

Control Number: 49230



Item Number: 10

Addendum StartPage: 0



Simply Aquatics, Inc.  
P.O. Box 157  
Kirbyville, TX 75956

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PUBLIC UTILITY COMMISSION  
FILING CLERK  
Office Phone (409) 420-9774  
Office Cell # (409) 622-9810  
Email: lauren.monk@simplyaquaticsinc.com

August 15, 2019

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

To Whom It May Concern,

Simply Aquatics Inc. submitted this application on July 10<sup>th</sup>, 2019 and we received a letter saying it was insufficient due to 8 missing or incorrect documents. I recently came in to the office position of the person who originally filed the first application and I found many errors in the information he provided; so I started over on the entire application. not just the 8 missing or incorrect documents. So, if you would please disregard the former application.

I have completed this STM to best of my ability and with the most accurate information I have available to me. I did not have access to the Timberlane Water Systems financial history, such as general administrative expenses, operations and maintenance expenses and assumptions requested on pages 16, 17 and 20 of the STM application.

On part C question 6F, I was not able to submit a copy of the Annual Report, as we are currently in the process of filing it. I will send a copy of it to the PUC as soon as I file it.

Thank you.

Lauren Monk  
Administrative Assistant  
Simply Aquatics, Inc.

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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.109

## **Sale, Transfer, or Merger (STM) Application Instructions**

- I. **COMPLETE.** In order for the Commission to find the application sufficient for filing, the Applicant should:
  - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
  - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
  - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data
  - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
  - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. **Application is not accepted for filing.**
  - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. **Application is accepted for filing.**
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.
 

**HEARING ON THE MERITS:** An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

### FAQ:

#### **Who can use this form?**

Any retail public utility that provides water or wastewater service in Texas.

#### **Who is required to use this form?**

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

### Terms

**Transferor:** Seller

**Transferee:** Purchaser

**CCN:** Certificate of Convenience and Necessity

**STM:** Sale, Transfer, or Merger

**IOU:** Investor Owned Utility

## Application Summary

**Transferor:** Timberlane Water System Inc.

*(selling entity)*

**CCN No.s:** 12336

Sale    
  Transfer    
  Merger    
  Consolidation    
  Lease/Rental

**Transferee:** Simply Aquatics Inc.

*(acquiring entity)*

**CCN No.s:** 13259

Water    
  Sewer    
  All CCN    
  Portion CCN    
  Facilities transfer

**County(ies):** Jasper, Newton and Sabine

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**Please mark the items included in this filing**

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input checked="" type="checkbox"/> Partnership Agreement	Part C: Question 7
<input checked="" type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input checked="" type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input type="checkbox"/> Financial Audit	Part C: Question 10
<input type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input checked="" type="checkbox"/> List of Assets to be Transferred	Part D: 11 B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11 D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

**Part A: General Information**

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Kevin Hester has purchased Timberlane Water Systems Inc CCN # 12336 with the intention of merging with our existing CCN # 13259. The existing well is located on a lot that will be included in the sale of Timberlane WS, from there we will be providing water from ground source and distributing to existing or future meter taps within the CCN

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

- Obtaining a NEW CCN for Purchaser  
 Transfer all CCN into Purchaser's CCN (Merger)  
 Transfer Portion of CCN into Purchaser's CCN  
 Transfer all CCN to Purchaser and retain Seller CCN  
 Uncertificated area added to Purchaser's CCN

For **Transferor** (Seller) CCN:

- Cancellation of Seller's CCN  
 Transfer of a Portion of Seller's CCN to Purchaser  
 Only Transfer of Facilities, No CCN or Customers  
 Only Transfer of Customers, No CCN or Facilities  
 Only Transfer CCN Area, No Customers or Facilities

**Part B: Transferor Information**

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

3. A. Name: Timberlane Water System  
(individual, corporation, or other legal entity)  
 Individual  Corporation  WSC  Other: \_\_\_\_\_

B. Mailing Address: P.O. Box 1611 Nederland TX, 77627

Phone: (409)722-1897

Email: beverlyminaldi@yahoo.com

- 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, accountant, or other title.

