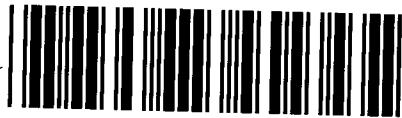


Control Number: 46948



Item Number: 1

Addendum StartPage: 0

46948

RECEIVED

2017 MAR 15 AM 9:36

PUBLIC UTILITY COMMISSION
FILING CLERK

Vineyard Ridge, LLC

**Application to Obtain a Water
Certificate of Convenience and Necessity**

March 2017

for

**Vineyard Ridge, LLC
PO Box 1987
Marble Falls, Texas 78654**



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number: **46948**

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

7 copies of the application, including the original, shall be filed with

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

RECEIVED
2017 MAR 15 AM 9:37
PUBLIC UTILITY COMMISSION
FILING CLERK

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

Table of Contents

Purpose of Application	2
1. Applicant Information.....	2
2. Location Information.....	3
3. Map Requirements.....	5
4. New System Information or Utilities Requesting a CCN for the First Time	5
5. Existing System Information	6
6. Financial Information	9
7. Notice Requirements.....	10
OATH.....	12
Notice for Publication	13
Notice to Neighboring Systems, Landowners and Cities.....	15
Notice to Customers of IOUs in Proposed Area	17

Historical Balance Sheets	19
Historical Income Statement.....	20
Historical Expenses Statement	21
Projected Balance Sheets	22
Projected Income Statement	23
Projected Expenses Statement.....	24
Projected Sources And Uses Of Cash Statements	25

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Purpose of Application

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

1. Applicant Information

Applicant

Utility name: Vineyard Ridge, LLC

Certificate number: N/A - New Application

Street address (City/ST/ZIP/Code): 14246 E. US Hwy 290, Stonewall, TX 78671

Mailing address(City/ST/ZIP/Code): PO Box 1987, Marble Falls, Texas 78654

Utility Phone Number and Fax: (800) 511-2430

Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Davy Roberts	Title: Manager/Limited Partner
--------------------	--------------------------------

Mailing address: PO Box 1987, Marble Falls, Texas 78654

Email: droberts@lonestarlandpartners.com	Phone and Fax: (800) 511-2430
--	-------------------------------

List all counties in which service is proposed:

* Gillespie

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

- ☒ Investor Owned Utility ☐ Individual ☐ Partnership
☐ Home or Property Owners Association ☐ For-profit Corporation
☐ Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
☐ Municipality ☐ District ☐ Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: 802519222
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

2. Location Information

- A. Are there people already living in the proposed area? ☐ Yes ☒ No
If YES, are any currently receiving utility service? ☐ Yes ☐ No
If YES, from WHOM? _____

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

☐ Yes ☒ No

If YES, provide the following:

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area.
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

☐ Yes ☒ No

If YES, within the corporate limits of: _____

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

D. Is any portion of the proposed service area inside another utility's CCN area?

☐ Yes ☒ No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

single certification

3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
 - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? ☐ Yes ☐ No N/A - no PWS within 2-mile radius

- i. If yes, please provide documentation of the denial of service and go to c.
- ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.

C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

The system will be constructed once approval is obtained from the TCEQ (plans have been submitted). The wells and system are located within the subdivision and will be constructed approximately at the same time.

The utility will be constructed in one phase consisting of a centralized plant with ground storage, booster pumps and chlorinator building. In addition, 2 public supply wells will be constructed with transmission lines set throughout the subdivision.

D. Date of plat approval, if required: _____
 Approved by: Currently under review by Gillespie County

E. Date Plans & Specifications submitted to the TCEQ for approval:
February 28, 2017 Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: 6/1/2017

G. Date service is scheduled to commence: 6/1/2018

5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

N	/	A																	

ii. Sewer system(s): TCEQ Discharge Permit number(s)

W	Q	N	/	A		-					
---	---	---	---	---	--	---	--	--	--	--	--

W	Q					-					
---	---	--	--	--	--	---	--	--	--	--	--

W	Q					-					
---	---	--	--	--	--	---	--	--	--	--	--

W	Q					-					
---	---	--	--	--	--	---	--	--	--	--	--

W	Q					-					
---	---	--	--	--	--	---	--	--	--	--	--

W	Q					-					
---	---	--	--	--	--	---	--	--	--	--	--

- iii. Date of last TCEQ water and/or sewer system inspection(s): _____
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates.

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Brent Taylor		WG0011196

- Attach additional sheet(s) if necessary -

- C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?
- ☐ Yes
- ☒ No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

- D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter	0	160	Residential	0	0
1" meter or larger	0	0	Commercial	0	0
Non-Metered	0	0	Industrial	0	0

TCEQ Water System			TCEQ Sewer System		
Other:	0	0	Other:	0	0
Total Water	0	160	Total Sewer	0	0

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

Sewer service will be provided by individual septic systems

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

N/A

- G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

- H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. ☒ No, (skip the rest of this question and go to #6)

ii. Yes, Water

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Water Source	% of Total Treatment
N/A	0.00%

Water Source	% of Total Treatment
N/A	0.00%
N/A	0.00%

iii. ☐ Yes, Sewer treatment capacity

Purchased on a ☐ Regular ☐ Seasonal ☐ Emergency basis?

Sewer Source	% of Total Treatment
N/A	0.00%
N/A	0.00%
N/A	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

The land will be developed as a subdivision with residential lots and a centralized public water system. Roads and utility lines will be constructed to serve the 160 lots. The subdivision will be served by individual septic systems.

6. Financial Information

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:
- i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
 - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

- iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

- i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).
- ii. Attach a proposed rate schedule or tariff.

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.

B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.

C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.

D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)

E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.

F. Notice For Publication:

The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.

G. Notice To Neighboring Utilities:

- i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.
- ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

- iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.
- H. Notice to Customers:
Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.
- I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

Attachment 1

1.B.i. Certification of Account Status

1.B.iii - v. Ownership and Organization



Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Application for Registration for Vineyard Ridge, LLC (file number 802519222); a DELAWARE, USA, Foreign Limited Liability Company (LLC), was filed in this office on August 11, 2016.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on February 09, 2017.



A handwritten signature in black ink, appearing to read "R. Pablos".

Rolando B. Pablos
Secretary of State



Office of the Secretary of State

August 12, 2016

CT Corporation System
701 Brazos, Ste. 720
Austin, TX 78701 USA

RE: Vineyard Ridge, LLC
File Number: 802519222

It has been our pleasure to file the application for registration and issue the enclosed certificate of filing evidencing the authority of the foreign limited liability company (llc) to transact business in Texas.

Unless exempted, the foreign entity is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the foreign entity. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>.

The registered foreign entity is not required to file annual reports with the Secretary of State. An application for amended registration must be filed with the Secretary of State if the foreign entity changes its name, changes the purposes to be pursued in Texas, or changes the assumed name it elected to use on its application for registration. It is important for the foreign entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the revocation of the entity's registration by the Secretary of State.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure



Office of the Secretary of State

CERTIFICATE OF FILING OF

Vineyard Ridge, LLC
File Number: 802519222

The undersigned, as Secretary of State of Texas, hereby certifies that an Application for Registration for the above named Foreign Limited Liability Company (LLC) to transact business in this State has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the authority of the entity to transact business in this State from and after the effective date shown below for the purpose or purposes set forth in the application under the name of

Vineyard Ridge, LLC

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 08/11/2016

Effective: 08/11/2016



A handwritten signature in black ink, appearing to read "Cascos", followed by a horizontal line.

Carlos H. Cascos
Secretary of State

1.B.iii. Ownership – Vineyard Ridge, LLC is wholly owned by National Land Partners, LLC.

1.B.v. Organization:

- Mr. Harry Patten – CEO of National Land Partners, LLC
- Mr. Alan Murray – CFO of National Land Partners, LLC
- Mr. Davy Roberts – President of Vineyard Ridge, LLC

NATIONAL LAND PARTNERS HOLDINGS, LLC

National Land Partners Holdings, LLC

National Land
Partners, LLC

National Land
Partners II, LLC

National Land
Partners III, LLC

NLP Homes, LLC

NLP Holdings, LLC Profit/Loss Sharing Members as of 12/27/15:

JB Trust (John Patten)	21.60% (1)
Brian J Patten Irrevocable Trust	21.60% (1)
Hannah Patten Trust II	27.90% (1)
Suzanne (Patten) Piazza	09.00% (2)
Andrea Patten	09.00% (2)
Matthew Piazza Irrevocable Trust	05.00% (2)
Christine Piazza Irrevocable Trust	05.00% (2)
* American Land Partners, Inc. (Manager)	00.90%

NLP Holdings, LLC Profit/Loss Sharing Members as of 01/01/16:

Michael S. Patten (3)
American Land Partners, Inc. (Manager) (4)

- (1) Membership equity balance frozen as of 01/01/16 – to be redeemed as cash flow permits
- (2) Membership redeemed by NLP Holdings as of 01/01/16
- (3) Admitted as a member as of 01/01/16 – 50% profit/loss sharing in NLP III projects only
- (4) Remains the sole manager; 50% profit/loss sharing in NLP III projects; 100% profit/loss sharing in NLP, NLP II and NLP Homes projects

08/03/16

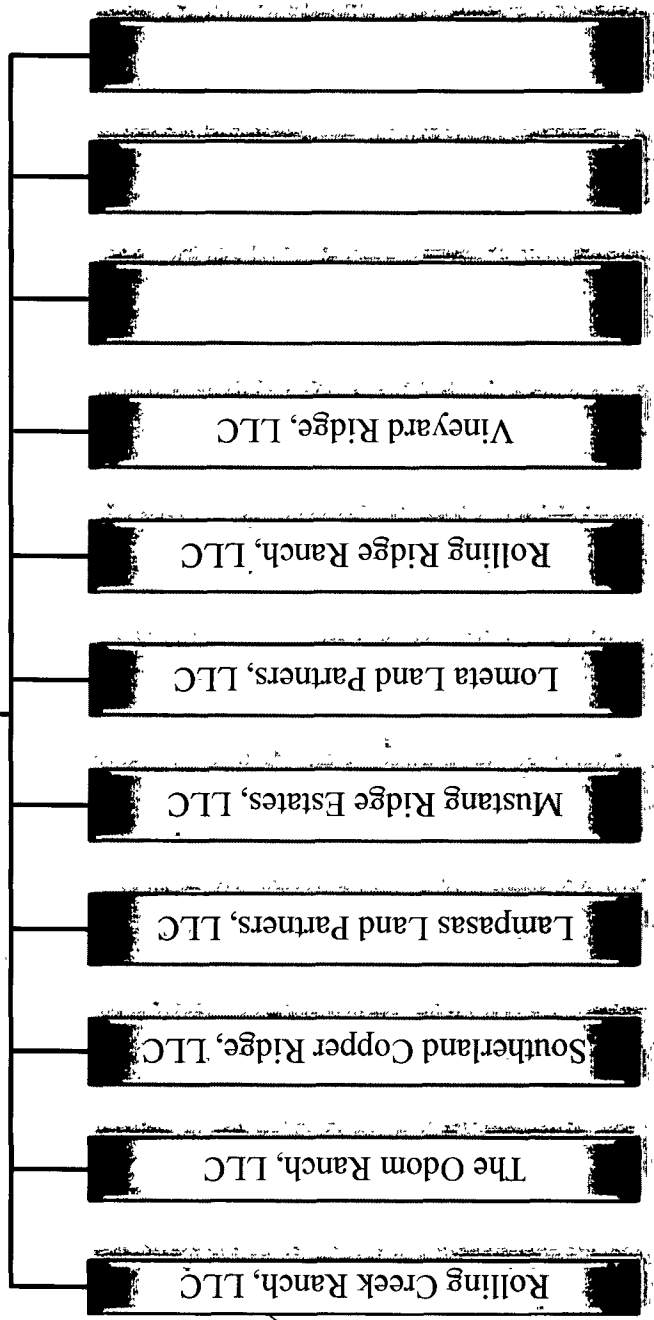
NATIONAL LAND PARTNERS III, LLC

National Land Partners Holdings, LLC



National Land Partners III, LLC

1



1 National Land Partners III, LLC Ownership:
National Land Partners Holdings, LLC

Attachment 2

2.B. Need for Service

2.B. Need for Service:

The proposed service area includes all the land within an approved platted subdivision located within Gillespie County. Vineyard Ridge, LLC has purchased the land within the CCN and has acquired plat approvals. Since individual lots are just being sold there are no landowners at this point in time to acquire requests for service. The CCN is needed to provide a centralized water utility for the residents of the subdivision which will include a total of 160 lots. There are no water utilities within 5 miles making it economically unfeasible to request water service.

