



Control Number: 48103



Item Number: 1

Addendum StartPage: 0

February 23, 2018

Fall Creek Utility Company, Inc
5711 Coffee Pot Ln
Granbury, TX 76049

48103

RECEIVED

2018 FEB 26 AM 9:24

PUBLIC UTILITY COMMISSION
FILING CLERK

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

RE: Sale Transfer Merger Application (Attached)

Fall Creek Utility Company Inc is a small water and sewer utility company serving the residents of Lake Granbury RV Ranch in Hood County, Granbury, Texas. We are wholly owned by the Lake Granbury RV Ranch Property Owners Association since July 29, 2005. As a POA owned entity we have been operating like a Water Supply Corporation since that time. The members of the POA are involved in decisions of Fall Creek Utility just like they are members of the proposed LGRVR Water Supply Corporation. The POA membership voted and approved the formation of the Water Supply Corporation on April 8, 2017. Fall Creek Utility has been operating this Utility since July 2005, and this application is generative of a name & classification change only. We will continue to operate the new company just as we have Fall Creek Utility. All finances, assets and liabilities, will transfer to the newly formed company.

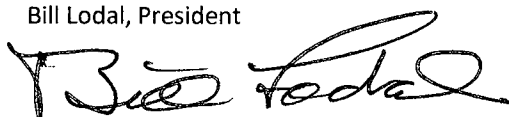
Fall Creek Utility Co. Is a very small utility consisting of 66 residential accounts and 3 commercial accounts. The commercial accounts belong to 1.) the previous owner of Fall Creek Utility Co, 2.) The Brazos River Authority public park facility that is located very near our facility, and 3.) an RV storage facility that was built right next to The Fall Creek Utility property.

Since 2005 we have been operated by an independent Board of Directors made up of volunteers from residents of the POA. These volunteers also provide some maintenance functions for water and sewer activities. We have always used licensed operators to manage the water and sewer facilities. We will continue to operate in the same manner as LGRVR Water Supply Corporation. Being volunteer run, we have not always had the expertise from those members in some areas. Bookkeeping/Accounting is one of those areas. We previously utilized the services of Texas Rain Holding for several years. They provided operators as well as bookkeeping and billing services. As of January 1, 2018 we have taken over the accounting and billing operations. The results of this change will provide more control over these processes. Some of the financial numbers in the attached Sale Transfer Merger application form may not be as accurate as desired due to the mis-classification of posted transactions which has caused much of the inconsistencies in reported totals. Another example is the recording of depreciation expense which is only reported in some of the historical years.

At this time we have elected to not make any changes to our approved tariff but will continue to operate with all current charges and fees.

We are submitting the attached Sale Transfer Merger application in order to simplify the operation of our facilities as is provided by the Water Supply Corporation legislation. Since we have been operating like a WSC since acquiring the company it is only logical that we make this change.

Sincerely,
Bill Lodal, President



Fall Creek Utility Company, Inc
LGRVR Water Supply Corporation



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

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: _____

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

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

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

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

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

TABLE OF CONTENTS

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

Part A – General Information

*RN# 102678190 *CN# 600694111 * (PRIOR TCEQ ID numbers)

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

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

<input checked="" type="checkbox"/> Transfer of	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Portion	of the	<input checked="" type="checkbox"/> Certificated water service area – CCN No.:	12884
				<input checked="" type="checkbox"/> Certificated sewer service area – CCN No.:	20854

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

--

and to:

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

2. Proposed effective date of this transaction: 1/1/2018
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

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

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

A. Name: Fall Creek Utility Corporation Inc.

(Individual, Corporation or Other Legal Entity)

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

B. Utility Name (if different than above): N/A

Address: Telephone: (AC)

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

Name:	Bill Lodal	Title:	President
Address:	5711 Coffee Pot Lane , Granbury, TX 76049	Telephone: (AC)	(817) 800-4030

Fax: Email:

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

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

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

☐

No

☒Yes- Application/Docket Number: Date

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

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
SEE ATTACHED b-5			

Part C – Purchaser or Transferee Information

☛ Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant:

(Individual, Corporation, or Other Legal Entity)

Utility Name:

(If different than above)

Utility Address: Fax: Email: Telephone (AC): CCN Numbers held prior to the filing of this application:

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

☐ Individual☐ Home or Property Owners Association☐ Partnership; attach copy of partnership agreement☐ Corporation; provide charter number as recorded with the Office of the Secretary of State forTexas: ☒

Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number:

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

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

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

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

•Name:	Bill Lodai	Telephone (AC):	(817) 800-4030
Address:	5711 Coffee Pot Lane, Granbury, Tx 76049		
Position:	President	Ownership % (if applicable):	0.00%

•Name:	Abel Lara	Telephone (AC):	(817) 776-0651
Address:	5711 Coffee Pot Lane, Granbury, Tx 76049		
Position:	Vice President of Records	Ownership % (if applicable):	0.00%

•Name:	Cindy Fox	Telephone (AC):	817-501-6745
Address:	5711 Coffee Pot Lane, Granbury, Tx 76049		
Position:	Treasure	Ownership % (if applicable):	0.00%

•Name:	Doris Carter	Telephone (AC):	(214) 549-1161
Address:	5711 Coffee Pot Lane, Granbury, Tx 76049		
Position:	Secretary	Ownership % (if applicable):	0.00%

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

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

- Attach additional sheet(s) if necessary -

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

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

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

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

Name:	Bill Lodal	Title:	President
Address:	5711 Coffee Pot Lane, Granbury, Tx 76049	Telephone (AC):	(817) 800-4030
Fax #		Email	blodal@sbcglobal.net
Relationship to the applicant:	Members—Board of Directors		

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

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

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

Fall Creek Utility Inc. Has been operating this Utility since July, 2005, and this Application is Generative a name & Classification Change Only

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

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

N/A

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

Customer/Rates (Water&Sewer)

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

The Anticipate Impact will benefit as a larger range of funding options will be available to address any future issues

- E. How will the transaction serve the public interest?

See Above

12. Please describe the nature of the proposed transaction:

Fall Creek Utility Corporation Inc. Has applied for & received a Water Supply Corporation Entity from the State Of Texas S.O.S the resulting Entity will be the New. (LGRVR Water Supply Corporation)

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

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

N/A

- Other Contributions (please explain):

N/A

Total Contributions in Aid of Construction

- Net Book Value:

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

Application/Docket Number: Date:

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

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

[attach additional sheet(s) if necessary]:

N/A

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

Utility Plant in Service:	<input type="text"/>
Plant Acquisition Adjustment:	<input type="text"/>
Extraordinary Loss on Purchase:	<input type="text"/>
Accumulated Depreciation of Plant:	<input type="text"/>
Cash:	<input type="text"/>
Notes Payable:	<input type="text"/>
Mortgage Payable:	<input type="text"/>
Others (please list):	<input type="text"/>

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

Purchaser's Initials: Date:

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

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

· If rates are changing, please explain:

N/A

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

N/A

☐ Other. Please explain:

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

Acton Municipal Utility , 6420 Lusk Branch Ct ,Granbury,Tx 76049

16. Financial, Managerial and Technical information for the acquiring entity.

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash	23,199.02	15,514.51	6,642.62	8,319.90	23,364.48	26,424.03
Accounts Receivable			-3,778.93	2,209.25	2,209.25	-1,215.84
Inventories						
Income Tax Receivable						
Other						
Total	23,199.02	15,514.51	2,863.69	10,529.15	25,573.73	25,208.19
FIXED ASSETS						
Land	154,905.00	154,905.00	154,905.00	154,905.00	154,905.00	154,905.00
Collection/Distribution System	197,031.13	197,031.13	197,031.13	197,031.13	197,031.13	197,031.13
Buildings						
Equipment	23,915.34	23,915.34	22,415.34	22,265.34	22,265.34	16,311.59
Other	42,996.00	42,996.00	42,996.00	42,346.00	42,346.00	42,346.00
Less: Accum. Depreciation or Reserves	236,019.09	236,019.09	229,491.02	210,047.87	210,047.87	207,031.18
Total	182,828.38	182,828.38	187,856.45	206,499.60	206,499.60	203,562.54
TOTAL ASSETS	206,027.38	198,342.89	190,720.14	217,028.75	232,073.33	228,770.73
CURRENT LIABILITIES						
Accounts Payable	0.00		-984.18	-130.86	84.67	403.91
Notes Payable, Current						
Accrued Expenses						
Other		875.00				
TOTAL	0.00	875.00	-984.18	-130.86	84.67	403.91
LONGTERM LIABILITIES						
Notes Payable, Long-term	169,628.53	192,573.37	209,752.56	221,040.44	236,654.19	252,089.10
Other						
TOTAL LIABILITIES	169,628.53	193,448.37	208,768.52	220,909.58	236,738.86	252,089.10
OWNER'S EQUITY						
Paid in Capital	333,778.08	333,778.08	333,778.08	338,098.08	338,098.08	337,742.56
Retained Equity	323,539.73	351,826.32	-348,095.31	342,765.61	361,464.84	-340,690.10
Other						
Current Period Profit or Loss	26,160.52	22,942.76	-3,783.01	784.70	18,701.23	-20,774.74
TOTAL OWNER'S EQUITY	36,398.87	4,894.52	-18,048.24	-3,880.83	-4665.53	-23,722.28
TOTAL LIABILITIES AND EQUITY	206,027.40	198,342.89	190,702.14	217,028.75	232,073.33	228,770.73
WORKING CAPITAL	23,199.00	14,639.21	3,847.87	10,660.01	25,489.06	24,804.28
CURRENT RATIO	-	17.73	2.91	80.46	302.04	62.40
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS	4.66	39.50	0.00	0.00	0.00	0.00

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps	69	64	64	64	64	64
New Taps Per Year	4	5	0.00	0.00	0.00	0.00
Total Meters at Year End	71	69	64	64	64	64
METER REVENUE						
Fees Per Meter	1,279.10	1,190.41	1,273.28	1,247.18	1,247.33	879.86
Cost Per Meter	910.76	535.52	756.88	762.79	641.26	576.31
Operating Revenue Per Meter	368.34	654.89	516.40	484.39	606.07	303.55
GROSS WATER REVENUE						
Fees	90,816.00	82,138.33	81,490.50	79,819.97	79,829.46	56,311.54
Other						
Gross Income	90,816.00	82,138.33	81,490.50	79,819.97	79,829.46	56,311.54
OPERATING EXPENSES						
General & Administrative	8,080.00	9,676.16	7,349.69	18,722.80	14,358.61	4743.76
Interest	9,066.00	9,487.69	15,379.00	11,408.89	11,765.61	12,625.27
Other	47,518.00	36,943.01	48,438.10	48,303.58	42,297.09	22,558.18
NET INCOME	26,152.00	26,031.47	10,323.71	884.70	11,408.15	16,384.33

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense	200.00	398.99		1,852.49	2,599.60	333.31
Computer Expense						
Auto Expense						
Insurance Expense	3,317.00	2,944.00	3,000.00	2,861.00	2,808.68	2,568.00
Telephone Expense					321.16	767.93
Utilities Expense						
Depreciation Expense					1,392.45	9,146.43
Property Taxes		855.50	867.59	847.56	1,392.45	828.51
Professional Fees	3,205.00	3,765.67	2,500.00	9,496.36	3,716.03	3,130.94
Other	9,066.00	11,149.69	13,361.20	15,074.28	12,269.61	591.02
Total	17,146.00	19,163.85	22,728.69	30,131.69	26,124.22	17,369.03
% Increase Per Year			-24.60	15.30	5.00	
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense	8,599.00	9,602.61	9,264.92	10,062.14	6,817.97	5,752.90
Depreciation Expense						
Repair & Maintenance	6,559.00	5,721.88	11,584.47	15,285.80	4,967.84	2,963.69
Supplies						
Other	32,360.00	21,626.65	27,591.13	23,470.95	30,502.28	28,167.45
Total	47,518.00	36,951.14	48,440.52	48,818.89	42,288.09	36,884.04
% Increase Per Year	29.00	-23.92	0.01	15.40	14.70	0.00
ASSUMPTIONS						
Interest Rate/Terms	5.75	5.75	5.75	5.75	5.75	5.75
Utility Cost/gal.	.01	.01	.01	.01	.01	.01
Depreciation Schedule						
Other						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	23,199.02	32,000.00	35,600.00	38,600.00	46,600.00	50,000.00
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total	23,199.02	32,000.00	35,600.00	38,600.00	46,600.00	50,000.00
FIXED ASSETS						
Land	154,905.00	154,905.00	154,905.00	154,905.00	154,905.00	154,905.00
Collection/Distribution System	197,031.00	197,031.00	197,031.00	197,031.00	197,031.00	197,031.00
Buildings	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	23,915.34	23,915.34	23,915.34	23,915.34	23,915.34	23,915.34
Other	42,996.00	42,996.00	42,996.00	42,996.00	42,996.00	42,996.00
Less: Accum. Depreciation or Reserves	236,019.90	236,019.90	236,019.90	236,019.90	236,019.90	236,019.90
Total	182,828.38	182,828.38	182,828.38	182,828.38	182,828.38	182,828.38
TOTAL ASSETS	206,027.38	214,828.38	218,428.38	221,428.38	229,428.38	232,828.38
CURRENT LIABILITIES						
Accounts Payable	0.00	500.00	500.00	500.00	500.00	500.00
Notes Payable, Current						
Accrued Expenses						
Other						
Total	0.00	500.00	500.00	500.00	500.00	500.00
LONGTERM LIABILITIES						
Notes Payable, Long-term	169,628.53	155,334.00	134,674.00	113,014.00	90,354.00	66,694.00
Other						
TOTAL LIABILITIES	169,628.53	155,834.00	135,174.00	113,514.00	90,854.00	67,194.00
OWNER'S EQUITY						
Paid in Capital	333,778.08	333,778.08	333,778.00	333,778.00	333,778.00	333,778.00
Retained Equity	-323,539.73	302,389.00	282,005.00	-251,576.00	-222,548.00	-209,339.00
Other						
Current Period Profit or Loss	26,160.52	45,552.00	30,500.00	31,912.00	35,180.00	43,472.00
TOTAL OWNER'S EQUITY	36,398.87	76,941.00	82,273.00	114,114.00	146,410.00	167,911.00
TOTAL LIABILITIES AND EQUITY	206,027.46	232,775.00	217,947.00	227,628.00	237,264.00	235,105.00
WORKING CAPITAL	23.2	64.0	71.2	77.2	89.2	100.0
CURRENT RATIO	0.00	64.0	71.2	77.2	89.2	100.0
DEBT TO EQUITY RATIO	4.66	2.02	1.64	0.99	0.62	0.40
EQUITY TO TOTAL ASSETS	17.66	0.36	0.38	0.52	0.64	0.72