Name: Beverly Lee Minaldi

Title: Owner

Mailing Address: P.O. Box 1611 Nederland Tx, 77627

Phone: (409) 543-5321

Email: beverlyminaldi@yahoo.com

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

A. Effective date for most recent rates: 04/25/2012

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

No  Yes Application or Docket Number: \_\_\_\_\_

**If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.**

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

There are no customers that will be transferred

# of customers without deposits held by the transferor 46

# of customers with deposits held by the transferor\*                     

\*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

**Part C: Transferee Information**

**Questions 6 through 10 apply only to the transferee (purchaser or proposed service provider)**

6. A. Name: Simply Aquatics Inc

Individual (individual, corporation, or other legal entity)  Corporation  WSC  Other:

B. Mailing Address: P.O. Box 157 Kirbyville Tx, 75956

Phone: (409) 420-0774

Email: lauren.monk@simplyaquaticsinc.com

C. Contact Person. Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Lauren Monk

Title: Administrative Assistant

Address: P.O. Box 157 Kirbyville TX, 75956

Phone: (409)622-9810

Email: lauren monk@simplyaquaticsinc.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

No  Yes  N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

No  Yes  N/A

7. The legal status of the transferee is:

Individual or sole proprietorship

Partnership or limited partnership (attach Partnership agreement)

Corporation

Charter number (as recorded with the Texas Secretary of State): 800198192

Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]

Charter number (as recorded with the Texas Secretary of State):

Articles of Incorporation and By-Laws established (attach)

Municipally-owned utility

District (MUD, SUD, WCID, FWSD, etc )



County

Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)

Other (please explain): \_\_\_\_\_

8. If the transferee operates under any d/b/a, provide the name below:

Name: Vista Verde Water Systems

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Kevin Hester  
Position: President Ownership % (if applicable): 50%  
Address: 921 CR 3065, Kirbyville Tx 75956  
Phone: (409)381-0271 Email: \_\_\_\_\_

Name: Stephanie Hester  
Position: Secretary/Treasurer Ownership % (if applicable): 50%  
Address: 921 CR 3065 Kirbyville, tx 75956  
Phone: (409)-381-0275 Email: \_\_\_\_\_

Name: \_\_\_\_\_  
Position: \_\_\_\_\_ Ownership % (if applicable): 0.00%  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Name: \_\_\_\_\_  
Position: \_\_\_\_\_ Ownership % (if applicable): 0.00%  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

**Historical Financial Information** may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

**Projected Financial Information** may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

**Part D: Proposed Transaction Details**

11. A. Proposed Purchase Price: \$ 35,000.00

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

No  Yes  N/A

Total Original Cost of Plant in Service: \$ 35,000.00

Accumulated Depreciation: \$ 5,000.00

Net Book Value: \$ 30,000.00

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

No  Yes

Total Customer CIAC: \$ 0

Accumulated Amortization: \$ 0

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

No  Yes

Total developer CIAC: \$

Accumulated Amortization: \$

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

No  Yes

**B.** If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

**13.** Provide any other information concerning the nature of the transaction you believe should be given consideration:

**14.** Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations

Utility Plant in Service:	\$	35,000	
Accumulated Depreciation of Plant:	\$	0	
Cash:	\$	-35,000	
Notes Payable:	\$	0	
Mortgage Payable:	\$	0	
(Proposed) Acquisition Adjustment*:	\$	0	

\*Acquisition Adjustments will be subject to review under 16 FAC § 24.31(d) and (e)

Other (NARUC account name & No.):

Other (NARUC account name & No.):

**15. A.** Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this SFM application. Rates can only be changed through the approval of a rate change application )

No billing changes proposed

**B.** If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

We do not propose a rate change in the next 12 months

**Part E: CCN Obtain or Amend Criteria Considerations**

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

There will be no changes in the quality of service

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

Simply Aquatics Inc has been in business since 2003. We provide chemical to water and waste water treatment plants and provide chemical injection equipment. Simply Aquatics Inc currently owns and operates three public water systems successfully. El Pinon - PWS ID - 2030013, La Playa - PWS ID - 2030015 and Vista Verde - PWS ID - 1700694. We have a full time operator on staff.

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

No  Yes

19. Explain how the environmental integrity of the land will be impacted or disrupted as a result of the proposed transaction

No land changes will be made.

20. How will the proposed transaction serve the public interest?

Change of ownership and operation. Public customer relationships

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

Gary Horton at PUC provided two maps \* See attached maps

**Part F: TCEQ Public Water System or Sewer (Wastewater) Information**

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction. Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: 2020054 (7 digit ID)

Name of PWS: Timberlane Water System

Date of last TCEQ compliance inspection: December 12th, 2017 (attach TCEQ letter)

Subdivisions served: Timberlane Subdivision

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility:

Name of Permittee:

Date of last TCEQ compliance inspection: (attach TCEQ letter)

Subdivisions served:

Date of application to transfer permit *submitted* to TCEQ:

23. List the number of *existing* connections, by meter/connection type, to be affected by the proposed transaction:

Water			Sewer		
1	Non-metered	2"		Residential	
46	5/8" or 3/4"	3"		Commercial	
	1"	4"		Industrial	
	1 1/2"	Other		Other	
Total Water Connections:			47	Total Sewer Connections:	

24. A. Are any improvements required to meet TCEQ or Commission standards?

No  Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

No  Yes.