The area is located within a Priority Groundwater Management System (PGMA) and the approved CCN will allow for a centralized water system which will eliminate the need for many single wells which would be drilled if a CCN were not granted. Vineyard Ridge, LLC has already submitted reports to the local Groundwater Conservation District and has acquired permits to produce enough groundwater to serve the system to meet TCEQ requirements.

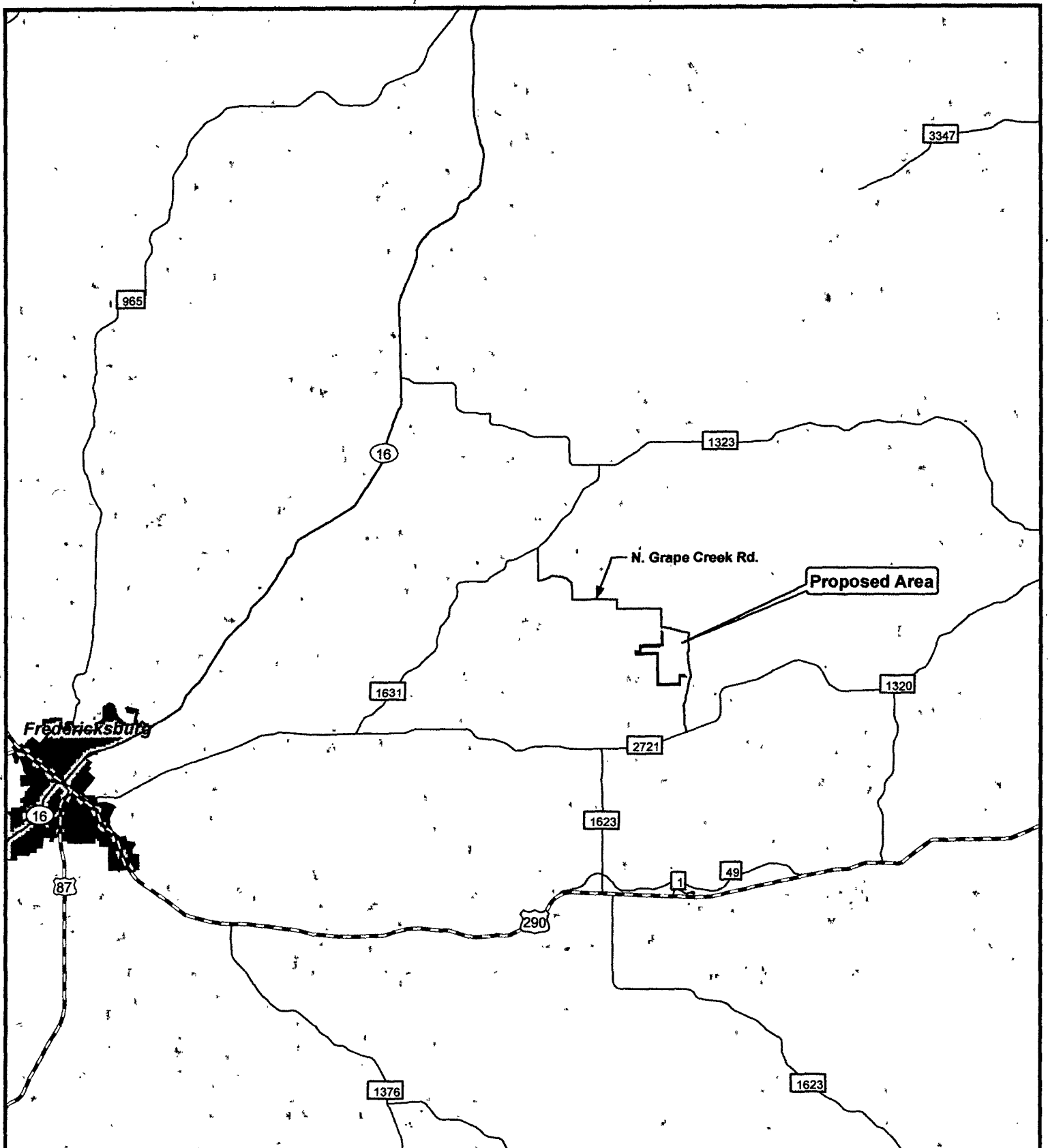
Attachment 3

3.A. General Location Map

3.B. Projectable Digital Data

3.C. Written Description of Proposed Service Area

3.D. Proposed Facility Location Maps



Scale: 0 1.5 3 Miles

Drawn By: BB Date: 10-3-16

Quad Name and No:
Cave Creek School, TX 30098-C6

Projection:
UTM NAD 83 Zone 14



Proposed Water CCN Area: Location Map

Vineyard Ridge, LLC
Gillespie County, Texas

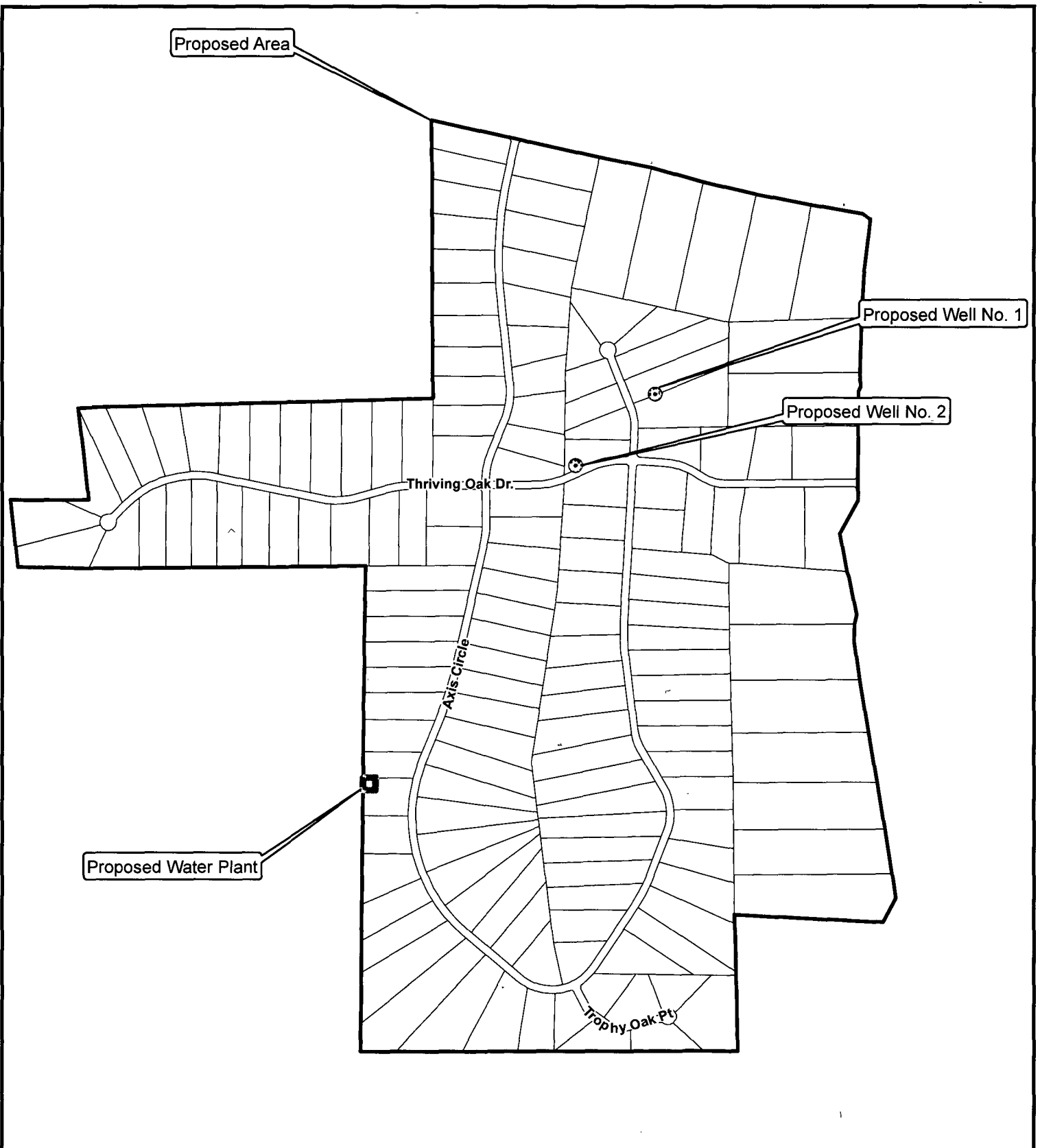




Wet Rock Groundwater Services, L.L.C.
Groundwater Specialists

TBPG Firm No: 50038
317 Ranch Road 620 South, Ste. 203
Austin, Texas 78734 Ph: 512.773.3226
www.wetrockgs.com

3.C. Description of Vineyard Ridge Proposed CCN:

The Vineyard Ridge Proposed CCN service area is located approximately 14 miles northeast of Fredericksburg, Texas. The property is approximately 660-acres of undeveloped native pasture land located in Gillespie County. The property has been platted for a subdivision consisting of 160 individual lots and is currently in the early phases of development. It is bound by undeveloped native pasture land to the west and south with North Grape Creek Road bounding the north and east property boundaries.

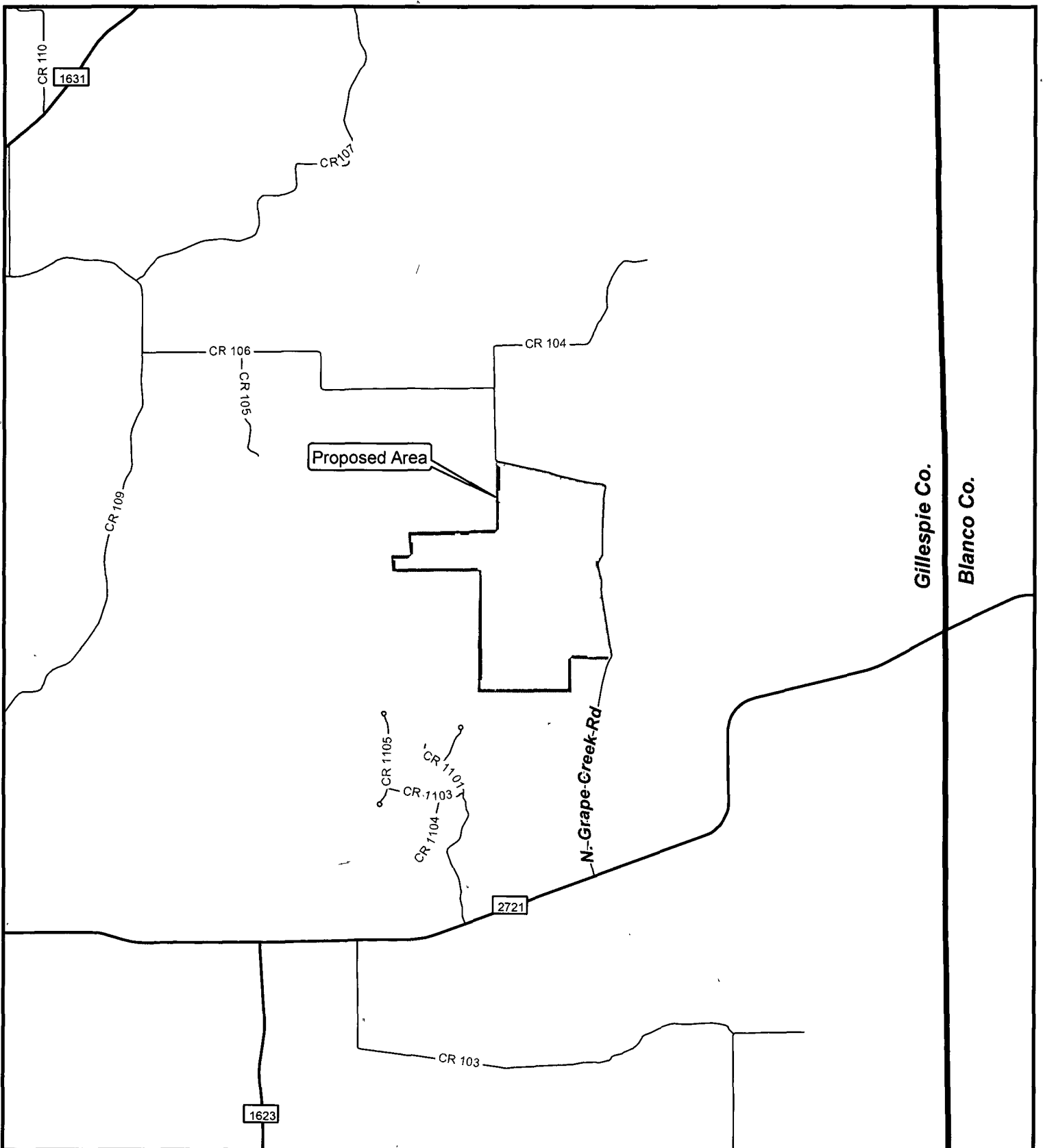



Scale: 0 500 1,000 Feet	Proposed Water CCN - Facility Map		
Drawn By: BB Date: 10-3-16	 Vineyard Ridge, LLC Gillespie County, Texas	 Wet Rock Groundwater Services, L.L.C. Groundwater Specialists TBPB Firm No 50038 317 Ranch Road 620 South, Ste. 203 Austin, Texas 78734 Ph: 512.773.3226 www.wetrockgs.com	
Quad Name and No: Cave Creek School, TX 30098-C6			
Projection: UTM NAD 83 Zone 14			