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps	71	71	71	71	71	71
New Taps Per Year						
Total Meters at Year End	71	71	71	71	71	71
METER REVENUE						
Fees Per Meter	1,340.00	1,340.00	1,340.00	1,340.00	1,340.00	6,700.00
Cost Per Meter	612.00	790.00	772.00	732.00	632.00	3,538.00
Operating Revenue Per Meter	728.00	550.00	568.00	608.00	708.00	3,162.00
GROSS WATER REVENUE						
Fees	95,140.00	95,140.00	95,140.00	95,140.00	95,140.00	475,700.00
Other						
Gross Income	95,140.00	95,140.00	95,140.00	95,140.00	95,140.00	475,700.00
OPERATING EXPENSES						
General & Administrative	8,600.00	9,700.00	10,800.00	11,900.00	13,000.00	54,000.00
Interest	7,000.00	6,000.00	5,000.00	4,000.00	3,000.00	25,000.00
Other	50,040.00	35,820.00	38,400.00	42,660.00	51,960.00	218,880.00
NET INCOME	29,500.00	43,620.00	40,940.00	36,580.00	27,180.00	177,820.00

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense	200.00	200.00	200.00	200.00	200.00	10,000.00
Computer Expense						
Auto Expense						
Insurance Expense	3,400.00	3,500.00	3,600.00	3,700.00	3,800.00	18,000.00
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,500.00
Other	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	47,500.00
Total	15,600.00	15,600.00	15,600.00	15,600.00	15,600.00	78,000.00
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense	9,000.00	9,400.00	9,922.00	10,418.00	10,938.00	49,678.00
Depreciation Expense						
Repair & Maintenance	5,500.00	20,500.00	19,500.00	15,000.00	5,500.00	66,000.00
Supplies						
Other	36,908.00	36,410.00	35,426.00	35,562.00	36,650.00	180,956.00
Total	51,480.00	66,360.00	64,848.00	61,480.00	53,088.00	478,212.00
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms	5.75	5.75	5.75	5.75	5.75	5.75
Utility Cost/gal.	0.01	0.01	0.01	0.01	0.01	0.01
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	45,552.00	39,500.00	31,912.00	35,180.00	43,472.00	195,616.00
Depreciation (If Funded)	0.00	0.00	0.00	0.00	0.00	0.00
Loan Proceeds						
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Sources	45,552.00	39,500.00	31,912.00	35,180.00	43,472.00	195,616.00
USES OF CASH						
Net Loss	0.00	0.00	0.00	0.00	0.00	0.00
Principle Portion of Pmts.	19,660.00	20,660.00	21,660.00	22,660.00	23,660.00	108,300.00
Fixed Asset Purchase	0.00	0.00	0.00	0.00	0.00	0.00
Reserve						
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total Uses	19,660.00	20,660.00	21,660.00	22,660.00	23,660.00	108,300.00
NET CASH FLOW	25,886.00	9,840.00	10,252.00	12,520.00	19,812.00	52,424.00
DEBT SERVICE COVERAGE						
Cash Available for Debt	32,000.00	35,600.00	38,600.00	46,600.00	50,000.00	202,800.00
SERVICE (CADS)						
Net Income (Loss)	45,552.00	39,500.00	31,912.00	35,180.00	43,472.00	195,616.00
Depreciation, or Reserve Interest						
Total	45,552.00	39,500.00	31,912.00	35,180.00	43,472.00	195,616.00
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	26,660.00	26,660.00	26,660.00	26,660.00	26,660.00	133,300.00
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	1.20	1.34	1.45	1.75	1.85	7.59

Part F – TCEQ Public Water or Sewer System Information

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

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

1	1	1	0	1	1	4
---	---	---	---	---	---	---

Date of last inspection: 1/17/2017

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q 1 3 8 0 9 - 0 0 1

-Name of Permittee: Fall Creel Utility Inc.

-Date of application to transfer Discharge Permit submitted: 2/23/2018

-Date of application to transfer Discharge Permit approved by TCEQ:

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

N/A

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

N/A

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost

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

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

Water Sewer

- ☞ Attach copy of franchise agreement or consent letter from the city or district.

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

• Source: % of total supply: 0.00%

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

Water			Sewer		
	-Non Metered	1	-2" meter	-Residential Connection	67
67	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	2
	-1" meter		-4" meter	-Industrial Connection	
3	-1 1/2" meter		-Other	-Other	
Total Water Connections:			71	Total Sewer Connections	69

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

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

Name	Class	License#
Billy Martin	C Ground Water	WG00013482
Billy Martin	C Waste Water	W00042514

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

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

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Hood

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

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

Bill Lodal, President

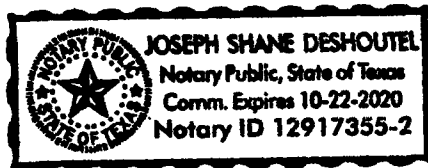
Bill Lodal
AFFIANT

(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 22 of Feb., 20 18.

SEAL



Joseph Shane Deshoutel
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Joseph Deshoutel
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

10-22-2020

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

OATH FOR PURCHASER OR ACQUIRING ENTITY

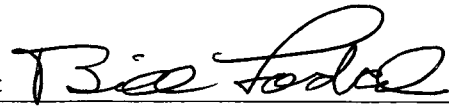
STATE OF Texas

COUNTY OF Hood

I, Bill Lodal, being duly sworn, file this application for

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

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

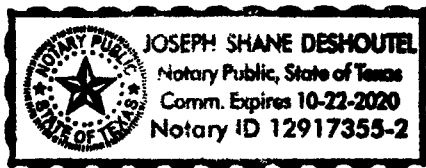
Bill Lodal, President 
AFFIANT
(Utility's Authorized Representative)

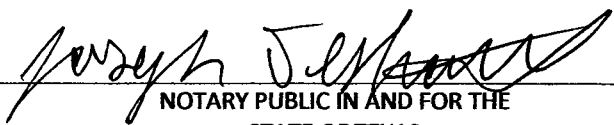
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 22nd of Feb, 20 18.

SEAL




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Joseph Deshourel
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

10-22-2020

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

Fall Creek Utility Company Inc
5711 Coffee Pot Ln
Granbury, TX 76049

February 23, 2018

List of attachments for Application for Sale Transfer Merger

1. Notice to Current Customers, neighboring Systems and Cities
2. TCEQ Exit Interview form from last inspection (1/17/2017)
3. List of Overpayments/Prepayments as of 2/21/18 that will be transferred to the new entity
4. Certificate of Filing on LGRVR Water Supply Corporation
5. Articles of Incorporation
6. Bylaws
7. Franchise Tax Account Status
8. CCN maps
9. Documentation on approval of POA membership to form LGRVR Water Supply Corporation

Notice to Current Customers, Neighboring Systems and Cities

Fall Creek Utility Company INC. 'S
(Seller's or Transferor's Name)

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

Water#20854 Sewer#12884

TO

LGRVR Water Supply Corporation

(Purchaser's or Transferee's Name)

IN Hood COUNTY, TEXAS

To: Acton Municipal Utility Date Notice Mailed February 23, 20 18
(Name of Customer, Neighboring System or City)

6420 Lusk Branch CT
(Address)

Granbury Texas 76049
City State Zip

Fall Creek Utility Company Inc.	5711 Coffee Pot Lane	Granbury, TX	76049
Sellers or Transferors' Name	Address	City/State/Zip Code	

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer water or sewer (please select) CCN No. water 12884 - sewer 20854 in Hood [County Name]

County to:

LGRVR Water Supply Corporation	5711 Coffee Pot Lane	Granbury, Tx 76049
Purchasers or Transferee's Name	Address	City/State/Zip Code

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

Lake Granbury R V Ranch

The area subject to this transaction is located approximately 15 miles Southeast [direction] of downtown Granbury, [City or Town] Texas, and is generally bounded on the north by

Decordova Bend Estates ;on the east by River Run Estates
;on the south by Pecan Plantation Estates ;and on the west by Blue Water Shores

The total area being requested includes approximately 19 acres and serves 71 current customers.