25. Does the system being transferred operate within the corporate boundaries of a municipality?

No  Yes. (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: Sewer:

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?  
 No     Yes:    If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from:

Water: \_\_\_\_\_

Sewer: \_\_\_\_\_

- B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?  
 No     Yes

- C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

- D. Will the purchase agreement or contract be transferred to the Transferee?  
 No     Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

No     Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Caleb A. Ross	C	WG0017596	Water

**Part G: Mapping & Affidavits**

**ALL applications require mapping information to be filed in conjunction with the STM application. Read question 29 A and B to determine what information is required for your application.**

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:
- i. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
    - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
    - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
- i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
  - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
  - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
  - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.
- B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
- 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
  - 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
  - 3. One of the following identifying the requested area:
    - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above).
    - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
    - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
      - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
      - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
      - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

**Part H: Notice Information**

The following information will be used to generate the proposed notice for the application.  
**DO NOT provide notice** of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 13 acres

Number of customer connections in the requested area: 47

Affected subdivision : Timberlane Subdivision

The closest city or town: Hemphill TX, 75949

Approximate mileage to closest city or town center: 15 miles

Direction to closest city or town: 11 miles SE of downtown Hemphill, TX

The requested area is generally bounded on the North by: Sabine National Forrest

on the East by: Sabine National Forrest

on the South by: Sabine National Forrest

on the West by: Toledo Bend Reservoir

31. A copy of the proposed map will be available at:

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

All of the customers will be charged the same rates they were charged before the transaction.

All of the customers will be charged different rates than they were charged before the transaction.

higher monthly bill     lower monthly bill

Some customers will be charged different rates than they were charged before (i.e. inside city limit customers)

higher monthly bill     lower monthly bill



**Oath for Transferor (Transferring Entity)**

---

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as

\_\_\_\_\_  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 Texas Water Code § 13.301(j) and copies of any outstanding enforcement 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 Texas Water Code § 13.301(k).

\_\_\_\_\_  
**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 BEFORE ME,** a Notary Public in and for the State of Texas  
this day the \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_\_

SEAL

\_\_\_\_\_  
**NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS**

\_\_\_\_\_  
**PRINT OR TYPE NAME OF NOTARY**

**My commission expires:** \_\_\_\_\_

**Oath for Transferee (Acquiring Entity)**

---

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_ being duly sworn, file this application for sale, transfer, merger, consolidation, acquisition, lease, or rental, as \_\_\_\_\_  
(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 been provided with a copy of the 16 TAC § 24.109 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

\_\_\_\_\_  
**AFFIANT**  
(Utility's Authorized Representative)

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

**SUBSCRIBED AND SWORN BEFORE ME**, a Notary Public in and for the State of Texas  
this day the \_\_\_\_\_ of \_\_\_\_\_, 20 \_\_\_\_\_

SEAL.

\_\_\_\_\_  
**NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS**

\_\_\_\_\_  
**PRINT OR TYPE NAME OF NOTARY**

**My commission expires:** \_\_\_\_\_

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**Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)**

*(Audited financial statements may be substituted for this schedule - see Item 17 of the instructions)*

<b>HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)</b>	<b>CURRENT(A) ( 19 )</b>	<b>A-1 YEAR ( 18 )</b>	<b>A-2 YEAR ( 17 )</b>	<b>A-3 YEAR ( -16 )</b>	<b>A-4 YEAR ( -15 )</b>	<b>A-5 YEAR ( -14 )</b>
<b>CURRENT ASSETS</b>						
Cash	5,669.90	7,088.81	7,088.88	56,133.37	181,336.86	199,321.63
Accounts Receivable						
Inventories						
Other	11,322.55	10,218.17	1,960.00	1,960.00	560.00	-100.00
<b>A. Total Current Assets</b>	<b>16,992.45</b>	<b>21,464.20</b>	<b>9,048.88</b>	<b>58,093.37</b>	<b>181,896.86</b>	<b>199,221.63</b>
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other	5,796.97	5,796.97	3,797.18	3,577.43	568.94	0
Less: Accum. Depreciation or Reserves						
<b>B. Total Fixed Assets</b>	<b>41,011.14</b>	<b>41,011.14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. TOTAL Assets (A + B)</b>	<b>63,800.56</b>	<b>68,272.31</b>	<b>12,846.06</b>	<b>61,670.80</b>	<b>182,465.80</b>	<b>199,221.63</b>
<b>CURRENT LIABILITIES</b>						
Accounts Payable	30,866.13	5,101.29	-207.82	-207.82	0	
Notes Payable, Current						
Accrued Expenses						
Other						
<b>D. Total Current Liabilities</b>	<b>30,866.13</b>	<b>5,101.29</b>	<b>-207.82</b>	<b>-207.82</b>	<b>0</b>	<b>0</b>
<b>LONG TERM LIABILITIES</b>						
Notes Payable, Long-term	30,628.99	36,232.15	0	0	0	0
Other						
<b>E. Total Long Term Liabilities</b>	<b>49,742.86</b>	<b>36,232.15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>F. TOTAL LIABILITIES (D + E)</b>	<b>80,628.99</b>	<b>41,333.44</b>	<b>-207.82</b>	<b>-207.82</b>	<b>0</b>	<b>0</b>
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>G. TOTAL OWNER'S EQUITY</b>	<b>-16,828.43</b>	<b>26,938.87</b>	<b>13,053.88</b>	<b>61,670.80</b>	<b>182,465.80</b>	<b>199,221.63</b>
<b>TOTAL LIABILITIES+EQUITY (F + G) = C</b>	<b>63,800.56</b>	<b>68,272.31</b>	<b>12,846.06</b>	<b>61,670.80</b>	<b>182,465.80</b>	<b>199,221.63</b>
<b>WORKING CAPITAL (A - D)</b>	<b>-13,873.68</b>	<b>16,362.91</b>	<b>8,841.06</b>	<b>57,885.55</b>	<b>181,896.86</b>	<b>199,221.63</b>
<b>CURRENT RATIO (A / D)</b>	<b>1/2</b>	<b>4.208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEBT TO EQUITY RATIO (E / G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**DO NOT INCLUDE ATTACHMENTS A OR B IN FILED APPLICATION IF LEFT BLANK**