Attachment 4

4.A.i. Proposed Water CCN Area

4.A.ii. – iii. Explanation for No Requests for Service



Scale: 0 2,000 4,000 Feet		Proposed Water CCN Area	
Drawn By: BB Date: 10-3-16		Vineyard Ridge, LLC Gillespie County, Texas	
Quad Name and No: Cave Creek School, TX 30098-C6			
Projection: UTM NAD 83 Zone 14			
		Wet Rock Groundwater Services, L.L.C. Groundwater Specialists TBPG Firm No 50038 317 Ranch Road 620 South, Ste. 203 Austin, Texas 78734 Ph: 512.773.3226 www.wetrockgs.com	

4.B. Explanation for No Service Requests:

There are no water utility or CCNs within 5 miles of the proposed Vineyard Ridge CCN service area, therefore no requests for service were sent out. Based on the distance of the nearest CCN or water utility, it is economically unfeasible to receive water from another water utility company.

Attachment 5

5.G. Effect of Granting Certificate

5.I. Ability to Provide Adequate Service

5.G. Effect of Granting Certificate:

The public interest is served when a centralized water utility provides water to a subdivision, especially one located within a Priority Groundwater Management Area. In addition, the public interest and future landowners within the approved platted subdivision are served when a water utility with access to capital and the resources necessary to provide a safe, reliable drinking water source. This will eliminate the need for many single wells which otherwise would be drilled, causing additional stress on the aquifer.

Vineyard Ridge, LLC has experience in the water utility industry in Texas providing service to residents in the Spicewood and Houston Area. Their financial resources and access to capital will provide for a quality infrastructure to the water system including the required storage and water supply capacity requirements. As part of their platting for the subdivision and permitting with the Hill Country Underground Water Conservation District, Vineyard Ridge, LLC was required to submit and acquire approval of a Groundwater Availability Study which certified the ability to provide an adequate supply of water which meets the Texas Commission on Environmental Quality (TCEQ) water quality requirements.

Other retail public utilities within the area will be unaffected. The proposed service area is located more than 5 miles from the nearest utility, therefore requests for service were not submitted due to the distance which would make obtaining water service economically unfeasible. The application is for a water CCN only, and sewer service will be provided by individual septic systems owned by individual residents.

5.I. Ability to Provide Adequate Service:

Vineyard Ridge, LLC has experience in the water utility industry in Texas providing service to residents in the Houston Area. The management of Vineyard Ridge, LLC has overseen numerous development projects with centralized public water supply systems which include but are not limited to: Chenango Ranch (Houston Area), Suncreek Estates (Houston Area), Suncreek Ranch (Houston Area), Sunrise Bay (Port Lavaca Area), and Summit Springs (Blanco & Burnet Counties). Their financial resources and access to capital will provide for a quality infrastructure to the water system including the required storage and water supply capacity requirements. As part of their platting for the subdivision and permitting with the Hill Country Underground Water Conservation District, Vineyard Ridge, LLC was required to submit and acquire approval of a Groundwater Availability Study which certified the ability to provide an adequate supply of water which meets the TCEQ water quality requirements.

Since the platting was approved within a Priority Groundwater Management Area, Vineyard Ridge, LLC was required to prove the ability to provide the required supply and quality of water for the subdivision. This includes the projected density of 160 single family residents at full build out including land use.

Attachment 6

Proposed Drought Contingency Plan

DROUGHT CONTINGENCY PLAN FOR

Vineyard Ridge, LLC

(Name of Utility)

14246 E. US Hwy 290, Stonewall, TX 78671

(Address, City, Zip Code)

TBA

(CCN#)

TBA

(PWS #s)

February 2017

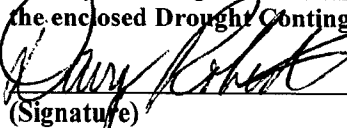
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if a water system does not meet the Texas Commission on Environmental Quality's (TCEQ) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I, Davy Roberts (print name), being the responsible official for Vineyard Ridge, LLC (Name of utility), **request a minor tariff amendment to include the enclosed Drought Contingency Plan.**


(Signature)

2-8-17
(Date)

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(Check at least one of the following)

Scheduling and providing public notice of a public meeting to accept input on the Plan.

The meeting took place at:

Date: _____ Time: _____ Location: _____

Mailed survey with summary of results (attach survey and results)

Bill insert inviting comment (attach bill insert)

Other method At this time there is no customer base as the CCN and PWS are in the approval stages. Upon approval, customers will be invited to provide comment via bill insert surveys.

Section 3 Public Education

The Vineyard Ridge, LLC (*name of utility*) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

public meeting

press releases

utility bill inserts

other _____

Section 4 Coordination with Regional Water Planning Groups

The service area of the Vineyard Ridge, LLC (*name of your utility*) is located within Regional Water Planning Group (RWPG) K.

Vineyard Ridge, LLC (*name of your utility*) has mailed a copy of this Plan to the RWPG.

Section 5 Notice Requirements

Written notice will be provided to each customer **prior to implementation or termination of each stage of the water restriction program**. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TCEQ by telephone at (512) 239-4691, or electronic mail at watermon@tceq.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TCEQ at the initiation and termination of mandatory water use restrictions (i.e., Stages III and IV).

Section 6 Violations

First violation - The customer will be notified by written notice of their specific violation.

Subsequent violations:

- a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$150.00.
- b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause **upon written request**. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Commission on Environmental Quality. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

Every April 1st, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Stage I will end:

Every September 30th, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TCEQ.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

Target: Achieve a 5 percent reduction in daily water (example: total water use, daily water demand, etc.) demand

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

Well level reaches _____ ft. mean sea level (m.s.l.)

Overnight recovery rate reaches _____ ft.

Reservoir elevation reaches _____ ft. (m.s.l.)

Stream flow reaches _____ cfs at USGS gage # _____

Wholesale supplier's drought Stage 2

Annual water use equals 85 % of well permit/Water Right/purchased water contract amount

Other _____

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

Drinking water treatment as % of capacity _____ %
Total daily demand as % of pumping capacity 85 %
Total daily demand as % of storage capacity _____ %
Pump hours per day _____ hrs.
Production or distribution limitations.
Other _____

Upon initiation and termination of Stage II, the utility will mail a public announcement to its customers. No notice to TCEQ required.

Requirements for Termination:

Stage II of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage II, Stage I becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for Vineyard Ridge, LLC (name of utility) is: (check one)

☒ Other well
☐ Interconnection with other system
☐ Purchased water
☐ Other

Voluntary Water Use Restrictions:

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is

permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or

3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

Target: Achieve a 10 percent reduction in daily water demand (example: total water use, daily water demand, etc.)

The water utility will implement Stage III when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

Well level reaches _____ ft. (m.s.l.)
Overnight recovery rate reaches _____ ft.
Reservoir elevation reaches _____ ft. (m.s.l.)
Stream flow reaches _____ cfs at USGS gage # _____
Wholesale suppliers drought Stage III

Annual water use equals 90 % of well permit/Water Right/purchased water contract amount.

Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

Drinking water treatment as % of capacity _____ %
Total daily demand as % of pumping capacity 90 %
Total daily demand as % of storage capacity _____ %
Pump hours per day _____ hrs.
Production or distribution limitations.
Other _____

Upon initiation and termination of Stage III, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage III of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage III, Stage II becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative

supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems **shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or ■Jacuzzi■ type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
 - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
 - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
 - c. use of water for dust control;

- d. flushing gutters or permitting water to run or accumulate in any gutter or street;
- e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- f. any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

Target: Achieve a 15 percent reduction in daily water demand (example: total water use, daily water demand, etc.)

The water utility will implement Stage IV when any one of the selected triggers is reached:

Supply-Based Triggers: (check at least one and fill in the appropriate value)

Well level reaches _____ ft. (m.s.l.)
 Overnight recovery rate reaches _____ ft.
 Reservoir elevation reaches _____ ft. (m.s.l.)
 Stream flow reaches _____ cfs at USGS gage # _____
 Wholesale suppliers drought Stage IV

Annual water use equals 95 % of well permit/Water Right/purchased water contract amount
 Supply contamination
 Other _____

Demand- or Capacity-Based Triggers: (check at least one and fill in the appropriate value)

Drinking water treatment as % of capacity _____ %
 Total daily demand as % of pumping capacity 95 %
 Total daily demand as % of storage capacity _____ %
 Pump hours per day _____ hrs
 Production or distribution limitations
 System outage
 Other _____

Upon initiation and termination of Stage IV, the utility will mail a public announcement to its customers. Notice to TCEQ required.

Requirements for Termination:

Stage IV of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage IV, Stage III becomes operative.

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: (all outdoor use of water is prohibited)

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

SYSTEM OUTAGE or SUPPLY CONTAMINATION

Notify TCEQ Regional Office immediately.

If you have any questions on how to fill out this form or about the Investor Owned Utility program, please contact us at 512/239-_____.

Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, contact us at 512-239-3282.

Attachment 7

Financial Information

6. Financial Information:

Vineyard Ridge, LLC (Vineyard Ridge) was created to acquire, construct, and operate the Vineyard Ridge Subdivision and centralized water system project. Mr. Davy Roberts is the acting president of Vineyard Ridge. Vineyard Ridge is wholly owned by National Land Partners III, LLC (NLP III) which is wholly owned by National Land Partners Holdings, LLC (see attached company organization chart). Mr. Roberts is also the president of Lone Star Land Partners which is a National Land Partners company. Mr. Roberts has worked on and developed many subdivision projects similar to the Vineyard Ridge Subdivision project.

Two financing sources have been and will be used to fund operations of Vineyard Ridge which is funded by NLP III:

- Cash/Equivalents – \$1,800,000 from internal company funds.
- Crockett – Loaned \$2,391,900 for the acquisition of the project and holds a lien on the property.

If you refer to the attached cash flow projections, you will see two lines that track this funding. Near the top of the schedule you will see “loan proceeds – Crockett” and “loan proceeds – Internal” which shows the \$4,216,900 coming into to support the acquisition. The “loan proceeds – Internal” shows cash needed by other related companies to support operations. If you go month by month you will see that by January 2018 both the Crockett and Internal loans will be repaid and that cash flows from sales/operations fully support both construction spending and operating expenses.

Money to build and operate the plant now for the first year will come from cash generated through land sales within the subdivision. Once an adequate number of connections are made to the system, cash generated from water sales will be used to operate the system. The management at Vineyard Ridge will be responsible for overseeing the construction of the water system and will hire a qualified contractor to operate the system on a daily basis. Vineyard Ridge is a healthy, well funded company owned and operated by individuals who have an excellent track record developing subdivisions with centralized public water supply systems. It is difficult to measure debt to equity due to the fact that Vineyard Ridge itself is a new company with no equity built up yet. Bank debt payments are tied to sales and Vineyard Ridge controls when the internal debt gets paid back.