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

N/A

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

To request a hearing, you must:

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

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

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

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

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

Bill Lodal

Utility Representative

LGRVR WATER SUPPLY CORPORATION

Utility Name

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 21, 2017

Ms. Patricia Jeunelot, President
Fall Creek Utility Company, Inc.
5711 Coffee Pot Lane
Granbury, Texas 76049

RE: Public Water Supply Comprehensive Compliance Investigation at:
Fall Creek Utility Company, 7001 Garrett Ranch Road, Granbury, Hood County, Texas
RN102678190, PWS ID No. 1110114, Investigation No. 1393974

Dear Ms. Jeunelot:

On January 17, 2017, Ms. Megan Davidson of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or your staff have any questions regarding these matters, please feel free to contact Ms. Davidson in the D/FW Regional Office at (817) 588-5878.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Region Office

CM/md

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	Sall Creek Utility Company			TCEQ Add ID No. RN No. (optional)	1110114
Investigation Type	CCT	Contact Made In-House (Y/N)	N	Purpose of Investigation	Routine Compliance
Regulated Entity Contact	Greg Long			Telephone No.	Date Contacted 1/17/17
Title	Operator			Fax No.	Date Faxed

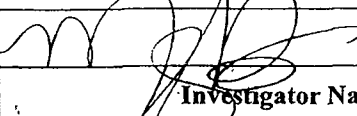
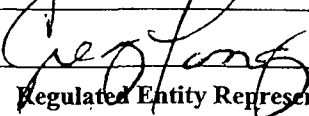
NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and *does not represent final TCEQ findings related to violations*. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type ¹	Rule Citation (if known)	Description of Issue
			No violations cited at this time.

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

 Investigator Name (Signed & Printed)	1/17/17 Date	 Regulated Entity Representative Name (Signed & Printed)	1-17-17 Date
---	-----------------	--	-----------------

If you have questions about any information on this form, please contact your local TCEQ Regional Office.

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, call 512-239-3282.

Wednesday, February 21, 2018

11:38:27AM

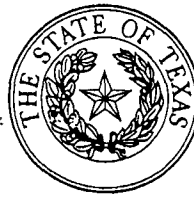
OVERPAYMENT/PREPAYMENT LIST

FALL CREEK UTILITY

ACCT #	NAME	PAYMENTS	PREVIOUS CHARGES	PREPAYMENT
1	Krambeer, Kevin	0.00	(191.44)	191.44
5	McQueen, Ron	0.00	(1,023.41)	1,023.41
15	Frey, Carole	0.00	(118.58)	118.58
16	Meyer, Robert	0.00	(106.09)	106.09
21	Palmer, Greg	0.00	(51.49)	51.49
33	Johnston, Rebecca	0.00	(39.18)	39.18
36	McGee, Bobby & Darla	0.00	(309.41)	309.41
46	CLOSED	0.00	(1,067.49)	1,067.49
80	Jones, Lloyd	0.00	(265.48)	265.48
9 Accounts listed		0.00	(3,172.57)	3,172.57

All Customers Balance <0.00

Fall Creek Utility Co.



Office of the Secretary of State

CERTIFICATE OF FILING OF

LGRVR Water Supply Corporation
File Number: 802928362

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation 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 filing effective on the date shown below.

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: 01/30/2018

Effective: 01/30/2018



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

Rolando B. Pablos
Secretary of State



COPY

ARTICLES OF INCORPORATION

OF

LGRVR

WATER SUPPLY CORPORATION

THE STATE OF TEXAS

COUNTY OF **HOOD**

KNOW ALL MEN BY THESE PRESENTS:

WE, the undersigned natural persons of the age of eighteen (18) years or more, at least three of whom are citizens of the state of Texas, acting as incorporators of a corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I

The name of the Corporation is **LGRVR** Water Supply Corporation.

ARTICLE II

The Corporation is a non-profit corporation organized under Texas Water Code Chapter 67, as amended, and as supplemented by the Texas Business Organizations Code, as amended, and is authorized to exercise all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III

The period of its duration is perpetual.



ARTICLE IV

The Corporation is formed for the purpose of furnishing a water supply, sewer service, or both, for a municipality, a private corporation, or individual residing in the rural community of Lake Granbury RV Ranch, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be the Lake Granbury RV Ranch community in HOOD County, Texas, and the surrounding rural areas.

ARTICLE V

The street address of the initial registered office of the Corporation is 5711
Coffee Pot Lane, Granbury, Texas 76049, and the name of its initial registered agent at such address is William (Bill) Lodal.

ARTICLE VI

The number of directors constituting the initial Board of Directors of the corporation is Seven (7), and the name and address of the persons who are to serve as the initial directors are:

NAME	ADDRESS	CITY
William (Bill) Lodal	7022 Deer Hollow Court	Granbury
Abel Lara	7005 Ranch House Lane	Granbury
Doris K. Carter	5702 Pinto Lane	Granbury
Cynthia Fox	7028 Deer Hollow Court	Granbury
Lloyd R. Jones	7032 Deer Hollow Court	Granbury
Jeffrey O'Donnell	5701 Campfire Lane	Granbury
John Repp	7121 Back Forty Court	Granbury



ARTICLE VII

No director shall be liable to the Corporation or to the Corporation's membership for monetary damages for any act or omission in the director's capacity as a director of the Corporation, except and unless the director shall be found liable for a breach of the director's duty of loyalty to the Corporation or the Corporation's membership; an act or omission not in good faith that constitutes a breach of the director's duty to the Corporation or an act or omission that involves intentional misconduct or a knowing violation of the law on the part of the director; a transaction from which the director receives an improper benefit, whether or not the benefit results from an action taken within the scope of the director's office; or an act or omission for which the liability of the director is expressly provided by Texas law.

ARTICLE VIII

The name and street address of each incorporator is:

NAME	ADDRESS	CITY
William (Bill) Lodal <President>	7022 Deer Hollow Court	Granbury
Abel Lara <Vice President>	7005 Ranch House Lane	Granbury
Doris Carter <Secretary>	5702 Pinto Lane	Granbury
Cynthia Fox <Treasurer>	7028 Deer Hollow Court	Granbury

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



COPY


ARTICLE IX

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

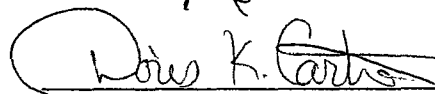
IN WITNESS WHEREOF, we have hereunto set our hands, this the 17th day of Jan., 2018.