### HISTORICAL NET INCOME INFORMATION

(ENTER DATE OF YEAR END)	CURRENT YEAR ( 19 )	A-1 YEAR ( 18 )	A-2 YEAR ( 17 )	A-3 YEAR ( 16 )	A-4 YEAR ( -15 )	A-5 YEAR ( -14 )
<b>METER NUMBER</b>						
Existing Number of Taps	68	68	68	68	68	68
New Taps Per Year	0	0	0	0	0	0
<b>Total Meters at Year End</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>
<b>METER REVENUE</b>						
Revenue per Meter (use for projections)	480	480	480	480	480	480
Expense per Meter (use for projections)						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Revenues- Base Rate & Gallonage Fees	20,640	20,640	20,640	20,640	20,640	20,640
Other (Tap, reconnect, transfer fees, etc)	500	500	500	500	500	500
<b>Gross Income</b>	<b>21,140</b>	<b>21,140</b>	<b>21,140</b>	<b>21,140</b>	<b>21,140</b>	<b>21,140</b>
<b>EXPENSES</b>						
General & Administrative (see schedule)	8,750	8,750	8,750	8,750	8,750	8,750
Operating (see schedule)	3,100	3,100	3,100	3,100	3,100	3,100
Interest						
Other (list)						
<b>NET INCOME</b>	<b>9,290</b>	<b>9,290</b>	<b>9,290</b>	<b>9,290</b>	<b>9,290</b>	<b>9,290</b>

HISTORICAL EXPENSE INFORMATION (ENTER DATE OF YEAR END)	CURRENT(Y)	A-1 YEAR ( - - )	A 2 YEAR ( - - )	A 3 YEAR ( - - )	A-4 YEAR ( - - )	A 5 YEAR ( - - )
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries & Benefits Office/Management Office (services, rentals, supplies, electricity)						
Contract Labor						
Transportation						
Insurance						
Telephone						
Utilities						
Property Taxes						
Professional Services/Fees (recurring)						
Regulatory - other						
Other (describe)						
Interest						
Other						
<b>Total General Admin. Expenses (G&amp;A)</b>						
<b>% Increase Per Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>						
Salaries & Benefits (Employee, Management)						
Materials & Supplies						
Utilities Expense-office						
Contract Labor						
Transportation Expense						
Depreciation Expense						
Other(describe)						
<b>Total Operational Expenses (O&amp;M)</b>						
<b>Total Expense (Total G&amp;A + O&amp;M)</b>						
<b>Historical % Increase Per Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Depreciation Schedule (attach)						
Other assumptions information (List all)						