The management at Vineyard Ridge is capable of providing continuous and adequate service to their future customers. Mr. Roberts has managed and overseen numerous development projects with centralized public water supply systems which include but are not limited to: Chenango Ranch (Houston Area), Suncreek Estates (Houston Area), Suncreek Ranch (Houston Area), Sunrise Bay (Port Lavaca Area), and Summit Springs Subdivision (Burnet and Blanco Counties). These public supply water systems are currently managed and operated by Quadvest, except for Summit Springs which is now operated by Corix.

Also, a tariff is provided in the attached financial material. The tariff prices were established by conducting a rate study (see attached).

Balance Sheet

Balance Sheet
As of 12/25/2016

Vineyard Ridge, LLC (VRL)

Assets

Current Assets

1010-001	Cash Frost	\$	54,114.81	
1204-000	Prepaid Property & Liability		2,539.40	
1260-000	Prepaid Loan Fee		10,500.00	
1300-001	Inventory Vineyard Ridge		8,283,498.00	
Total Current Assets:				8,350,652.21

Fixed Assets

1525-000	Leasehold Improvements		14,549.95	
Total Fixed Assets:				14,549.95

Other Assets

1800-000	Utility Deposits		100.00	
1900-000	Organization Costs		1,520.62	
1905-000	A/A Organization Costs		(76.02)	
Total Other Assets:				1,544.60
Total Assets:				<u>\$ 8,366,746.76</u>

Liabilities

Current Liabilities

2000-000	A/P Trade System Generated		6,210.21	
2020-118	D/T NLP Summit Springs, LLC		832,307.65	
2020-147	D/T Lometa Land Partners, LLC		353,162.50	
2020-149	D/T Lampasas Land Partners, LLC		162,715.29	
2020-600	D/T LSLP Barton Creek, LLC		120,366.67	
2020-602	D/T Mesa View Ranch, LLC		200,611.11	
2030-001	A/P Estimate Vineyard Ridge		4,399,581.90	
2315-000	Accrued Bonus		(24,948.25)	
2410-000	A/I Crockett National Bank		(315.59)	
Total Current Liabilities:				6,049,691.49

Long-Term Liabilities

2810-000	N/P Crockett National Bank		2,391,900.00	
Total Long-Term Liabilities:				2,391,900.00
Total Liabilities:				8,441,591.49

Equity

3200-000	Retained Earnings		0.00	
3200-000	Retained Earnings-Current Year		(74,844.73)	
Total Equity:				(74,844.73)
Total Liabilities & Equity:				<u>\$ 8,366,746.76</u>

Projections

**SCHEDULE A
PROJECT EVALUATION SCHEDULE**

COMPANY:
PROJECT NAME:
TOTAL ACREAGE
TOTAL LOTS

Vineyard Ridge, LLC
Vineyard Ridge
660.00
160

STATE/COUNTY:
ACQUISITION DATE:
MANAGER:
ACQ MANAGER:

Texas
9/10/2016
Davy Roberts
Mikey Emmons

SALES:

RURAL ACREAGE
UTILITY FEES
BULK
HOUSE
TIMBER
TOTAL SALES

PROJECT BUDGET	% TO SALES
17,758,300	100.00%
	0.00%
	0.00%
	0.00%
	0.00%
\$ 17,758,300	100.00%

Lot Release Calculation:

COST OF REAL ESTATE:

RURAL ACREAGE
RESIDENTIAL
BULK
HOUSE
TIMBER
TOTAL LAND COSTS

3,680,000	20.72%
	0.00%
	0.00%
	0.00%
	0.00%
\$ 3,680,000	20.72%

Bank Loan 2,391,900
75% of Sales 13,318,725

Calc release % 18%
use 20%

COST OF DEVELOPMENT:

ROADS & STORMWATER
POWER/PHONE
LOT CLEARING & ROCK ECAVATION
ENTRANCE & GATES
COMMON AREA
SEWER
WATER

1,900,000	10.70%
400,000	2.25%
300,000	1.69%
200,000	1.13%
-	0.00%
-	0.00%
1,000,000	5.63%

TOTAL DEVELOPMENT COSTS

\$ 3,800,000	21.40%
---------------------	---------------

TOTAL REAL ESTATE COSTS

\$ 7,480,000	42.12%
---------------------	---------------

DIRECT COST OF SALES

ENGINEERING/SURVEYING
LEGAL
SOIL TEST
ENVIRONMENTAL STUDY
ACQUISITION COMMISSION
PERMITS
BONDING
RESERVE

250,000	1.41%
25,000	0.14%
-	0.00%
5,000	0.03%
-	0.00%
-	0.00%
100,000	0.56%
350,000	1.97%

TOTAL DIRECT COST OF SALES

\$ 730,000	4.11%
-------------------	--------------

TOTAL COSTS OF SALES

\$ 8,210,000	46.23%
---------------------	---------------

GROSS PROFIT

\$ 9,548,300	53.77%
---------------------	---------------

A/P Estimate

4,530,000

Vineyard Ridge, LLC
Project: Vineyard Ridge
Business Plan
Projected Income Statement

	2016 September	2016 October	2016 November	2016 December	2017 January	2017 February	2017 March	2017 April	2017 May	2017 June
Sales of real estate	-	-	-	-	1,168,309	934,647	934,647	934,647	934,647	1,051,478
Cost of real estate sales	-	-	-	-	540,131	432,105	432,105	432,105	432,105	486,118
Gross profit	-	-	-	-	628,178	502,542	502,542	502,542	502,542	565,360
Selling expense	-	-	-	-	181,088	144,870	144,870	144,870	144,870	162,979
Administrative expense	-	-	-	-	128,514	102,811	102,811	102,811	102,811	115,663
Income from operations	-	-	-	-	318,576	254,860	254,860	254,860	254,860	286,718
Interest expense - Crockett	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%
Interest expense - Internal	(10,468)	(15,202)	(15,202)	(15,202)	(14,971)	(14,208)	(13,098)	(11,965)	(10,855)	(9,722)
Interest expense - Inland Capital	(11,667)	(17,708)	(18,646)	(20,104)	(22,083)	(21,563)	(20,104)	(18,854)	(18,021)	(16,979)
Consulting fees	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-
Income before Mgr fees and Mgr Bonus	(22,135) #DIV/0!	(32,910) #DIV/0!	(33,848) #DIV/0!	(35,306) #DIV/0!	281,522 24.1%	219,090 23.4%	221,659 23.7%	224,042 24.0%	225,985 24.2%	260,017 24.7%

Vineyard Ridge, LLC
Project: Vineyard Ridge
Business Plan
Projected Income Statement

	2017 July	2017 August	2017 September	2017 October	2017 November	2017 December	2018 January	2018 February	2018 March	2018 April
Sales of real estate	1,051,478	1,051,478	1,051,478	934,647	934,647	934,647	934,647	934,647	1,051,478	1,051,478
Cost of real estate sales	486,118	486,118	486,118	432,105	432,105	432,105	432,105	432,105	486,118	486,118
Gross profit	565,360	565,360	565,360	502,542	502,542	502,542	502,542	502,542	565,360	565,360
Selling expense	162,979	162,979	162,979	144,870	144,870	144,870	144,870	144,870	162,979	162,979
Administrative expense	115,663	115,663	115,663	102,811	102,811	102,811	102,811	102,811	115,663	115,663
Income from operations	286,718	286,718	286,718	254,860	254,860	254,860	254,860	254,860	286,718	286,718
Interest expense - Crockett	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%	27.3%
Interest expense - Internal	(8,531)	(7,294)	(5,045)	(3,820)	(2,652)	(1,531)	(421)	(17)	0	0
Interest expense - Inland Capital	(15,938)	(14,375)	(12,708)	(10,938)	(9,271)	(6,458)	(1,771)	-	-	-
Consulting fees	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-
Income before Mgr fees and Mgr Bonus	262,250	265,049	268,964	240,103	242,938	246,871	252,669	254,844	286,718	286,718
	24.9%	25.2%	25.6%	25.7%	26.0%	26.4%	27.0%	27.3%	27.3%	27.3%

Vineyard Ridge, LLC
Project: Vineyard Ridge
 Business Plan
 Projected Income Statement

	2018 May	2018 June	Total Company	
Sales of real estate	934,647	934,653	17,758,300	100.0%
Cost of real estate sales	432,105	432,108	8,210,000	46.2%
Gross profit	502,542	502,545	9,548,300	53.8%
Selling expense	144,870	144,871	2,752,537	15.5%
Administrative expense	102,811	102,812	1,953,413	11.0%
Income from operations	254,860	254,862	4,842,351	27.3%
Interest expense - Crockett	27.3%	27.3%		
Interest expense - Internal	0	0	(160,201)	-0.9%
Interest expense - Inland Capital	-	-	(257,188)	-1.4%
Consulting fees	-	-	-	0.0%
Interest income	-	-	-	0.0%
Income before Mgr fees and Mgr Bonus	254,860	254,862	4,424,962	24.9%
	27.3%	27.3%	24.9%	

Vineyard Ridge, LLC
Project: Vineyard Ridge

Business Plan
Cash Flow

	September	October	2016 November	2017 January	2017 February	2017 March	2017 April	2017 May	2017 June	2017 July	2017 August	2017 September	2017 October	2017 November	2017 December
RECEIPTS															
Sales proceeds	-	-	-	1,168,309	934,647	934,647	934,647	934,647	1,051,478	1,051,478	1,051,478	1,051,478	934,647	934,647	934,647
Loan proceeds - Crockett	2,391,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan proceeds - Internal	1,400,000	25,000	100,000	175,000	-	-	-	-	-	-	-	-	-	-	-
Loan proceeds - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Timber income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	3,791,900	25,000	100,000	1,343,309	934,647	934,647	934,647	934,647	1,051,478	1,051,478	1,051,478	1,051,478	934,647	934,647	934,647
DISBURSEMENTS															
Land / home purchases	3,690,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	25,000	50,000	50,000	200,000	300,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	205,000
Selling expenses	-	-	-	181,088	144,870	144,870	144,870	144,870	162,979	162,979	162,979	162,979	144,870	144,870	144,870
Administrative expenses	-	-	-	128,514	102,811	102,811	102,811	102,811	115,663	115,663	115,663	115,663	102,811	102,811	102,811
Interest expense - Crockett	10,468	15,202	15,202	14,971	14,208	13,098	11,965	10,855	9,722	8,531	7,294	5,045	3,820	2,652	1,531
Interest expense - Internal	11,667	17,708	18,646	22,083	21,563	20,104	18,854	18,021	16,979	15,938	14,375	12,708	10,938	9,271	6,458
Interest expense - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consulting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manager fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in accrual-M&Mf	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments - Crockett (20%)	-	-	-	58,415	163,563	198,613	186,929	186,929	192,771	204,454	210,296	210,296	204,454	192,771	186,929
Loan repayments - Internal	-	-	-	-	150,000	100,000	100,000	50,000	100,000	75,000	150,000	125,000	150,000	125,000	275,000
Loan repayments - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,727,135	82,910	83,848	605,071	897,015	979,496	965,430	913,487	998,114	982,564	1,060,606	1,031,691	1,016,893	977,375	922,600
Change in B/S accounts															
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracts receivable	-	-	-	(876,232)	(116,831)	58,416	-	-	(87,623)	(29,208)	-	-	87,623	29,208	-
Mortgage loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, related parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable - Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and customer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable, related parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable - Intercompany	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in B/S accounts	-	-	-	(657,174)	(87,623)	43,812	-	-	(65,717)	(21,906)	-	-	65,717	21,906	-
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	64,765	(57,910)	16,152	81,064	(49,991)	(1,037)	(30,783)	21,160	(12,353)	47,008	(9,128)	19,787	(16,528)	(20,823)	12,047

Cash	64,765	6,855	23,007	93,765	43,774	42,737	11,954	33,115	20,762	67,770	58,642	78,429	61,900	41,078	53,125
Contracts Receivable	-	-	-	876,232	993,063	934,647	934,647	934,647	1,022,270	1,051,478	1,051,478	1,051,478	963,855	934,647	934,647
Notes Payable Balance - Crockett	2,391,900	2,391,900	2,391,900	2,333,485	2,169,921	1,971,309	1,784,379	1,597,450	1,404,679	1,200,225	989,929	779,634	575,180	382,409	195,479
Notes Payable Balance - Internal	1,400,000	1,425,000	1,525,000	1,825,000	1,675,000	1,575,000	1,475,000	1,425,000	1,325,000	1,250,000	1,100,000	975,000	825,000	700,000	425,000
Notes Payable Balance - Inland Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Expenses	-	-	-	219,058	248,266	233,662	233,662	233,662	255,568	262,870	262,870	262,870	240,964	233,662	233,662