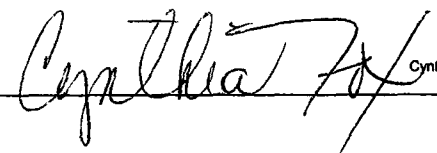
William (Bill) Leduc <President>



Abel Lara <Vice President>



Doris K. Carter <Secretary>



Cynthia Fox <Treasurer>



COPY

THE STATE OF TEXAS

COUNTY OF

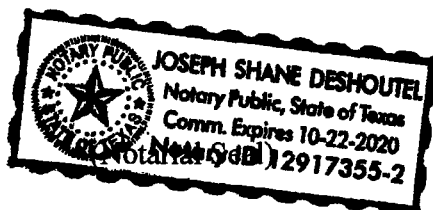
Hood

I, Joseph Deshourel, a Notary Public, do hereby certify that on this
17th day of Jan., 2018, personally appeared before me:

William Lodal, Abel Lara, Doris Carter,
Cynthia Fox

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

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



Joseph Deshourel
Notary Public
State of Texas



BYLAWS
of
LGRVR WATER SUPPLY CORPORATION

Bylaws of LGRVR Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

The President shall preside and vote at all Members' and Directors' meetings. The President shall perform all other duties that usually pertain to the office or are delegated by the Board of Directors.

ARTICLE II

The Vice-President shall, in case of the absence or disability of the President, perform the duties of the President.

ARTICLE III

The Secretary-Treasurer shall have custody of all monies, records and securities of the Corporation. The Secretary-Treasurer shall keep minutes of all meetings of the Corporation. All monies of the Corporation shall be deposited by the Secretary-Treasurer in such depository as shall be selected by the Directors. Checks must be signed by the Secretary-Treasurer or assistant or deputy secretary, and the President or a designee of that office. The Secretary-Treasurer shall have custody of the seal of the Corporation and affix it as directed by resolution passed by the Board of Directors or Members. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary-Treasurer in all official duties pertaining to that office.

The position of the Secretary-Treasurer, and other Board positions and/or employees entrusted with receipt and disbursement of funds, shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year, by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all USDA Rural Development, Rural Utilities Service (RUS) loans and be evidenced by a position fidelity schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. A person must be a member of the Corporation and at least 18 years old in order to serve as a Director. A person is not qualified to serve as a director if the person has been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated; or partially mentally incapacitated without the right to vote; or has been finally convicted of a felony from which the person has not been pardoned or otherwise released from the resulting disabilities.

Section 2. The Board of Directors shall consist of seven (7) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the first Saturday of February¹, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer from among the Directors. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall

¹ This election shall be held between January 1 and May 1, but after the Members' annual meeting. Insert day of week, week of month, and month of year (i.e., second Tuesday of April).



be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law.

Not later than the 60th day after a Director dies, resigns or is determined by the Board to not meet one of the qualifications set forth in Section 1, a successor who meets those qualifications shall be appointed by a majority of the remaining Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 3. Directors may be removed from office in the following manner, except as otherwise provided in Article V. Any Member or Director may present charges against a Director by filing such charges in writing with the Secretary-Treasurer of the Corporation. The charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 4. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of a Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of the other Directors to preside over the meeting.

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Any meeting convened to consider the removal of a Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or other Officer or Director has been made the subject of charges does not prevent such individual from continuing to act as Officer and/or Director. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 5. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas Business Organizations Code pertaining to duties and responsibilities of the Board of Directors.

ARTICLE V

Section 1. Meetings of the Board of Directors shall be held at such time and place as the Board may determine at the previous meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Chapter 551, Texas Government Code, including any subsequent amendment thereto. In the event of any conflict between the provisions of these Bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 2. Any Director failing to attend two (2) consecutive meetings may be given written notice by the balance of the Board of Directors that failure by said Director to attend a third consecutive meeting, without justifiable cause acceptable to the balance of the Board of Directors, shall give rise to removal of said Director from the Board. A successor shall be appointed by a majority vote of the Directors remaining to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the balance of the term.



Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances; however, there shall be no deliberations or actions by the Board unless such has first been noticed in accordance with the Texas Open Meetings Act. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors may, upon lawful notice to the public, meet in executive session when permitted, in the manner and for such limited purposes as provided for in the Texas Open Meetings Act, as amended, and for no other reason. All proceedings of any meeting at which a quorum of Directors is present to discuss the business of the Corporation shall be recorded in the manner required by the Texas Open Meetings Act.

Section 5. In conducting their duties as members of the Board, Directors: (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs that have been prepared or presented by one or more officers or employees of the Corporation, or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations, may rely in good faith and with ordinary care, on the financial statements of, or other information concerning, any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Directors reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.



ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the first (1st) Saturday of February,² to transact all business that may be properly brought before it.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including notification to the Membership of the proposed agenda, location, and date of the meeting; election procedures; approval of the ballot form to be used; and validation of eligible voters, ballots, and election results. At least thirty (30) days before the date of a Membership meeting that includes an election, the Corporation shall mail to each member of record at the address last known to the Corporation written notice of such meeting indicating the time, place, and purpose of such meeting; the election ballot; and for director elections, a statement of each candidate's qualifications, including biographical information as provided in each candidate's application. The election ballot for director elections must include the number of directors to be elected and the names of the candidates.

Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership.

Section 3. The Board shall select an independent election auditor not later than thirty (30) days before the scheduled date of a Membership meeting where an election will be held. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the Corporation as an employee; a director or candidate for director; or an independent contractor engaged by the Corporation as part of the Corporation's regular course of business. The

² This meeting shall be held between January 1 and May 1. Insert the day of the week, week of month and month of year.



independent election auditor shall receive and count the ballots before the meeting is adjourned. The independent election auditor shall provide the board with a written report of the election results.

Section 4. For any election, a member may vote in person at the Membership meeting; by mailing a completed ballot to the office of the independent election auditor or to the Corporation's main office which must be received by noon on the business day before the date of the meeting; or by delivering a completed ballot to the office of the independent election auditor or to the Corporation's main office by noon on the business day before the date of the meeting.

A quorum for the transaction of business at a meeting of the Membership is a majority of the members present. In determining whether a quorum is present, all members who mailed or delivered ballots to the independent election auditor or the Corporation on a matter submitted to a vote at the meeting are counted as present.

Section 5. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall recommend for Board approval the election procedures and all related forms and notices, recommend for Board approval a person to fill the role of independent election auditor, ensure that the election procedures are implemented, and serve other functions designated in the Corporation's election procedures. Should the individual holding the office of Secretary-Treasurer be running for re-election, the Board shall appoint an officer not currently running for re-election to serve as chairperson of this committee.

Section 6. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the names of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. No later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the

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meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting Member, or voting Member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at their expense, copy the list. Further, the Board shall make the list of voting Members available at the meeting, and shall allow inspection of such list by any voting Member or voting Member's agent or attorney at any time during the meeting, including any adjournments thereof.

ARTICLE VII

A special meeting of the Members or Directors may be called by the President, or by demand by a majority of the board members or one-third (1/3) of the Members. Such special meetings shall be held upon giving notice as required by the Texas Open Meetings Act.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, and that such special meeting is otherwise noticed, as required under Texas Business Organizations Code Section 22.156, and as provided under Article V of these Bylaws. Such notice shall specify the time, place and purpose of the meeting, and shall be addressed and mailed to each of the Members at their address last known to the Corporation, personally delivered to each Member, or sent by facsimile to each Member.

Emergency meetings of the Directors may be held on rare occasions and only when clearly authorized by the Texas Open Meetings Act. Notice of such emergency meeting shall be provided under Article V of the Bylaws and the Texas Open Meetings Act, at least two hours before the meeting is convened. It shall be the responsibility of the President, or a designee of that office, to ensure that proper notice is posted and Directors are properly notified. In no event shall any emergency meeting of the Directors be convened where the business of such meeting could be considered at a regular or special meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these Bylaws.