**Appendix B: Projected Information**

<b>HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)</b>	<b>CURRENT (A) (-19- )</b>	<b>A-1 YEAR ( 20- )</b>	<b>A-2 YEAR ( -21- )</b>	<b>A-3 YEAR ( 22- )</b>	<b>A-4 YEAR ( 23- )</b>	<b>A-5 YEAR ( 24- )</b>
<b>CURRENT ASSETS</b>						
Cash	712	1,424	2,136	2,848	3,560	4,272
Accounts Receivable	20,000	20,000	20,000	20,000	20,000	20,000
Inventories	0	0	0	0	0	0
Income Tax Receivable	0	0	0	0	0	0
Other	0	0	0	0	0	00
<b>A. Total Current Assets</b>	<b>20,712</b>	<b>21,424</b>	<b>22,136</b>	<b>22,848</b>	<b>23,560</b>	<b>24,272</b>
<b>FIXED ASSETS</b>						
Land	5,000	5,000	5,000	5,000	5,000	5,000
Collection/Distribution System	25,250	25,250	25,250	25,250	25,250	25,250
Buildings	3,000	3,000	3,000	3,000	3,000	3,000
Equipment	6,750	6,750	6,750	6,750	6,750	6,750
Other	3,000	3,000	3,000	3,000	3,000	3,000
Less: Accum. Depreciation or Reserves	1,000	1,000	1,000	1,000	1,000	1,000
<b>B. Total Fixed Assets</b>	<b>43,000</b>	<b>43,000</b>	<b>43,000</b>	<b>43,000</b>	<b>43,000</b>	<b>43,000</b>
<b>C. TOTAL Assets (A + B)</b>	<b>63,172</b>	<b>63,172</b>	<b>63,172</b>	<b>63,172</b>	<b>63,172</b>	<b>63,172</b>
<b>CURRENT LIABILITIES</b>						
Accounts Payable	2,760	2,760	2,760	2,760	2,760	2,760
Notes Payable, Current		16,192	4,515	1,395	0	0
Accrued Expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>D. Total Current Liabilities</b>	<b>30,629</b>	<b>18,952</b>	<b>7,275</b>	<b>4,155</b>	<b>2,760</b>	<b>2,760</b>
<b>LONG TERM LIABILITIES</b>						
Notes Payable, Long term	0					
Other	0					
<b>E. Total Long Term Liabilities</b>	<b>0</b>					
<b>F. TOTAL LIABILITIES (D + E)</b>	<b>0</b>					
<b>OWNER'S EQUITY</b>						
Paid in Capital	0					
Retained Equity						
Other						
Current Period Profit or Loss						
<b>G. TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES+EQUITY (F + G) = C</b>						
<b>WORKING CAPITAL (A - D)</b>						
<b>CURRENT RATIO (A / D)</b>						
<b>DEBT TO EQUITY RATIO (F / G)</b>						

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**PROJECTED NET INCOME INFORMATION**

(ENTER DATE OF YEAR END )	CURRENT YEAR ( )	A-1 YEAR ( - - )	A-2 YEAR ( )	A-3 YEAR ( - - )	A-4 YEAR ( - - )	A-5 YEAR ( - - )
<b>METER NUMBER</b>						
Existing Number of Taps	46	46	46	46	46	46
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Revenue per Meter (use for projections)	2,077.40	2,077.40	2,077.40	2,077.40	2,077.40	2,077.40
Expense per Meter (use for projections)	300.00	300.00	300.00	300.00	300.00	300.00
<b>Operating Revenue Per Meter</b>	22,052.40	22,052.40	22,052.40	22,052.40	22,052.40	22,052.40
<b>GROSS WATER REVENUE</b>						
Revenues Base Rate & Gallonage Fees	39.95	39.95	39.95	39.95	39.95	39.95
Other (Tap, reconnect, transfer fees, etc)	400.00	400.00	400.00	400.00	400.00	400.00
<b>Gross Income</b>	22,492.35	22,492.35	22,492.35	22,492.35	22,492.35	22,492.35
<b>EXPENSES</b>						
General & Administrative (see schedule)						
Operating (see schedule)						
Interest						
Other (list)						
<b>NET INCOME</b>	22,500.00	22,500.00	22,500.00	22,500.00	22,500.00	22,500.00

**PROJECTED EXPENSE DETAIL**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries	11,850	11,850	11,850	11,850	11,850	11,850
Office						
Computer						
Auto	7,325	5,950	4,575	3,200	1,825	1,825
Insurance	822	822	822	822	822	822
Telephone						
Utilities	720	720	720	720	720	720
Depreciation						
Property Taxes	470	470	470	470	470	470
Professional Fees						
Interest						
Other						
<b>Total</b>	21,187	19,812	18,437	17,062	15,687	15,687
<b>% Increase Per projected Year</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Interest						
Other						
<b>Total</b>						

<b>PROJECTED SOURCES AND USES OF CASH STATEMENTS</b>		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>							
	Net Income	-47	1,328	2,703	4,280	5,353	13,617
	Depreciation (If funded by revenues of system)	0	0	0	0	0	0
	Loan Proceeds	0	0	0	0	0	0
	Other						
<b>Total Sources</b>							
<b>USES OF CASH</b>							
	Net Loss						
	Principle Portion of Pmts						
	Fixed Asset Purchase						
	Reserve						
	Other						
<b>Total Uses</b>							
<b>NET CASH FLOW</b>							
<b>DEBT SERVICE COVERAGE</b>							
Cash Available for Debt Service (CADS)							
	A: Net Income (Loss)						
	B: Depreciation, or Reserve Interest						
<b>C: Total CADS (A + B = C)</b>							
<b>D: DEBT SERVICE (DS)</b>							
	Principle Plus Interest						
<b>E: DEBT SERVICE COVERAGE RATIO</b>							
	CADS Divided by DS (F = C / D)						



THE STATE OF TEXAS

STOCK PURCHASE AGREEMENT

COUNTY OF NEWTON

THIS STOCK PURCHASE AGREEMENT (the "Agreement") executed effective the 2<sup>nd</sup> day of November, 2018, by and between TIMBERLANE WATER SYSTEM / BEVERLY MINALDI, hereinafter called "Seller", and SIMPLY AQUATICS, INC. / KEVIN HESTER, hereinafter called "Purchaser".