Vineyard Ridge, LLC
Project: Vineyard Ridge
Business Plan
Cash Flow

RECEIPTS

	2018 January	2018 February	2018 March	2018 April	2018 May	2018 June	2018 July	Total Company
Sales proceeds	934,647	934,647	1,051,478	1,051,478	934,647	934,653	-	17,758,300
Loan proceeds - Crockett	-	-	-	-	-	-	-	2,391,900
Loan proceeds - Internal	-	-	-	-	-	-	-	1,825,000
Loan proceeds - Inland Capital	-	-	-	-	-	-	-	-
Timber income	-	-	-	-	-	-	-	-

Total receipts

	934,647	934,647	1,051,478	1,051,478	934,647	934,653	-	21,975,200
--	---------	---------	-----------	-----------	---------	---------	---	------------

DISBURSEMENTS

Land / home purchases	-	-	-	-	-	-	-	3,680,000
Construction	-	-	-	-	-	-	-	4,530,000
Selling expenses	144,870	144,870	162,979	162,979	144,870	144,871	-	2,752,537
Administrative expenses	102,811	102,811	115,663	115,663	102,811	102,812	-	1,953,413
Interest expense - Crockett	421	17	(0)	(0)	(0)	(0)	(0)	160,201
Interest expense - internal	1,771	-	-	-	-	-	-	257,188
Interest expense - Inland Capital	-	-	-	-	-	-	-	-
Consulting fees	-	-	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-
Manager fees	-	-	-	-	-	-	-	-
Change in accruals/MAIF	-	-	-	-	-	-	-	-
Loan repayments - Crockett (20%)	186,929	8,550	-	-	-	-	-	2,391,900
Loan repayments - internal	425,000	-	-	-	-	-	-	1,825,000
Loan repayments - Inland Capital	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-

Total disbursements

	861,802	256,248	278,642	278,642	247,681	247,683	(0)	17,550,238
--	---------	---------	---------	---------	---------	---------	-----	------------

Change in B/S accounts

Restricted cash	-	-	(87,623)	(29,208)	87,623	29,203	700,988	233,663
Contracts receivable	-	-	-	-	-	-	-	-
Mortgage loans receivable	-	-	-	-	-	-	-	-
Accounts receivable, related parties	-	-	-	-	-	-	-	-
Accounts receivable, other	-	-	-	-	-	-	-	-
Accounts receivable - Intercompany	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property and equipment, net	-	-	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Accounts payable and customer deposits	-	-	-	-	-	-	-	-
Accounts payable, related parties	-	-	-	-	-	-	-	-
Accounts payable - Intercompany	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-

Net change in B/S accounts

	-	-	(65,717)	(21,906)	65,717	21,902	525,741	175,247
--	---	---	----------	----------	--------	--------	---------	---------

EXCESS OF RECEIPTS OVER
(UNDER) DISBURSEMENTS

	72,845	678,399	707,119	750,931	752,683	708,872	525,741	175,247
								4,424,962

Cash

Contracts Receivable	125,970	804,368	1,511,487	2,262,418	3,015,101	3,723,973	4,249,714	4,424,962
Notes Payable Balance - Crockett	934,647	934,647	1,022,270	1,051,478	963,855	934,652	233,663	-
Notes Payable Balance - Internal	8,550	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Notes Payable Balance - Inland Capital	-	-	-	-	-	-	-	-
Accrued Expenses	233,662	233,662	255,568	262,870	240,964	233,663	58,416	-

Commercial Loan

COMMERCIAL LOAN AGREEMENT

THIS COMMERCIAL LOAN AGREEMENT ("Agreement") is made by Crockett National Bank ("Lender") and VINEYARD RIDGE, LLC, a Delaware limited liability company ("Borrower") and NATIONAL LAND PARTNERS HOLDINGS, LLC, a Delaware limited liability company ("Guarantors", whether one or more).

ARTICLE 1 The Loan

1.1 Term Loan. Subject to and upon the terms and conditions contained in this Agreement, Lender agrees to make a term loan (the "Loan") to Borrower in the original face amount of \$2,391,900.00 (the "Loan Amount"). The Loan will be evidenced by and payable in accordance with a promissory note (the "Note"). The Note will not evidence a revolving credit facility in that Borrower's repayment of principal will not enable Borrower to reborrow any principal amount repaid.

ARTICLE 2 Loan Terms

2.1 Loan Terms.

(a) *Rate and Payment.* The Loan will bear interest and be payable in accordance with the terms of the Note.

(b) *Guaranty.* The full and prompt payment of the Loan will be unconditionally guaranteed by Guarantors pursuant to one or more Guaranty Agreements (the "Guaranties", whether one or more) dated the same date as this Agreement.

(c) *Collateral.* The Loan will be secured, among other things, by the following:

(i) a valid first lien Deed of Trust (the "Deed of Trust") on the real property described therein (the "Property").

(ii) a valid first lien security interest in all equipment, fixtures, furnishings, inventory, and other personal property, both tangible and intangible, either located upon or used in connection with the operation of the Property (none of which may be leased or acquired by lease/purchase), including without limitation, all contracts for the operation and maintenance of the Property.

(d) *Loan Documents.* The Loan will be evidenced by all instruments (the "Loan Documents") requested by Lender, in Lender's sole and absolute discretion, including without limitation, the following: (i) this Agreement, (ii) the Note, (iii) the Deed of Trust, and (iv) all other documents executed at any time by Borrower in connection with, as evidence of, or as security for, the Loan. All of the terms and conditions of the Loan Documents must be satisfactory to Lender, in Lender's sole and absolute discretion.

(e) *Origination Fee.* Borrower will pay Lender an Origination Fee of \$12,000.00 at the time the Loan closes.

ARTICLE 3 Definitions

3.1 Definitions. In addition to the other capitalized terms that are defined throughout this Agreement, the following terms have the following meanings when used in this Agreement:

"Collateral" means all property, both real and personal, tangible and intangible described in the Loan Documents as being given as collateral for the Loan.

"Debt" means all indebtedness and liabilities, whether matured or unmatured, due or to become due, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, including all items that should be classified as liabilities according to generally accepted accounting principles.

"Indebtedness" means all of the following:

(i) All indebtedness owed by Borrower to Lender that is evidenced by, secured by, or created in connection with the Loan Documents; including without limitation the aggregate of all principal and interest owing from time to time under the Note, together with all fees, expenses, charges, premiums (if any), and other amounts from time to time owing under the Loan Documents.

(ii) All renewals, modifications, rearrangements, reinstatements, enlargements, or extensions of the Note and any promissory note or notes given in renewal, substitution, or replacement for the Note.

"Liens" means all liens, rights, security interests, and assignments (whether absolute or as collateral) created, granted, or made by the Loan Documents.

"Subordinated Debt" means all Debt of Borrower, whether now existing or hereafter incurred, that is subordinate in right of payment to the Indebtedness, pursuant to a written agreement executed by such parties required by, and in form and content, satisfactory to Lender.

3.2 Rules of Interpretation. All definitions of terms contained in this Agreement apply equally to the singular and plural forms of the terms defined. Whenever the context requires, any pronoun includes the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" are deemed to be followed by the phrase "without limitation". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument, or other document refers to such agreement, instrument, or other document as it was originally executed or as it may from time to time be amended, supplemented, renewed, extended, increased, or otherwise modified (subject to any restrictions on such amendments, supplements, or modifications set forth in this Agreement), (ii) any reference in this Agreement to any party includes such party's successors and permitted assigns, (iii) the words "hereof", "herein", and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision of it, (iv) all references to Articles, Sections, Exhibits, and Schedules refer to Articles, Sections, Exhibits, and Schedules to this Agreement, (v) all documents, instruments, exhibits, and other writings referred to in this Agreement are made a part of it by reference for all purposes with the same effect as if attached to it, and (vi) all references to a specific time (or to any time generally) refer to the time in San Antonio, Texas, unless otherwise indicated. Any reference to any law shall include all statutory and regulatory provision consolidating, amending, replacing, or interpreting such law and any reference to any law or regulation refers to such law or regulation as amended, modified, or supplemented from time to time.

ARTICLE 4

Representations and Warranties

So long as any portion of the Indebtedness remains unpaid, Borrower unconditionally warrants and represents to Lender as follows:

4.1 Organization and Existence. If Borrower is an entity, Borrower is duly organized, validly existing, and in good standing under the laws of the State of its formation or existence, and has complied with all conditions prerequisite to its doing business in the state where the Collateral is located.

4.2 Authorization and Enforceability. The execution, delivery, and performance by Borrower, and Guarantors, respectively, of the Loan Documents does not and will not (i) violate any provision of any agreement, law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect which adversely affects or could adversely affect the financial condition, business, or prospects of Borrower, or Guarantors; or (ii) result in a breach of or constitute a default under Borrower's or Guarantors' Governing Documents or any indenture, loan or credit agreement, or any other agreement or instrument, to which Borrower or Guarantors is a party or by which Borrower or the Guarantors, or any of their respective properties is bound or affected, and will not result in the creation or imposition of any lien, charge, or encumbrance on, or security interest in, any of their respective properties pursuant to the provisions of any such agreement or instrument; and (iii) the Loan Documents, when duly executed and delivered, will constitute legal, valid, and binding obligations of Borrower and Guarantors, respectively, enforceable against them in accordance with their respective terms, except to the extent that they may be limited by bankruptcy or insolvency or other laws affecting creditors rights generally.

4.3 Representations True. All statements contained in this Agreement and the other Loan Documents are true and correct and all writings previously delivered to Lender by Borrower concerning the Loan are genuine and in all respects what they purport to be.

4.4 Litigation. There is no litigation, proceeding, or investigation pending or threatened against or affecting Borrower, Guarantors, or the Collateral in any court or before any tribunal or arbitration board.

4.5 Consents. No consent, approval, or authorization of any governmental authority is required in connection with the execution and delivery of Loan Documents.

4.6 Lien Priority. None of the Collateral will be encumbered by any pledge, lien, security interest, assignment, or other charge or encumbrance of any nature whatsoever except those in favor of Lender. Lender's Liens shall be first prior Liens superior to the interests of all other parties.

4.7 Convictions. Neither Borrower nor any of its principals has been convicted of (or pleaded nolo contendere or no contest to) a crime involving bank fraud, embezzlement, sex offences against a minor, mail fraud, or money laundering. For purposes of the immediately preceding sentence, "principals" means (i) for a partnership, each general partner and any other partner who is a natural person and holds twenty percent (20%) or more ownership interest in the partnership, or (ii) for a corporation, limited liability company, association, or other entity, each director, each of the five (5) most highly-compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of twenty percent (20%) or more of the capital stock or other equity or ownership interest of the entity.

ARTICLE 5

Covenants

So long as any portion of the Indebtedness remains unpaid, Borrower covenants and agrees as follows:

5.1 Attorney's Fees. Borrower shall pay or reimburse Lender for all fees and expenses of counsel for Lender in connection with (a) the negotiation, preparation, filing and recording of the Loan Documents, and any renewals, extensions and modifications to them; (b) the administration, servicing, and collection of the Loan; (c) the protection of the Collateral; and (d) the exercise by Lender of any of its rights and remedies under the Loan Documents.

5.2 Insurance. Borrower shall obtain and maintain all insurance policies required by Lender pursuant to the Loan Documents.

5.3 Loan Calculations. The unpaid principal balance of the Loan, the amount of interest accrued on them, the amounts and dates of advances, the amounts and dates of payments, and the amount of any charges outstanding in connection with the Loan, shall be determined in accordance with Lender's records. Borrower agrees to accept Lender's records, as maintained by Lender, subsequent to this date as correct, complete, and conclusive of

the aggregate unpaid amount of principal, interest, and other charges due and owing to Lender. Lender may provide, but shall not be required to provide, a statement of transactions pursuant to this Agreement to Borrower at such intervals as Lender may deem appropriate. Borrower waives any objection as to the accuracy of Lender's records and any such statement in any action or proceeding to enforce the obligations of Borrower to Lender under this Agreement or the other Loan Documents in any court of competent jurisdiction.