ARTICLE VIII



The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid and, provided also, that the Directors of the Corporation may allocate to sinking fund(s) and reserve accounts such amount of profits as they deem necessary for maintenance, operation, capital improvements, expansions and replacements of all facility components, as provided by Section 67.008 (d) of the Texas Water code. Funds allocated by the Board to a sinking fund for replacement, amortization of debts, and the payment of interest that are not required to be spent in the year in which deposited shall be invested in accordance with the provisions of Section 67.014 (b) of the Texas Water Code.

ARTICLE IX

The Directors of the Corporation shall establish and maintain, so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, a reserve account separate and apart from other fund accounts of the Corporation. Securities so purchased shall be deemed at all times to be part of the reserve fund account. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provided, however, that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from USDA Rural Development, RUS. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.



ARTICLE X

Section 1. The Corporation shall have Members as defined by the Texas Water Code. All customers of the Corporation must hold a Membership or obtain their service through a Membership. A person or entity that holds an interest in property solely as security for the performance of an obligation or that only builds on or develops the property for sale to others is not required to hold a Membership as a condition to receive service on a limited basis. Every person (which includes any legal entity) owning or having a legal right to the control, possession or occupancy of property served, or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, religion, sex, age, marital status, familial status, handicap, income from Public Assistance, disability or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis.

Section 2. The Membership fee shall be as determined by the Board of Directors. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership, but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water and/or sewer service from the Corporation for such potential Members' own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived



potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water and/or sewer rate unless previously approved by USDA Rural Development, RUS. Membership fees will be refundable.

ARTICLE XI

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership of Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is to be taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership or, upon notification of the Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

ARTICLE XII

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest



within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of this section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, Membership, or another right of participation under this section does not entitle the transferee to water and/or sewer service unless each condition for water and/or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water and/or sewer service provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a persons or other entity's stock, Membership, or other right of participation if the person or other entity fails to meet the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water and/or sewer service under the stock, Membership, or other right of participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or a cancelled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water and/or sewer service is requested, subject to compliance with the conditions for water and/or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary here-in-above provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors, or other persons, shall never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.



ARTICLE XIII

The Board may employ a manager to handle the business of the Corporation under the direction of the Board. The Board shall set the salary for the manager.

ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected, or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a member should surrender the Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water and/or sewer service shall be discontinued and the obligation to pay for water and/or sewer service shall terminate except as for the minimum charge for the current month and the charge for water and/or sewer used during the current month, and except as for any prior unpaid amounts due the Corporation. Any remaining balance from the membership fee will be refunded to the former member. In the event Membership is terminated, cancelled, withdrawn, or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water and/or sewer service or otherwise shall be deducted from such Member's share prior to final distribution. By application for and acceptance of Membership in the Corporation, each Member agrees that upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation. By application for and acceptance of membership in the Corporation, each Member grants the



Corporation's Board of Directors that Member's permission to execute all instruments and documents necessary to effectuate such transfers in order to preserve the Corporation's statutory rights to exemption from income and ad valorem taxation.

ARTICLE XVI

The fiscal year of the Corporation shall be January 1 to December 31.

ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water and/or sewer charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by USDA Rural Development, RUS, so that the sum of such assessments and the amount collected from water and/or sewer and other charges is sufficient to fully pay all costs of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than USDA Rural Development, RUS, without a favorable vote of the majority of the Members. Any assessments levied to make up operations deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.



Section 2. In the event a Member should surrender their Membership certificate properly endorsed by the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of their obligation under special arrangements covering Multiple Membership certificates held by one Member which may have been required or approved by the USDA Rural Development, RUS.

ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principle office in Texas.

Annually, the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue, and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by USDA Rural Development, RUS. Such report shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Public Information Act, Chapter 552, Texas Government Code, including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Open Record Public Information Act and the provisions of the Bylaws, the provisions of the Public Information Act shall prevail.

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ARTICLE XX

These Bylaws may be altered, amended, or repealed by a vote of a majority of the Members voting at any regular meeting of the Members, or at any special meeting of the Members called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the intents and purposes of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the USDA Rural Development, RUS, or its successor agencies and assigns, these Bylaws shall not be altered, amended, or repealed without the prior written consent of the State Director of the USDA Rural Development, RUS, for the State of Texas.

ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed “LGRVR WATER SUPPLY CORPORATION.”

ARTICLE XXII

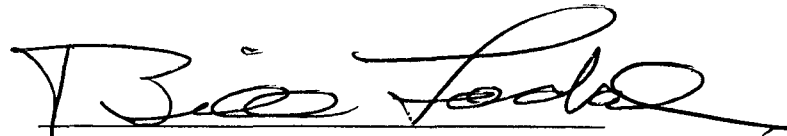
The Corporation pledges its assets for use in performing the functions of the corporation as provided by law and the Corporation’s Articles of Incorporation.

ARTICLE XXIII

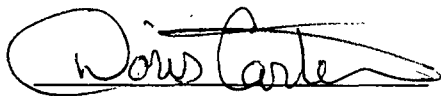
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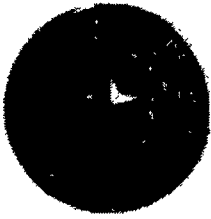
If newly formed Corporation:

The above Bylaws were adopted by a majority vote of the initial Board of Directors of the LGRUR Water Supply Corporation, at a meeting held on the 24th day of January, 2018.


President

Attest:


Secretary-Treasurer



Franchise Tax Account Status

As of : 02/14/2018 10:43:00

This Page is Not Sufficient for Filings with the Secretary of State

FALL CREEK UTILITY COMPANY, INC.	
Texas Taxpayer Number	30119394622
Mailing Address	5711 COFFEE POT LN GRANBURY, TX 76049-6459
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	03/11/1997
Texas SOS File Number	0143640400
Registered Agent Name	PATRICIA L JEUNELOT
Registered Office Street Address	5711 COFFEE POT LANE GRANBURY, TX 76049

Fall Creek Utility Company, Inc.

7001 Deer Hollow Court

Granbury, TX 76049

FILED

MAY 25 2007

Public Notice

Jelly Lillard
County Clerk, Hood County, TX

Certificates of Convenience and Necessity (CCN)

Number 12884 (Water service area)

Number 20854 (Sewer service area)