WITNESSETH:

WHEREAS, the Seller has agreed to sell to Purchaser all of the shares of the outstanding capital stock of TIMBERLANE WATER SYSTEM a Texas corporation ( the "Company");

WHEREAS, the Seller has offered to sell to all of the shares of the outstanding capital stock of the Company (the "Purchased Shares"), for the purchase price and upon the terms and conditions hereinafter set forth, and subject to all the terms and conditions hereof:

NOW, THEREFORE, in consideration of the premises and of the mutual covenants of the parties herein made, and upon the terms and conditions herein set out, it is hereby agreed by and between the parties hereto as follows:

I.

CLOSING DATE

The closing date of the sale herein provided for shall be effective as of November 2, 2018, (the "Closing Date"). The closing of such sale shall take place in the offices of Simply Aquatics, Inc., 5875 County Road 3068, Call, TX 75933, or at such other place as the parties may mutually agree upon.

II.

PROPERTY TO BE SOLD

Seller shall sell to Purchaser the Purchased Shares in consideration of the agreement of Purchaser, to pay to Seller THIRY FIVE THOUSAND DOLLARS AND NO/100 DOLLARS (\$35,000.00), to be paid as hereinafter provided.

III.

**PAYMENT OF PURCHASE PRICE**

At closing, Purchaser shall deliver to Seller a check in the amount of THIRY FIVE THOUSAND DOLLARS AND NO/100 DOLLARS (\$35,000.00).

Seller agrees to pay and discharge all fees and expenses of the corporation due and owing in connection with is operations occurring prior to November 2, 2018, and Purchaser agrees to indemnify and hold harmless Seller for all debts, obligations and liabilities of the Company arising from and after November 2, 2018.

IV.

**REPRESENTATIONS AND WARRANTIES**

(1) Seller represents and warrants to Purchaser as follows:

- A. That the Company is duly incorporated, validly existing and in good standing under the laws of the State of Texas. The Company has all requisite power and authority to own, lease and operate its properties and carry on its business as now being conducted. The Company does not have any subsidiaries.
- B. That Seller represents and warrants that he has all requisite authority and capacity to enter into and perform this Agreement, and this Agreement constitutes a valid and binding legal obligation of Seller enforceable in accordance with the terms hereof.
- C. That the Purchased Shares are free and clear of any liens or other encumbrances, and there are no commitments of any character relating to the Purchased Shares, and Seller will transfer, assign and deliver good title to the Purchased Shares free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims, options or limits of whatever nature.
- D. That to Seller's knowledge there are no claims or demands of any kind against the Seller as the representative of Company, for or on account of any personal injuries or property damage or other matters and things whatsoever, which have not been brought to the attention of Purchaser, and there are no facts or circumstances known to Seller which would reasonably constitute the basis of any such claim or demand; that there are no judicial or quasi-judicial actions, suits, or proceedings pending or threatened against the Seller relative to the Purchased Shares, or their ownership thereof.
- E. That there are no presently outstanding options to purchase the Purchased Shares.

- F. That as of the date of Closing, the Company will have no outstanding liabilities or obligations.
- (2) Purchaser represents and warrants to Seller that the Purchaser has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.
- A. Purchaser (SIMPLY AQUATICS, INC.) agrees to provide BEVERLY MINALDI (seller) with water at her home on Lot #26 in recognition of unpaid services to the water system as long as she owns the home.

V.

**BROKERAGE; FINDER FEES**

Purchaser and Seller represent and warrant that there are no brokerages or finder's fees due to any person or entity as a result of this sale.

VI.

**CLOSING**

Simultaneously with execution of this Agreement, Seller shall deliver to Purchaser certificate or certificates duly endorsed for the Purchased Shares, and Seller's resignations as officers and directors of the Purchaser. The Purchaser shall deliver to Seller a note in the amount of the Purchase Price.

VII.

**SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations, warranties, covenants and agreements of the Seller and Purchaser herein set forth, and all certificates and documents delivered pursuant hereto and in connection with this Agreement shall survive, until the expiration of the applicable statute of limitations, the closing of this transaction and the same shall be deemed to have been material and to have been relied upon by the party to whom directed. In case of any breach of representation, warranty, covenant or agreement, the breaching party agrees to make payment to the aggrieved party in cash of any sums that the aggrieved party may suffer as a result of any such breach, provided that there shall be no liability on the part of the breaching party unless such matter for which payment is sought shall have been brought to the attention of the breaching party by the aggrieved party in writing in time sufficient for the breaching party to file a timely answer and appear and defend against any such alleged breach; in this connection, the

aggrieved party will give every cooperation to the breaching party in making such defense in third party actions.

The representations and warranties herein shall apply only to those facts and circumstance which are to the sole knowledge of the Party making such representation and warranty. To the extent that any other Party is aware of or has knowledge of any fact or circumstance that is the subject of such representation or warranty, no Party shall be bound or held responsible for the breach of any such representation or warranty.

VIII.

MISCELLANEOUS

- (1) Seller agrees that he will file all corporate tax forms required to be filed by the Company, including, but not limited to, the corporate income tax return, for the period ending December 31, 2018.
- (2) Seller will at closing deliver to Buyer copies of the books of account for the company complete through November 2, 2018.
- (3) Buyer agrees that he will be responsible for notifying the Internal Revenue Service and Secretary of State of the State of Texas of the change of address for the Company and the change of officers and directions of the Company. The Buyer agrees that he will upon the Closing file a change of registered office and agent with the Secretary of State of the State of Texas.
- (4) Buyer agrees that he will be responsible for notifying the TECQ of (i) the change of officers and directors of the Company, and (ii) the change of address of the Company for notification purposes.
- (5) Buyer agrees that he will be responsible for notifying the customers of the Company of the change of officers of the Company and the change of address for the Company.
- (6) Buyer will be responsible for notifying the Company's vendors that the ownership of the Company has changed, that the officers and directors of the Company have changed, and that the address of the Company has changed.
- (7) Seller will be responsible for the income tax due on the earnings of the Company from January 1, 2018 through November 16, 2018, and Buyer will be responsible of the tax due on the earnings of the Company from November 17, 2018 through December 31, 2018.

IX.

**GOVERNING LAW**

This Agreement is executed, delivered and intended to be performed in Newton County, Texas and shall be construed and enforced in accordance with and shall be governed by the laws of the State of Texas, in all respects, including matters of validity and performance.

X.

**PERSONS BOUND**

All covenants, conditions, undertakings, agreements, obligations, liabilities, rights and powers entered into, made and granted, assumed and undertaken by each of the respective parties hereto in and by this Agreement shall be binding, be applicable to and shall inure to the heirs, executors, administrators, devisees, legatees, assigns and successors of the parties hereto by respectively, whether so particularly provided herein or not in each particular instance.

XI.

**COUNTERPARTS**

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

XII.

**ENTIRE AGREEMENT**

This Agreement and the documents delivered pursuant to this Agreement constitute the sold and only agreement of the parties hereto and supersede any prior understanding or written or oral agreements between the parties. No amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

XIII.

**FURTHER INSTRUMENTS**

From time to time, at the request of Purchaser (whether at or after closing), and without further consideration, Seller shall execute and deliver such further instruments of conveyance and transfer and will take such actions as Purchaser may reasonably request in order to more effectively convey and transfer to Purchaser to the Purchased Shares.

XIV.

**NOTICE**

Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, to such parties last known address.

XV.

**INVALIDITY**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

XVI.

**LITIGATION COSTS**

Should any litigation be commenced between the parties to this Agreement concerning this Agreement or the rights and duties of either in relation thereto, the party, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorneys' fees in such litigation.

XVII.

**EXPENSES**

Except as specifically set forth herein, each of the parties shall bear all expenses incurred by them in connection with this Agreement and in the consummation of transaction contemplated hereby and in preparation hereof.

XVIII.

**HEADINGS**

The captions contained in this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any article, section or paragraph thereof.

XIX.

**PERSONAL PRONOUNS**

All personal pronouns used in this Agreement shall include the other gender whether used in the masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

IN WITNESS WHERE OF, this instrument is executed effective the date and year first above written.

Stock Purchase Agreement For Timberlane Water System and Simply Aquatics, Inc.

State of Texas  
County of Newton

Beverly Minaldi, personally appeared before me on November 2, 2018, and being first duly sworn declared that he/she signed this agreement in the capacity designated, if any, and further states that he/she has read the above agreement and the statements therein contained are true.

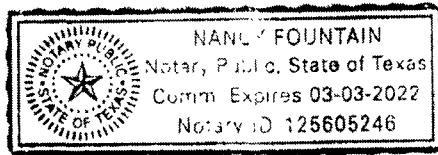
(Personalized Seal)

Notary Public's Signature

Nancy Fountain

Seller's Signature

Beverly Minaldi



State of Texas  
County of Newton

Kevin Hester, personally appeared before me on November 2, 2018, and being first duly sworn declared that he/she signed this agreement in the capacity designated, if any, and further states that he/she has read the above agreement and the statements therein contained are true.