5.4 Collateral Held in Trust. All Collateral not required to be delivered to and remain in the possession of Lender, will be held by Borrower in trust for Lender.

5.5 Debt. Borrower shall not, directly or indirectly, incur, create, assume, permit to exist, any Debt, except: (i) Debt owed to Lender, (ii) Debt that exists on the date of the closing of the Loan that has been disclosed to Lender in writing prior to such date, (iii) trade Debt incurred in the ordinary course of Borrower's business, and (iv) Subordinated Debt.

5.6 Contingent Liabilities. Borrower shall not, directly or indirectly, assume, guarantee, endorse, contingently agree to purchase or otherwise become liable upon the obligation of any person or entity except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower's business.

5.7 Limitations on Issuance of Equity. If Borrower is an entity, Borrower shall not, directly or indirectly, at any time issue, sell, assign, or otherwise dispose of (a) any of its equity interests, (b) any securities exchangeable for or convertible into or carrying any rights to acquire any of its equity interests, or (c) any option, warrant, or other right to acquire any of its equity interests.

5.8 Judgments. Borrower shall not allow any judgment for the payment of money in excess of \$10,000.00 rendered against it to remain undischarged or unsuperseded for a period of sixty (60) days during which execution shall not be effectively stayed.

5.9 Nature of Business. Borrower shall not engage in any business other than the business in which it is engaged as of the date of the closing of the Loan.

5.10 Financial Reporting.

(a) *Borrower's Statements and Tax Returns.*

- (i) **Annual Statements.** Within 60 days after the end of each calendar year during which any portion of the Note remains unpaid, Borrower shall furnish financial statements to Lender which correctly reflect the financial condition of Borrower as of the date of delivery to Lender and are certified by Borrower as being true and correct. The financial statements shall be in a form and contain such information as Lender requests and shall include, at a minimum, a balance sheet, income statement, cash flow information, a disclosure of contingent liabilities and adequate supporting schedules.
- (ii) **Tax Returns.** Within 60 days after the date filed with the Internal Revenue Service, Borrower shall deliver signed copies of Borrower's annual federal income tax returns to Lender.

(b) *Guarantors' Statements and Tax Returns.*

- (i) **Annual Statements.** Within 60 days after the end of each calendar year during which any portion of the Note remains unpaid, Borrower shall furnish financial statements to Lender which correctly reflect the financial condition of Guarantors as of the date of delivery to Lender and are certified by Guarantors as being true and correct. The financial statements shall be in a form and contain such information as Lender requests and shall include, at a minimum, a balance sheet, income statement, cash flow information, a disclosure of contingent liabilities and adequate supporting schedules.

- (ii) **Tax Returns.** Within 60 days after the date filed with the Internal Revenue Service, Borrower shall deliver signed copies of Guarantors' annual federal income tax returns to Lender.

ARTICLE 6

Events of Default

6.1 **Events of Default.** Each one of the events described in this Section is an "**Event of Default**" under this Agreement. As used in this Agreement, the term "**Uncured Event of Default**" means the occurrence of any event which, but for the giving of notice or the passage of time, would become an Event of Default.

(a) **Payment.** Borrower or any Guarantor fails to make any payment on the Indebtedness as and when it becomes due and payable, whether at the due date thereof, by acceleration, or otherwise.

(b) **Performance.** Borrower or any Guarantor fails, refuses, or neglects to fully and timely perform, observe, and discharge any covenant or provision contained in any of the Loan Documents.

(c) **Loan Documents.** Borrower or any Guarantor defaults or commits an event of default under any of the Loan Documents.

(d) **Warranties or Representations.** Any warranty, representation, or other statement by or on behalf of Borrower or any Guarantor in the Loan Documents, or in any instrument furnished in compliance with or in reference to the Loan Documents, is false, misleading, or incorrect in any material respect as of the date made.

(e) **Other Indebtedness.** If Borrower fails to make payment of any other indebtedness to Lender or fails, refuses, or neglects to fully and timely perform and discharge any other obligation to Lender, whether made before or after the date of this Agreement.

(f) **Enforceability of Liens.** Any lien or security interest granted to Lender pursuant to this Agreement becomes invalid, unenforceable, or ceases to be a first priority lien and security interest against the Collateral to which it is intended to attach.

(g) **Insecurity of Lender.** Lender shall, within its sole and absolute discretion, deem itself insecure with respect to the Indebtedness.

(h) **Change in Financial Condition.** Lender determines, in its sole and absolute discretion, that a material adverse change in the financial condition of Borrower or any Guarantor has occurred since the date of this Agreement.

(i) **Insurance.** Borrower or any Guarantor fails to pay the premiums on any insurance policies required by Lender in connection with, or as security for, the Indebtedness when they become due and payable.

(j) **Failure to Furnish Information.** Borrower or any Guarantor fails to furnish or deliver any information, statements, or instruments, including without limitation, any required reports, insurance policies, and financial statements, that are required to be furnished to Lender by the Loan Documents, at the times required by the Loan Documents.

(k) **Other Liens.** All or any part of the Collateral (or an interest in it) is mortgaged, pledged, hypothecated, or otherwise encumbered without Lender's prior written consent, which consent may be withheld at Lender's sole and absolute discretion.

(l) **Voluntary Debtor Relief.** If Borrower or any Guarantor (i) commences any case, proceeding, or other action seeking an order for relief as a debtor, reorganization, arrangement, adjustment, liquidation, dissolution, or composition of it or its debts under any state or federal law relating to bankruptcy, insolvency, reorganization, or relief of debtors; (ii) seeks, consents to, or not contest the appointment of a receiver or trustee for itself or for all or

any part of its property; (iii) makes a general assignment for the benefit of its creditors; or (iv) admits in writing its inability to pay its debts as they mature.

(m) *Involuntary Debtor Relief.* If (i) a petition is filed against Borrower or any Guarantor seeking relief under the bankruptcy, arrangement, reorganization, or other debtor relief laws of the United States or any state or other competent jurisdiction or (ii) a court of competent jurisdiction enters an order, judgment, or decree appointing, without the consent of Borrower or any Guarantor, a receiver or trustee for it or for all or any part of its property, and such petition, order, judgment, or decree shall not be and remain discharged or stayed within a period of sixty (60) days after its entry.

(n) *Dissolution.* Borrower, any Guarantor, or any general partner of Borrower or any Guarantor does any of the following without obtaining Lender's prior written consent (i) changes the state of its organization or domicile, (ii) changes or converts from one type of legal entity to another, (iii) merges or consolidates with any other legal entity, or (iv) dissolves, terminates or liquidates.

(o) *Disposition of Collateral or Beneficial Interest in Borrower.* Borrower or any owner of all or part of the Collateral makes a Disposition (as defined below), without the prior written consent of Lender. "Disposition" means any sale, lease (except as permitted under this Agreement), exchange, assignment, conveyance, transfer, trade, or other disposition of all or any portion of the Collateral (or any interest therein) or all or any part of the beneficial ownership interest in Borrower (if Borrower is a corporation, limited liability company, partnership, joint venture, trust, or other type of business association or legal entity).

ARTICLE 7

Remedies

7.1 Remedies Upon Default. Upon the occurrence of an Event of Default or an Uncured Event of Default Lender may, at Lender's option, do any one or more of the following:

(a) *Perform for Borrower.* Perform or attempt to perform any covenant contained in the Loan Documents that Borrower has failed to keep or perform and any payment made or expense incurred in the performance or attempted performance of any such covenant shall be and become a part of the Indebtedness and Borrower shall, upon demand, pay Lender all sums so paid by Lender together with interest from the date paid or incurred by Lender at the **Maximum Rate/Default Rate** described in the Note.

(b) *Acceleration.* **LENDER MAY, WITHOUT NOTICE, DEMAND, PRESENTMENT, NOTICE OF NONPAYMENT OR NONPERFORMANCE, PROTEST, NOTICE OF PROTEST, NOTICE OF INTENT TO ACCELERATE, NOTICE OF ACCELERATION, OR ANY OTHER NOTICE OR ANY OTHER ACTION, ALL OF WHICH ARE HEREBY WAIVED BY BORROWER, GUARANTORS, AND ALL OTHER PARTIES OBLIGATED IN ANY MANNER WHATSOEVER ON THE INDEBTEDNESS, DECLARE THE ENTIRE UNPAID BALANCE OF THE INDEBTEDNESS IMMEDIATELY DUE AND PAYABLE, AND UPON SUCH DECLARATION, THE ENTIRE UNPAID BALANCE OF THE INDEBTEDNESS SHALL BE IMMEDIATELY DUE AND PAYABLE.** The failure to exercise any remedy available to Lender shall not be deemed to be a waiver of any rights or remedies of Lender under the Loan Documents, at law, or in equity.

(c) *Termination.* Terminate any commitment of Lender to lend under this Agreement in its entirety or as to any portion thereof, to the extent Lender shall deem appropriate.

(d) *Setoff.* Setoff any amounts due and owing to Lender by Borrower or any Guarantor, whether principal, interest, or fees, including any amounts accelerated pursuant to the terms against any of Borrower's funds in Lender's possession or subject to Lender's control.

(e) *Exercise of Rights.* Exercise any and all rights afforded by the Loan Documents or by any applicable laws, whether at law, in equity, or otherwise, as Lender shall deem appropriate, including, but not limited

to, all rights of a secured party under that Texas Uniform Code, the rights to bring suit or other proceeding before any court or any governmental department, agency, or instrumentality of any sort whatsoever, either for specific performance of any covenant or condition contained in the Loan Documents or in aid of the exercise of any right granted to Lender in the Loan Documents. All rights available to Lender under the Loan Documents shall be cumulative of, and in addition to, all other rights granted to Lender, at law or in equity, whether or not Lender shall have instituted any suit for collection or other action in connection with the Loan Documents.

(f) *Collect Collateral.* Take over the exclusive right to collect any Collateral at the sole expense of Borrower and Guarantors. For any acts done, or not done, incident to such collection or liquidation, Lender shall not be liable in any manner. Lender shall have the right to settle, compromise, or adjust Collateral and the claims or rights of Borrower. Lender may employ agents and attorneys to collect or liquidate any Collateral and Lender shall not be liable for such Collateral or defaults of any such agents and attorneys.

(g) *Act on Borrower's Behalf.* Open any mail addressed to Borrower in connection with any Collateral and as attorney-in-fact for Borrower, sign Borrower's name to any receipts, checks, notes, agreements, or other instruments or letters in order to collect or liquidate the Collateral.

(h) *Possession of Records.* Enter the office of Borrower and take possession of any records that pertain to the Collateral.

7.2 **Waiver.** **BORROWER AND ANY GUARANTOR WAIVE DEMAND FOR PAYMENT, ANY AND ALL PRESENTMENTS FOR PAYMENT, NOTICES OF INTENTION TO ACCELERATE MATURITY, NOTICES OF ACCELERATION OF MATURITY, PROTESTS, AND NOTICES OF PROTESTS REGARDING THE LOAN.** Notwithstanding anything contained in this subparagraph to the contrary, Lender may not terminate this Agreement without giving Borrower written notice of termination.

7.3 **Lender Not in Control.** None of the covenants or other provisions contained in this Agreement shall give Lender the right or power to exercise control over the affairs and/or management of the Borrower or any Guarantor.

ARTICLE 8

Miscellaneous

8.1 **Usury Savings Clause.** It is the intention of Lender, Borrower, and Guarantors to conform strictly with applicable usury laws now in force. No provision of this Agreement or any other document executed in connection with, as evidence of, or as security for the Indebtedness shall require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law. If at any time the interest received or contracted for exceeds the maximum lawful rate, the Lender shall refund the amount of the excess or shall credit the amount of the excess against amounts owing under the loan and such excess shall not be considered the payment of interest. Determination of the rate of interest shall be made by amortizing, prorating, allocating, and spreading in equal parts during the full contracted period of the life of the loan all interest at any time contracted for, charged, or received from Borrower and Guarantors in connection with the loan.

8.2 **No Third Party Beneficiary.** This Agreement is for the sole benefit of Borrower, Guarantors, and Lender and is not for the benefit of any third party.

8.3 **Number and Gender.** Whenever used and where the context requires, the singular member shall include the plural, and the plural shall include the singular, and the use of any gender shall be applicable to all genders.