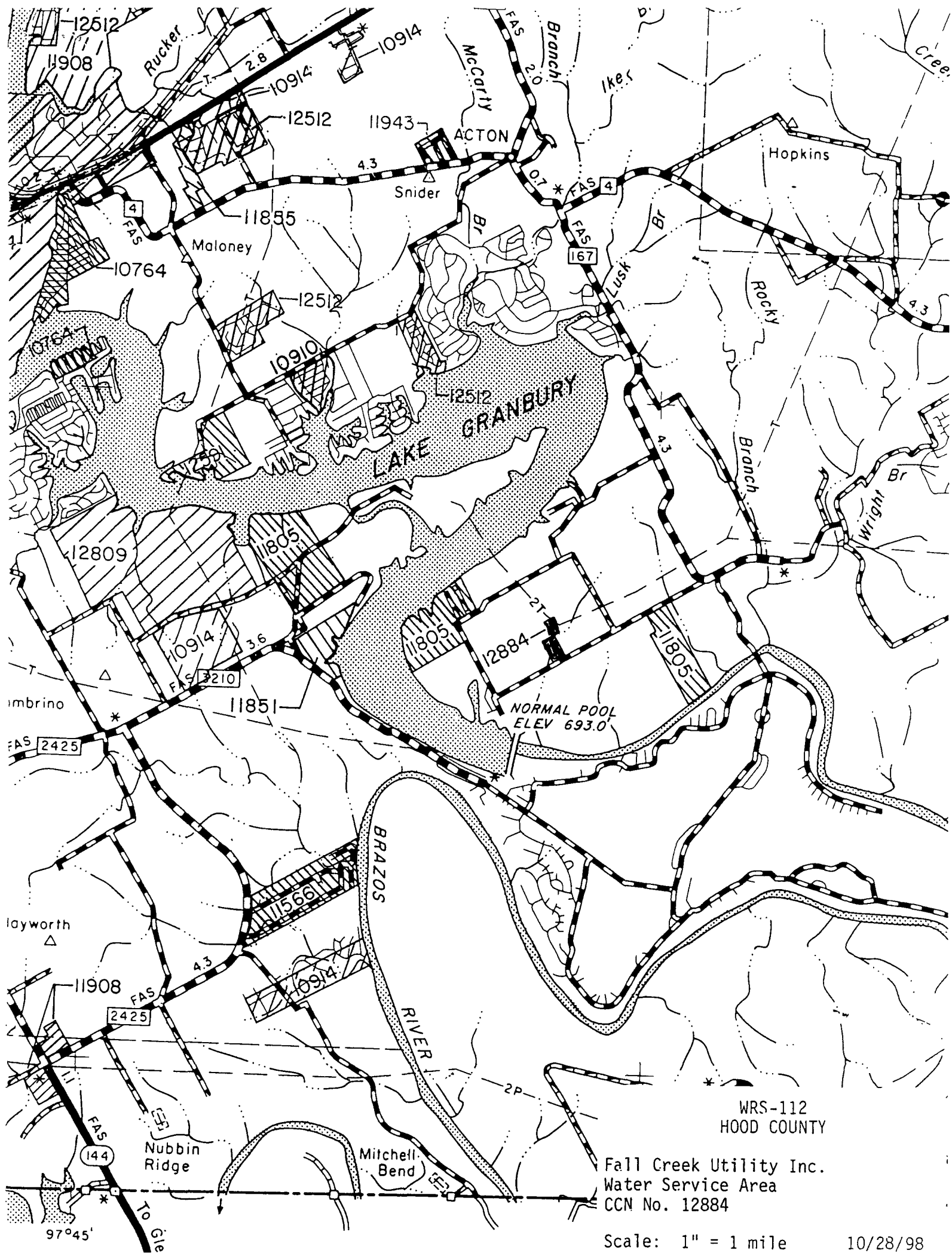
Physical Boundaries -

Hood County, adjacent to Hood County Road 309 (Rollins Road)

Milton Hardin Survey A-217

Plat of Lake Granbury R.V. Ranch being a subdivision of 14.07 acres out of the Milton A. Hardin Survey, Abstract 217, Hood County, Texas

The service area consists of lots 1-111 and common area enclosed by said lots in the listed plat.



Fall Creek Utility Board Meeting Minutes from March 8, 2017

Officers and Members Present:

Pat Jeunelot	President
Chuck Jeunelot	Vice President of Maintenance
Abel Lara	Vice President of Records
Sandy Whitworth	Secretary
Bob Marshall	Board Member
Jeff O'Donnell	Board Member - not present 3/22
Gary Whitworth	Board Member
Loyd Jones	Board Member
Jana Ketchum	Liaison
Doris Carter	Guest

The minutes from our February 15, 2017 meeting were read. **A motion was made by Gary to approve the minutes.** Abel seconded the motion. All approved.

Pat introduced Doris Carter to the board. Doris is considering the position of secretary. Pat also mentioned that Bill Lodal is considering the position of treasurer.

Water Supply Compliance Investigation: On January 17, 2017 an investigation of our Public Water Supply was made by TCEQ. The result: No violations are being alleged as a result of their investigation. The board felt this information should be communicated at the next POA Meeting.

Finance:

- Our savings account on December 31, 2016 was \$4,688.88 and our 2016 checking balance was \$12,241.63. Our total budget for 2017 is \$81,836.93. This year the budget needs to be split between water and sewer. Total deposits for 2016 came to \$82,230.17. This budget includes the addition of a \$10,000.00 cash reserve.
- The monthly revenue needed per customer is \$88.36. For water, our revenue needs to be \$42.04 and for sewer we need to receive \$46.32.
- Capital Reserve - we will need \$91,000.00 in reserve for future replacement and major repairs to our equipment. Future expenses that we are now planning for:
 - Well Pump \$13,000.00
 - Pressure Pump \$8,000.00
 - Clarifier \$25,000. Cost on two options: \$6,400 and \$16,000
 - Sewer Plant Blowers \$9,000.00
 - Lift Station \$6,000.00
 - Back-up Generators \$30,000. Could be lowered if we install transfer switches by the well, sewer plant and lift station and then rent generators. A three phase generator for lift station and well. Would be \$600 each. A single phase generator for the sewer plant would be \$300.00 Totaling \$1500 per week. If we choose to rent, we would be put on a priority list with a max wait time of 1 day.

We are looking at possibly replacing our well pump in May. Chuck will look at it and do a test to see how much current is drawn. If there is a spike in the current from the last time we checked it, then we will know it will need to be replaced. The pump itself cannot be tested unless it is completely pulled out at which point you might just put the new one in. If it appears to be functioning as well as it has been, then the board can vote to extend the replacement out for another 3 – 6 months and continue with that process until a change in the current happens. **A motion was made by Jeff and seconded by Sandy to approve 2017's budget. All approved.**

Grass cutting season is approaching. Pat mentioned we are looking for volunteers to help with weed wacking along the pond and the ditch. We have a lot of wood that we need to bring to the roll out before it is taken away. If you think you can help with this. Please see Bob Marshall or Chuck Jeunelot.

Conversation with Lisa Fuentes from PUC – According to Lisa Fuentes, we need to send a letter to all our customers, including the commercial accounts, asking them to vote on converting from an investor owned utility to a public water supply corp. Pat had sent an email message to her asking where it is stated in PUC's Rules and Guidelines. Since no message was forthcoming the board felt that we should follow the POA's bylaws on who can vote, which would include residents only.

Update our CCN – Lisa told Pat that whenever an extension is made and the point of ultimate use is within one quarter mile of the outer boundary of its service area, the utility corporation must submit a copy of a map of the service area clearly showing the extension, accompanied by a written explanation of the extension. This is something that has never been done and we need to update. Jana has agreed to work on this.

We also will need to complete an application to transfer our wastewater discharge permit. A permit must be transferred when a change in ownership or operator occurs. A transfer application must be submitted at least 30 days before the proposed transfer date. There is an application fee of \$100.00 that must be paid. Pat will send a copy of the form to Abel.

Steering Committee Update: Abel updated the board on the steering committee. Bylaws are currently being worked on. This committee is working on combining bylaws that Lloyd Jones had on file with generic bylaws submitted by TRWA. The sale transfer and merger form is also being worked on. Charles is currently working on the financial piece.

Equipment Quotes Update: Lloyd talked to the board about quotes he had received. We now have a better picture of what it would cost to replace major equipment.

