,937.50

Billings to Date

	Current	Prior	Total
Labor	1,937.50	59,850.00	61,787.50
Consultant	0.00	1,770.00	1,770.00
Totals	1,937.50	61,620.00	63,557.50

Task 00001 Engineering Feasibility Report

Fee

Total Fee 200,000.00

Percent Complete 10.00

Total Earned 20,000.00

Previous Fee Billing 20,000.00

Current Fee Billing 0.00

Total Fee 0.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00			
Percent Complete	0.75	Total Earned	1,762.50	
		Previous Fee Billing	1,762.50	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00			
Percent Complete	66.67	Total Earned	50,002.50	
		Previous Fee Billing	50,002.50	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00			
Percent Complete	0.00	Total Earned	0.00	
		Previous Fee Billing	0.00	
		Current Fee Billing	0.00	
		Total Fee		0.00
		Total this Phase		\$0.00

Task	00005	Sale, Transfer, Merger	
Estimated Fee	\$30,000.00		
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	18,103.75	18,103.75
Consultant	0.00	8,070.00	8,070.00
Totals	0.00	26,173.75	26,173.75

Task	00006	Rate Issues	
Estimated Fee	\$60,000.00		
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task	00007	Reimbursable Expenses	
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Consultant	0.00	1,181.66	1,181.66
Expense	0.00	4,776.00	4,776.00
Totals	0.00	5,957.66	5,957.66

Task	00008	CCN Amendment	
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,545.00	1,545.00
Consultant	0.00	3,990.00	3,990.00
Totals	0.00	5,535.00	5,535.00
		Total this Invoice	\$1,937.50

Outstanding Invoices

Number	Date	Balance
100663	10/31/10	25,433.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
110186	3/31/11	7,434.91
110266	4/30/11	1,265.00
110349	5/31/11	1,875.00
Total		146,431.41

* Respectfully submitted, *



John W. Littlefield

JWL/dm



Southwest Engineers

Civil · Environmental · Planning

307 Saint Lawrence Street
Gonzales, Texas 78629

Phone (830) 672-7546
Fax (830) 672-2034

www.swengineers.com

July 31, 2011

Project No: 0362-006-10

Invoice No: 110493

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from July 1, 2011 to July 31, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	51.25	125.00	6,406.25
Principal	3.00	150.00	450.00
Graduate Engineer II	2.25	95.00	213.75
Graduate Engineer I	23.25	85.00	1,976.25
Totals	79.75		9,046.25
Total Labor			9,046.25
Total this Phase			\$9,046.25

Billings to Date

	Current	Prior	Total
Labor	9,046.25	61,787.50	70,833.75
Consultant	0.00	1,770.00	1,770.00
Totals	9,046.25	63,557.50	72,603.75

Task 00001 Engineering Feasibility Report

Fee

Total Fee	200,000.00		
Percent Complete	10.00	Total Earned	20,000.00
		Previous Fee Billing	20,000.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Project 0362-006-10 2011 TWDB DWSRF Project Invoice 110493

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00		
Percent Complete	0.75	Total Earned	1,762.50
		Previous Fee Billing	1,762.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00		
Percent Complete	66.67	Total Earned	50,002.50
		Previous Fee Billing	50,002.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00		
Percent Complete	0.00	Total Earned	0.00
		Previous Fee Billing	0.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Task 00005 Sale, Transfer, Merger

Estimated Fee \$30,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	18,103.75	18,103.75
Consultant	0.00	8,070.00	8,070.00
Totals	0.00	26,173.75	26,173.75

Task 00006 Rate Issues

Estimated Fee \$60,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task 00007 Reimbursable Expenses

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Consultant	0.00	1,181.66	1,181.66
Expense	0.00	4,776.00	4,776.00
Totals	0.00	5,957.66	5,957.66

Task 00008 CCN Amendment

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,545.00	1,545.00
Consultant	0.00	3,990.00	3,990.00
Totals	0.00	5,535.00	5,535.00

Total this Invoice \$9,046.25

Outstanding Invoices

Number	Date	Balance
100663	10/31/10	22,933.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
110186	3/31/11	7,434.91
110266	4/30/11	1,265.00
110349	5/31/11	1,875.00
110426	6/30/11	1,937.50
Total		145,868.91

Respectfully submitted,



John W. Littlefield

JWL/dm



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August 31, 2011

Project No: 0362-006-10

Invoice No: 110527

Mr. Mitchell "Mitch" Martin
M.B.C. Systems, Inc.
27493 Hanna Road
Conroe, TX 77385

Re: 2011 TWDB DWSRF Project

Dear Mitch:

Submitted herewith is our statement for Engineering Services for the above referenced project.