8.4 **Notices.** All notices or other communications required or permitted to be given pursuant to this Agreement must be in writing and will be deemed properly given if (i) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, (ii) by delivering same in person to the intended addressee, or (iii) by delivery to an independent third party commercial delivery service for same day or next day

delivery and providing for evidence of receipt at the office of the intended addressee. Notice so mailed is effective upon its deposit with the United States Postal Service or any successor to it; notice sent by a commercial delivery service is effective upon delivery to such commercial delivery service; notice given by personal delivery is effective only if and when received by the addressee; and notice given by other means is effective only if and when received at the designated address of the intended addressee. Either party may change its address for notice under this instrument to any other location within the continental United States by giving thirty (30) days' notice to the other party in the manner described in this paragraph. For purposes of such notices, the addresses of the parties are as follows:

Lender: **Crockett National Bank
502 South Koenigheim
San Angelo, Texas 76903**

Borrower: **665 Simonds Road
Williamstown, MA 01267**

8.5 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas and the laws of the United States of America applicable to transactions in the State of Texas. Borrower and Lender agree that the sole and exclusive place of jurisdiction for resolution of any dispute arising out of or relating to this Agreement shall be **Tom Green County, Texas**.

8.6 Invalid Provisions. If any provision in this Agreement or the other Loan Documents is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable, the document affected shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of it, and the remaining provisions shall remain in full force and effect and shall not be affected by the severance. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

8.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower, Lender, and their respective successors and assigns; provided, however, Borrower may not transfer or assign any of its rights or obligations under this Agreement without the express written consent of Lender.

8.8 Amendment. Except as provided by its terms, this Agreement may not be amended or modified except by written instrument signed by Lender, Borrower, and Guarantors.

8.9 Expenses. Whether or not any advance is made pursuant to this Agreement, Borrower agrees to pay the reasonable expenses of Lender in connection with the preparation of this Agreement or the other Loan Documents, the administration and servicing of the Loan and all costs involved in enforcement and collection pursuant to the terms of the Loan Documents, which expenses shall be due and payable on demand, including without limitation all legal fees, appraisal fees, survey fees, accounting fees, all filing and recording fees, costs of credit reports, costs of inspections, and cost of environmental studies.

8.10 Entire Agreement. This Agreement and the other Loan Documents constitute the entire understanding and agreement between the Borrower and Lender with respect to the transactions contemplated by it and supersede all prior written or oral understandings and agreements between the Borrower and Lender with respect to it. The Borrower acknowledges that, except as incorporated in writing in this Agreement and in the other Loan Documents, there are not, and were not, and no persons are or were authorized by Lender to make, any representations, understandings, stipulations, agreements, or promises, whether oral or written.

8.11 Captions and Article Headings. Captions and Article headings are used for convenience only and shall not be used in construing this Agreement.

8.12 Survival of Agreements. All covenants, agreements, representations, and warranties made in this Agreement shall survive the termination of this Agreement as to all Collateral pledged prior to the termination. All statements contained in any certificate or other instrument delivered by Borrower under this Agreement shall be deemed to constitute representations and warranties made by the Borrower.

8.13 TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE. (A) BORROWER IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT LENDER SPECIFIES; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME LENDER AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (B) BORROWER MUST, IF REQUIRED BY LENDER, DELIVER TO LENDER A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF BORROWER FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), LENDER MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER'S EXPENSE.

8.14 Jury Waiver. LENDER, BORROWER, AND GUARANTORS HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER, BORROWER, OR ANY GUARANTOR AGAINST THE OTHER.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

DATED: September 27, 2016

BORROWER:

VINEYARD RIDGE, LLC,
a Delaware limited liability company

By: American Land Partners, Inc.,
a Delaware corporation,
its manager

By: 
Timothy D. Smith, Treasurer

GUARANTORS:

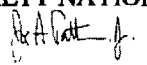
NATIONAL LAND PARTNERS HOLDINGS,
LLC, a Delaware limited liability company

By: American Land Partners, Inc.,
a Delaware corporation,
its manager

By: 
Timothy D. Smith, Treasurer

LENDER:

CROCKETT NATIONAL BANK

By: 
Name: Joe A. Patterson, Jr.
Title: Vice President

Rate Study

4

B & D ENVIRONMENTAL, INC.

913 HYDE PARK DR.
ROUND ROCK, TEXAS 78665
PHONE NO: (512) 264-9124
FAX NO: (512) 692-1967

EMAIL: bretfenner@yahoo.com

February 16, 2017

Mr. Kaveh Khorzad, P.G.
Wet Rock Groundwater Services, LLC.
317 Ranch Road 620 South, Suite 203
Austin, Texas 78734

RE: A Rate Study to Determine the Proposed Water Rates in the Application of Vineyard Ridge Water Supply, LLC, to Obtain a Water Certificate of Convenience and Necessity (CCN) for the Vineyard Ridge Subdivision in Gillespie County

Dear Mr. Khorzad:

B & D Environmental, Inc. was retained to perform a study to determine a rate structure that will support the revenue requirement for a proposed public water system for the Vineyard Ridge Subdivision. This rate study was conducted using mainly financial and utility cost data provided from the utility's construction and operating estimates which can be found attached. Since this utility will be requesting a new CCN and has no previous operational history, a number of assumptions were required to determine a revenue requirement necessary to support the cost of water service to this subdivision. A list of these assumptions can be found in **Attachment 1**.

Based on the available information, a revenue requirement was determined for providing water service to the utility's customer based on two projections. The first projection is for year one of operation. Projection two is for the second year of operation which is projection at full build out of the subdivision. For each scenario a revenue requirement was calculated. For each revenue requirement, monthly water rates per customer were calculated to generate enough income to cover the required cost of service. The calculation of customer monthly rates for each projected scenario can be found in **Attachment 2** of this study. The rates determined for full build out in year two will recover the revenue requirement necessary for providing water service to the customers of this utility at the projected cost. In the future, the utility may want to submit a rate/tariff change application to request rates that cover its necessary revenue requirement once an actual cost of service is determined after actual build out of the subdivision occurs.

In conclusion, the water rate structure as proposed for at full build out of 160 connections should be used in the utility's CCN application and proposed water tariff. This rate structure should generate a revenue requirement that will cover the projected cost of service after full build out of the subdivision. Table 1 is comparison of the proposed rate structure for each projected scenario.

Table 1: Comparison of Water Base Rates

Projection	Monthly Base Rates	Gallonge Charge
First Year	\$ 36.64	\$ 3.20 per 1,000 gallons
Second Year	\$ 25.25	\$ 2.07 per 1,000 gallons
Proposed Tariff Rates	\$ 25.25	\$ 2.07 per 1,000 gallons

Rate designed with zero gallons included in the base rate

Should you have any questions regarding this rate study, please contact me at (512) 264-9124.

Sincerely,



Bret W. Fenner, P.E.
B & D Environmental, Inc.

ATTACHMENT 1

Assumptions:

1. Each meter will use an average of 6,000 gallons per month.
2. All water utility plant and distribution system considered developer contributions thus no return on investment component included in cost of service.
3. The estimated total cost of the water system plant and equipment will be \$ 1,025,580
4. Rate structure allocated at 67% fixed cost and 33% variable cost with no gallons included in base rate.
5. Full build out of 160 connections will be completed by the end of year two.

ATTACHMENT 2

Vineyard Ridge Water Supply, LLC

Water Rate Design Study

First Year Projections

Meter Equivalents:

<u>Meter Size</u>	<u>Total Meters</u>	<u>Equivalent Factor</u>	<u>Meter Equivalents</u>
5/8" - 3/4"	106	1	106
1"	0	2.5	0
1 1/2"	0	5	0
2"	0	8	0
3"	0	15	0
4"	0	20	0
Total Meter Equivalents:	106		106

Estimated Annual Total Gallons Sold: 6,000 per connection per month x 106 connections x 12 months = 7,632,000

Estimated Water Revenue Requirement:

Water Cost of Service:

O & M Expenses	\$	38,100	
Property Taxes	\$	5,720	
Professional Fees	\$	2,500	
Subtotal:			\$ 46,320

Annual Depreciation	\$	27,724	
Return On Investment	\$	0	
Subtotal:			\$ 27,724

Total Water Revenue Requirement: \$ **74,044**

Water Rate Structure:

Monthly Base Rate:

Fixed Cost Calculation: \$ 74,044 x .67 = \$ 46,609

Base Rate Calculation: \$ 46,609 ÷ 106 meter equivalents ÷ 12 months = \$ 36.34

<u>Meter Size</u>	<u>Equivalent Factor</u>	<u>Base Rate/Meter Size</u>
5/8" - 3/4"	1	\$ 36.64

Gallage Rate:

Variable Cost Calculation: \$ 74,044 x .33 = \$ 24,435

Gallage Units 7,632,000 Gals. ÷ 1000 = 7,632

Variable Cost Calculation: 24,435 ÷ 7,632 = **\$ 3.20 per 1000 gallons**

Vineyard Ridge Water Supply, LLC

Depreciation Scehdule						
Test Period Ends:		31-Dec-17				
Utility Plant Cost	Installation Date	Original Cost	Average Service Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value
Water Utility Plant	1-Jul-17	\$360,600	25	\$14,424	\$7,252	\$353,348
Distribution System	1-Jul-17	\$664,980	50	\$13,300	\$6,686	\$658,294
Utility Plant Totals:		\$1,025,580		\$27,724	\$13,938	\$1,011,642

Notes:

Note 1. Cost of water utility plant from estimates.

Note 2. All water utility plant considered developer contributions thus no return on investment included in cost of service.

Note 3 Estimated Gallonage. 6,000 gallons per connection per month

Note 4. Rate structure allocated: Fixed cost 67% and variable cost 33% No gallons included in the base rate.

Vineyard Ridge Water Supply, LLC

Water Rate Design Study

Year 2 Projections

Meter Equivalents:

<u>Meter Size</u>	<u>Total Meters</u>	<u>Equivalent Factor</u>	<u>Meter Equivalents</u>
5/8" - 3/4"	160	1	160
1"	0	2.5	0
1 1/2"	0	5	0
2"	0	8	0
3"	0	15	0
4"	0	20	0
Total Meter Equivalents:	160		160

Estimated Annual Total Gallons Sold: 6,000 per connection per month x 160 connections x 12 months = 11,520,000

Estimated Water Revenue Requirement:

Water Cost of Service:

Operations Expenses	\$	38,100	
Property Taxes	\$	5,720	
Professional Fees	\$	800	
Subtotal:			\$ 44,620
Annual Depreciation	\$	27,724	
Return On Investment	\$	0	
Subtotal:			\$ 27,724

Total Water Revenue Requirement:

\$ 72,344

Water Rate Structure:

Monthly Base Rate:

Fixed Cost Calculation: \$ 72,344 x .67 = \$ 48,470

Base Rate Calculation: \$ 48,470 ÷ 160 meter equivalents ÷ 12 months = \$ 25.25

<u>Meter Size</u>	<u>Equivalent Factor</u>	<u>Base Rate/Meter Size</u>
5/8" - 3/4"	1	\$ 25.25

Gallage Rate:

Variable Cost Calculation: \$ 72,344 x .33 = \$ 23,874

Gallage Units 11,520,000 Gals. ÷ 1000 = 11,520

Variable Cost Calculation: 23,874 ÷ 11,520 = **\$ 2.07 per 1000 gallons**

Vineyard Ridge Water Supply, LLC

Depreciation Scehdule						
Test Period Ends:		31-Dec-18				
Utility Plant Cost	Installation Date	Original Cost	Average Service Life	Annual Deprec. Expense	Total Accum. Deprec.	Net Book Value
Water Utility Plant	1-Jul-17	\$360,600	25	\$14,424	\$21,715	\$338,885
Distribution System	1-Jul-17	\$664,980	50	\$13,300	\$20,022	\$644,958
Utility Plant Totals:		\$1,025,580		\$27,724	\$41,738	\$983,842

Notes:

Note 1. Cost of water utility plant from estimates.

Note 2. All water utility plant considered developer contributions thus no return on investment included in cost of service.

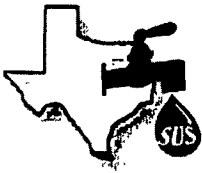
Note 3. Estimated Gallonage. 6,000 gallons per connection per month

Note 4. Rate structure allocated. Fixed cost 67% and variable cost 33%. No gallons included in the base rate.