Pressure Pumps: The cost for 2 Pressure pumps would be \$8,000.

Clarifier: Lloyd gave two possibilities for expanding the clarifier. The first is installing a separate 7,500 gallon clarifier from the plant which would cost about \$16,000. The second is adding an extension onto the existing clarifier for \$6,400. The new extension would enlarge the capacity of the clarifier by 25%. We are working on getting Billy's input as to which is adequate for now and potential growth at Mr. Merithew's facility.

Generators: The 3 transfer switches would cost about \$7,700. Getting priority delivery of rental generators from Taylor Rental runs \$600 for the 3 phase and \$300 for the single phase.

Water Storage Tank: A tank of similar construction and size would cost approximately \$48,000 and would create a 2 day down time and we would have to bring in some gravel and do some tamping because of different dimension. We would have to supply labor, and a means to unload the component pieces.

Pressure Tank: The cost of the tank would be approximately \$18,000 and would include us doing the installation and approximately \$26,000 for turnkey.

Lift Station: Looking into the possibility of a lift station for the Garret's. The benefits would include a reduced load on our lift station and isolation from the Ranch. **A motion was made by Gary and seconded by Abel to have Lloyd gather information on cost and construction of a new lift station.**

Our meeting ended with a **motion made by Gary and seconded by Jeff to accept Doris as Secretary for Fall Creek Utility.** All Agreed.

Next meeting is scheduled for March 22, 2017 at 7PM in the club house.

March 1, 2017

Lake Granbury RV Ranch Property Owners Association
7001 Deer Hollow Court
Granbury, Texas 76049

Dear Property Owner:

Over the last few months, the Fall Creek Utility board of directors has been reviewing the pros and cons of converting from our current water utility to a non-profit water supply corporation.

President Pat Jeunelot, at the Fall Creek Utility's Annual Meeting on January 14, 2017 led a discussion with property owner attendees concerning what is involved in the conversion process and the benefits to our community of owners who have a vested interest in maintaining and supporting our water and sewer services.

A show of hands by attendees indicated that the property owners were interested in moving forward with converting from an investor-owned utility corporation to a water supply corporation.

Another meeting of property owners was held in the late afternoon on February 14, 2017. Steve Mindt, a circuit rider (advisor) with the Texas Rural Water Authority (TRWA), led this meeting. Steve discussed the benefits of converting to a water supply corporation and answered questions from the attendees.

Steve and other consultants with TRWA have been working closely with Pat on issues concerning Fall Creek Utility Corporation. Since we already operate similar to a public water supply corporation, TRWA recommends that we leave our existing tariff in place for now, and use our time and money to convert to a non-profit water supply corporation.

A steering committee has been appointed to work through the conversion process. The first thing that must be accomplished is conducting a property owner's vote by simple majority to convert or not.

In case you did not attend the Fall Creek Utility's annual meeting or the meeting with Steve Mindt, here are some facts you may want to consider before you vote.

- A water supply corporation (WSC) is a non-profit, member-owned and member controlled corporation organized under Chapter 67, Texas Water Code. As such, WSCs are subject to the laws and regulations governing the operations of non-profit corporations. The operation of a WSC is the responsibility of its board of directors. Directors are elected by the corporation members. The elected board determines the tariff, including the rate structure.
- In contrast to a water supply corporation, an investor-owned water utility corporation is regulated by the Texas Commission on Environmental Quality (TCEQ)

and controlled by the Texas Public Utility Commission (PUC), with operation and rates fixed in a defined tariff, with limited flexibility for customization, such as for commercial customers, tap fees, etc. In addition, changing tariff rates is expensive and can take up to a year to complete.

For example, Fall Creek Utility has been limited in control over rates for our commercial customers. As a non-profit water supply corporation, our board would be able to form a new rate structure and bylaws to protect our company from subsidizing these accounts.

- As a non-profit water supply corporation we would still be regulated by TCEQ, but our tariff wouldn't necessarily require the approval of PUC. However, if more than 10-percent of our members file an official complaint, then PUC will review the complaint.
- A water supply corporation in the state of Texas is eligible for grants, zero interest loans for equipment repair, replacement or upgrading, as well as emergency funding in the case of catastrophic damage caused by a tornado (for instance).
- As a non-profit, we would have no cap on funds that can be saved for future repair, replacement, upgrades or improvements. (A similar example is the POA reserved road fund)
- As a non-profit WSC, the elected board is required to have open meetings, as well as an annual members meeting. Only LGRVR property owners would be eligible to become members of the LGRVR Water Supply Corporation. Other customers outside the LGRVR property (our CCN) would not be voting members.

To keep our water and sewer services providing the best quality possible and in good working order requires our participation and support as property owners of Lake Granbury RV Ranch.

Please carefully consider the information provided and cast your vote to give us, as property owners, more control and governance over our water and sewer services by converting to a non-profit water supply corporation.

Thank you.

— Steering Committee

LAKE GRANBURY RV RANCH PROPERTY OWNERS ASSOCIATION

BALLOT

Conversion from Fall Creek Utility Company to LGRVR Water Supply Corporation

Ballot Number _____

PLEASE CIRCLE ONE:

YES As a deed holder and member of Lake Granbury RV Ranch
Property Owners Association, I approve converting from Fall Creek
Utility Company to LGRVR Water Supply Corporation.

NO As a deed holder and member of Lake Granbury RV Ranch
Property Owners Association, I do not approve converting from
Fall Creek Utility Company to LGRVR Water Supply Corporation.

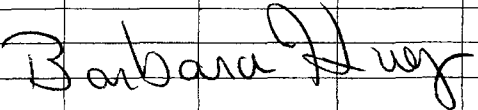
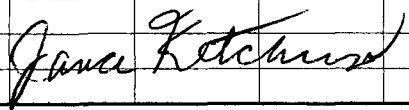
Property Owner's Name (printed) _____

*Property Owner's Signature _____

Lot numbers: _____ Date: _____

*Ballots must be signed in order to be valid.

IF VOTING ABSENTEE, READ "Absentee Voting Instructions."

		Water Supply Co									
		Yes	No								
Totals		<u>87</u>	<u>4</u>								
Line #	Ballot Number			Talley Check	Red = too many entries, Beige = too few entries						
89	89	1		1							
90	90	1		1							
91	91		1	1							
92	92		1	1							
93	93	1		1							
94				0							
95				0							
96				0							
97				0							
98				0							
99				0							
100				0							
Duplicate Ballot Numbers Are Highlighted											
93		87	4	2	Ballot Tracking - "0" indicates balance						
I hereby certify that the Election Procedure was followed in the counting of the											
ballots and that the count accuracy has been verified by the Election Committee.											
Count Verified		1		Certified							
											
Election Committee Chairperson				Trustee							

		Water Supply Co								
		Yes	No							
Totals		87	4							
Line #	Ballot Number			Talley Check	Red = too many entries, Beige = too few entries					
1	1	1		1						
2	2	1		1						
3	3	1		1						
4	4	1		1						
5	5	1		1						
6	6	1		1						
7	7	1		1						
8	8	1		1						
9	9	1		1						
10	10	1		1						
11	11	1		1						
12	12	1		1						
13	13	1		1						
14	14	1		1						
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42	42	1		1						
43	43	1		1						
44	44	1		1						

		Water Supply Co								
		Yes	No							
Totals		<u>87</u>	<u>4</u>							
Line #	Ballot Number			Talley Check	Red = too many entries, Beige = too few entries					
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46	46	1		1						
47	47	1		1						
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