Professional Services from August 1, 2011 to August 31, 2011

Task 00000 Funding Application

Estimated Fee \$50,000.00

Professional Personnel

	Hours	Rate	Amount
Senior Project Engineer	1.50	125.00	187.50
Totals	1.50		187.50

Total Labor

Total this Phase

**187.50
\$187.50**

Billings to Date

	Current	Prior	Total
Labor	187.50	70,833.75	71,021.25
Consultant	0.00	1,770.00	1,770.00
Totals	187.50	72,603.75	72,791.25

Task Fee 00001 Engineering Feasibility Report

Total Fee 200,000.00

Percent Complete	10.00	Total Earned	20,000.00
		Previous Fee Billing	20,000.00
		Current Fee Billing	0.00

Total Fee

Total this Phase

**0.00
\$0.00**

Billings to Date

	Current	Prior	Total
Fee	0.00	15,141.25	15,141.25
Labor	0.00	4,858.75	4,858.75
Totals	0.00	20,000.00	20,000.00

Task 00002 Environmental Information Document

Fee

Total Fee	235,000.00		
Percent Complete	0.75	Total Earned	1,762.50
		Previous Fee Billing	1,762.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	22.50	22.50
Labor	0.00	1,740.00	1,740.00
Totals	0.00	1,762.50	1,762.50

Task 00003 Water Conservation Plan

Fee

Total Fee	75,000.00		
Percent Complete	66.67	Total Earned	50,002.50
		Previous Fee Billing	50,002.50
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Billings to Date

	Current	Prior	Total
Fee	0.00	37,272.50	37,272.50
Labor	0.00	12,730.00	12,730.00
Totals	0.00	50,002.50	50,002.50

Task 00004 Drought Contingency Plan

Fee

Total Fee	20,000.00		
Percent Complete	0.00	Total Earned	0.00
		Previous Fee Billing	0.00
		Current Fee Billing	0.00
		Total Fee	0.00
		Total this Phase	\$0.00

Task 00005 Sale, Transfer, Merger
Estimated Fee \$30,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	18,103.75	18,103.75
Consultant	0.00	8,070.00	8,070.00
Totals	0.00	26,173.75	26,173.75

Task 00006 Rate Issues
Estimated Fee \$60,000.00

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Labor	0.00	1,800.00	1,800.00
Consultant	0.00	10,130.00	10,130.00
Totals	0.00	11,930.00	11,930.00

Task 00007 Reimbursable Expenses

Total this Phase \$0.00

Billings to Date

	Current	Prior	Total
Consultant	0.00	1,181.66	1,181.66
Expense	0.00	4,776.00	4,776.00
Totals	0.00	5,957.66	5,957.66

Task 00008 CCN Amendment

Total this Phase \$0.00

Billings to Date


	Current	Prior	Total
Labor	0.00	1,545.00	1,545.00
Consultant	0.00	3,990.00	3,990.00
Totals	0.00	5,535.00	5,535.00

Total this Invoice \$187.50

Outstanding Invoices

Number	Date	Balance
100663	10/31/10	22,933.75
100746	11/30/10	10,123.75
100847	12/31/10	57,042.25
110046	1/31/11	27,719.25
110113	2/28/11	15,537.50
110186	3/31/11	7,434.91
110266	4/30/11	1,265.00
110349	5/31/11	1,875.00
110426	6/30/11	1,937.50
110493	7/31/11	9,046.25
Total		154,915.16

Respectfully submitted,



John W. Littlefield
JWL/dm