FINANCIAL & CONSTRUCTION DOCUMENTATION

Vineyard Ridge, LLC
Project: Vineyard Ridge
 Business Plan

	Sales \$	Units
2016		
January	\$ -	0
February	\$ -	0
March	\$ -	0
April	\$ -	0
May	\$ -	0
June	\$ -	0
July	\$ -	0
August	\$ -	0
September	\$ -	0
October	\$ -	0
November	\$ -	0
December	\$ -	0
Total 2016	\$ -	-
2017		
January	\$ 1,168,309	10
February	\$ 934,647	8
March	\$ 934,647	8
April	\$ 934,647	8
May	\$ 934,647	8
June	\$ 1,051,478	10
July	\$ 1,051,478	10
August	\$ 1,051,478	10
September	\$ 1,051,478	10
October	\$ 934,647	8
November	\$ 934,647	8
December	\$ 934,647	8
Total 2017	\$ 11,916,750	106
2018		
January	\$ 934,647	8
February	\$ 934,647	8
March	\$ 1,051,478	10
April	\$ 1,051,478	10
May	\$ 934,647	9
June	\$ 934,653	9
July	\$ -	0
August	\$ -	0
September	\$ -	0
October	\$ -	0
November	\$ -	0
December	\$ -	0
Total 2018	\$ 5,841,550	54
2019		
January	\$ -	
February	\$ -	
March	\$ -	
April	\$ -	
May	\$ -	
June	\$ -	
July	\$ -	
August	\$ -	
September	\$ -	
October	\$ -	
November	\$ -	
December	\$ -	
Total 2019	\$ -	-
2020		
January	\$ -	
February	\$ -	
March	\$ -	
April	\$ -	
May	\$ -	
June	\$ -	
July	\$ -	
August	\$ -	
September	\$ -	
October	\$ -	
November	\$ -	
December	\$ -	
Total 2020	\$ -	-
Grand Total	\$ 17,758,300	160
Schedule A	\$ 17,758,300	160
Variance	\$ -	-



Spicewood Utility Services, LLC
P.O. Box 631
Spicewood, TX 78669

January 13, 2017

Estimate of Water Operational cost for Year 1 of Vineyard Ridge

Bryan,

Please see estimates below for the first year of operations at Vineyard Ridge:

Operations - \$24,000 / year
Electricity / Utilities – 3,000 / year
Chemicals – \$1,500 / year
Incidentals - \$2,400 / year
Repairs / Maintenance - \$6,000 / year
Samples - \$1,200 / year

Total Estimated Operational Cost for 1st year - \$38,100

Yours truly,

Brent Taylor
512-461-0806



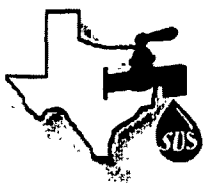
P.O Box 5947 Lago Vista, Texas 78645
512-663-1366

Estimate

Date	Estimate #
1/10/2017	13

Project Name
VINEYARD RIDGE Stonewall, TX 78671 GILLISPIE

Description	Qty	Unit	Unit Price	Total
6" C900 DR 18 PIPE CL 150	10,485	LF	19.50	204,457.50
4" C900 DR 18 PIPE CL 150	7,760	LF	14.25	110,580.00
2" DR21 CL-200 IPS PVC	5,144	LF	10.25	52,726.00
Long Double Water Service	41	EA	1,950.00	79,950.00
Short Double Water Service	31	EA	1,865.00	57,815.00
Long Single Water Service	3	EA	1,475.00	4,425.00
Short Single Water Service	7	EA	1,395.00	9,765.00
Extra Long Double Water Service	3	EA	3,275.00	9,825.00
6" Gate Valves	8	EA	985.00	7,880.00
4" Gate Valves	4	EA	825.00	3,300.00
2" Gate Valves	1	EA	685.00	685.00
Air Release Valves	4	EA	3,575.00	14,300.00
2" Blow Off Valves	5	EA	1,975.00	9,875.00
Ductile Iron Fittings	1	LS	7,500.00	7,500.00
TRANSMISSION WATER LINE				
6" C900 DR 18 PIPE CL 150	3,951	LF	19.50	77,044.50
4" C900 DR 18 PIPE CL 150	730	LF	14.25	10,402.50
4" Gate Valves	2	EA	825.00	1,650.00
Ductile Iron Fittings	1	LS	2,800.00	2,800.00
			Total	\$664,980.50



Spicewood Utility Services, LLC
P.O. Box 631
Spicewood, TX 78669

January 24, 2017

Estimate of Water Plant Costs – Based on the plans from Matkin-Hoover dated November, 2016

Bryan / Price,

Please see estimates below for the water plant costs at Vineyard Ridge:

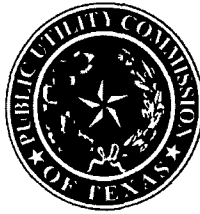
Site Work: \$14,800
GST and associated appurtenances: \$71,500
Pressure Tank and associated appurtenances: \$45,500
Pumps and Building Piping: \$22,900
Building and associated appurtenances: \$51,500
Chlorination System: \$11,400
Yard Piping: \$17,300
Electrical and Controls: \$98,200
Fence (Plant and both wells): \$27,500

Total Estimated Cost - \$360,600

Yours truly,

Brent Taylor
512-461-0806

Proposed Tariff



WATER UTILITY TARIFF

Docket Number: _____

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

Vineyard Ridge, LLC

(Utility Name)

PO Box 1987

(Business Address)

Marble Falls, TX 78654

(City, State, Zip Code)

800-511-2430

(Area Code/Telephone)

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

This tariff is effective in the following counties: Gillespie

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

Not applicable

This tariff is effective in the following subdivisions or public water systems:

Vineyard Ridge Subdivision

TABLE OF CONTENTS

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

TABLE OF CONTENTS

SECTION 1.0-RATE SCHEDULE	2
SECTION 2.0- SERVICE RULES AND POLICIES	4
SECTION 3.0- EXTENSION POLICY	13
APPENDIX A - DROUGHT CONTINGENCY PLAN	18
APPENDIX B- APPLICATION FOR SERVICE	19

Note: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality; however, the DCP is included as part of your approved utility tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

(Utility Name)

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

Meter Size	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ 25.25 (Includes gallons)	\$ 2.07 per 1000 gallons, 1 st 1,000 gallons
1"	\$	\$ 2.07 per 1000 gallons, next 1,000 gallons
1½ "	\$	\$ 2.07 per 1000 gallons thereafter
2"	\$	
3"	\$	
4"	\$	

FORM OF PAYMENT: The utility will accept the following forms of payment:Cash ☒ Check ☒ Money Order ☒ Credit Card ☒ Other (specify _____)

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

REGULATORY ASSESSMENT1.0%

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fee**TAP FEE**

\$ 1,500.00

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

TAP FEE (Unique Costs)Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large Meter)Actual Cost

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

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee

THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED

METER TEST FEE

\$ 25.00

THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

(Utility Name)

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

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

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

TRANSFER FEE

\$ 30.00

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

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

\$ 10% of Bill

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

RETURNED CHECK CHARGE

\$ 25.00

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$ 50.00

COMMERCIAL & NON-RESIDENTIAL DEPOSIT1/6TH OF ESTIMATED ANNUAL BILL**GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE**

\$ Actual Cost

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [P.U.C. SUBST. R. 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

SECTION 2.0 -- SERVICE RULES AND POLICIES

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

Section 2.01 - Application for Water Service

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

Section 2.02 - Refusal of Service

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

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

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

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

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

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

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

(B) Tap or Reconnect Fees

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

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

(C) Easement Requirement

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

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

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

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

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, Section 290.46(j). The utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)**Section 2.07 - Back Flow Prevention Devices**

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in Title 30 Texas Administrative Code (TAC) §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC §290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**Section 2.08 - Access to Customer's Premises**

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations. The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

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

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES(Continued)

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

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

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

(B) Late Fees

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

(C) Information on Bill

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

(Utility Name)

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)**(D) Prorated Bills**

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

Section 2.11- Payments

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

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

Section 2.12 - Service Disconnection**(A) With Notice**

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

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

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

(B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

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

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

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

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

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

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

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

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

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

Section 2.17 - Customer Liability

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

SECTION 3.0--EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Unless an exception is granted by the TCEQ, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the TCEQ if:

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

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

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

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

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of P.U.C. SUBST. R. 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by P.U.C. SUBST. R. 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

(Utility Name)

SECTION 3.0 -- EXTENSION POLICY (Continued)**Section 3.04 - Appealing Connection Costs**

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

Section 3.05 - Applying for Service

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

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

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.06 - Qualified Service Applicant

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

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

Section 3.07 - Developer Requirements

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

Attachment 8

Notices

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Gillespie COUNTY(IES), TEXAS

Name of Applicant Vineyard Ridge, LLC has filed an application for a CCN to obtain or amend CCN No. (s) N/A and to decertify a portion(s) of N/A with the
(Name of Decertified Utility)

Public Utility commission of Texas to provide

Water

(specify 1) water or 2) sewer or 3) water & sewer)

utility service in

Gillespie

County
(ies).

The proposed utility service area is located approximately 14 miles northeast [direction] of downtown Fredericksburg, [City or Town] Texas, and is generally bounded on the north by N. Grape Creek Road ; on the east by N. Grape Creek Road ; on the south by ranch land ; and on the west by ranch land

The total area being requested includes approximately 660 acres and 0 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 14246 E. US Hwy 290, Stonewall, TX 78671 - ph. 800-511-2430

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

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

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

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

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

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

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

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

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

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

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Gillespie COUNTY(IES), TEXAS

To: TBA (no neighboring systems or cities within 5 miles) Date Notice Mailed 20
(Neighboring System, Landowner or City)

(Address)

City State Zip

Name of Applicant Vineyard Ridge, LLC has filed an application for a CCN to obtain or amend CCN No. (s) and to decertify a portion(s) of with the
(Name of Decertified Utility)

Public Utility Commission of Texas to provide Water
(specify 1) water or 2) sewer or 3) water & sewer
utility service in Gillespie County(ies).

The proposed utility service area is located approximately 14 miles northeast
[direction] of downtown City of Fredericksburg, [City or Town] Texas, and is
generally bounded on the north by North Grape Creek Rd.; on the east by
North Grape Creek Rd.; on the south by ranch land; and on the west by ranch land

See enclosed map of the proposed service area.

The total area being requested includes approximately 660 acres and 0 current customers.

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

Persons who wish to intervene or comment should write the:

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

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

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

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

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

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

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

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

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Gillespie COUNTY(IES), TEXAS

Dear Customer: N/A - no customers in proposed area Date Notice Mailed 20

Name of Applicant Vineyard Ridge, LLC has filed an application for a CCN to obtain or amend CCN No. (s) and to decertify a portion(s) of with the
(Name of Decertified Utility)

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

The proposed utility service area is located approximately 14 miles northeast
[direction] of downtown City of Fredericksburg, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 14246 E. US Hwy 290, Stonewall, TX 78671 - ph. 800-511-2430

The current utility rates which were first effective on 20

Monthly Flat Rate of \$ Per connection

-OR-

Monthly Base Rate Including per gallons connection for:

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

Other\$

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

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

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

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

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

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

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

Persons who wish to intervene or comment should write the:

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

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

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

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

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

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

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

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

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

Attachment 9

Oath

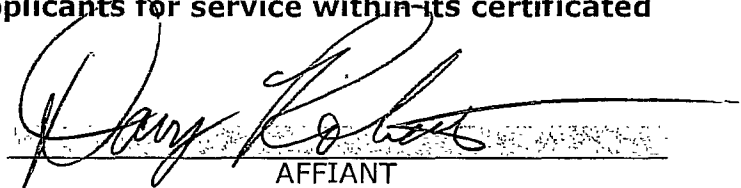
OATH

STATE OF Texas
COUNTY OF Gillespie

I, Davy Roberts, being duly sworn, file this application as manager and limited partner (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

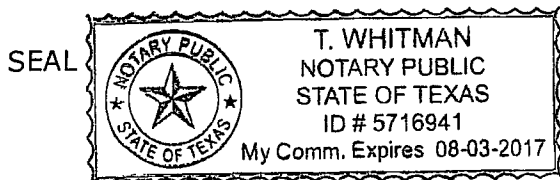
I further represent that the application form has not been changed, altered or amended from its original form.

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


AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
This day 8th of February 2017




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS


PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 8-3-17