(Personalized Seal)

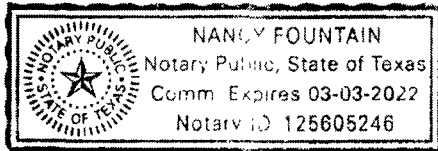
Notary Public's Signature

Beverly Minaldi

Purchaser's Signature

Kevin Hester

Nancy Fountain





# **Model Drought Contingency Plan for the Investor Owned Utility**

September 2004

**Texas Commission on  
Environmental Quality**

TEXAS COMM. ON ENVIRONMENTAL QUALITY

196

CCN 12336 APR 25 '12

APPROVED TARIFF BY SP/SP 29

APR-25 '12 15:50

Public Involvement

Timberlane Water System LLC Customers:

In the Water Plant (pump house) there will be a

drought contingency plan. On April the 1st add until  
September 30th, the first phase of this plan will be

implemented. Please review the practices in the past,

and follow a common sense approach to the restricted

use of water during the summer months.

There will be four phases on the use of water.

In case of a drought. Each phase will have triggers

that signal the use of a different phase. You will

be informed if a different phase will be instituted.

Non-compliance with three days of notification

will be enforced by fines and loss of your water.

In a serious and deliberate ignoring of the water

drought plan, additional actions must be taken.

If you would like to view this or desire to have

input in this plan, please notify me, and I will

arrange a meeting or write to me with your ideas.

My telephone numbers are 409-722-1891 or

409-543-5321. My address is Timberlane Water Systems,  
PO Box 1611, Nederland, Texas 77627

Sent to all customers in January, 2012

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12

APPROVED TARIFF BY SJS

DROUGHT CONTINGENCY PLAN  
FOR

Timberlane Water System  
(Name of Utility)

P.O. Box 1611, Nederland, Texas 77627  
(Address, City, Zip Code)

12336  
(CCN#)

2020064  
(PWS #s)

March, 2012  
(Date)

Section 1 Declaration of Policy, Purpose, and Intent

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

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

I Beverly Mivaldi (print name), being the responsible official for Timberlane Water System LLC (Name of utility), request a minor tariff amendment to include the enclosed Drought Contingency Plan.

Beverly Mivaldi  
(Signature)

03/07/2012  
(Date)

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12

APPROVED TARIFF BY SP/SP 31

**Section 2 Public Involvement**

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

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

The meeting took place at:

Date: \_\_\_\_\_ Time: \_\_\_\_\_ Location: \_\_\_\_\_

*mailed survey with summary of results (attach survey and results)*

*bill insert inviting comment (attach bill insert)*

*other method \_\_\_\_\_*

**Section 3 Public Education**

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

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

*public meeting*

*press releases*

*utility bill inserts*

*other \_\_\_\_\_*

**Section 4 Coordination with Regional Water Planning Groups**

The service area of the Timberlane Water System LLC (name of your utility) is located within Regional Water Planning Group (RWPG) \_\_\_\_\_.

Timberlane Water System LLC (name of your utility) has mailed a copy of this Plan to the RWPG.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25/12  
APPROVED TARIFF BY SP/SP 32

## Section 5 Notice Requirements

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

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

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

## Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
  - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24-hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
  - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

## Section 7 Exemptions or Variances

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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12

APPROVED TARIFF BY SP/SP 33

**Section 8 Response Stages**

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

**STAGE I - CUSTOMER AWARENESS**

Stage I will begin:

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

Stage I will end:

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

Utility Measures:

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

Voluntary Water Use Restrictions:

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

**STAGE II - VOLUNTARY WATER CONSERVATION:**

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

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

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

- Well level reaches \_\_\_\_\_ ft. mean sea level (m.s.l.)
- Overnight recovery rate reaches \_\_\_\_\_ ft.
- Reservoir elevation reaches \_\_\_\_\_ ft. (m.s.l.)
- Stream flow reaches \_\_\_\_\_ cfs at USGS gage # \_\_\_\_\_

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12  
APPROVED TARIFF BY SP/SP 34

- Wholesale supplier's drought Stage 2
- Annual water use equals \_\_\_\_\_ % of well permit/Water Right/purchased water contract amount
- Other Storage tank Recovery

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

- Drinking water treatment as % of capacity \_\_\_\_\_ %
- Total daily demand as % of pumping capacity \_\_\_\_\_ %
- Total daily demand as % of storage capacity 20 %
- Pump hours per day \_\_\_\_\_ hrs.
- Production or distribution limitations.
- Other \_\_\_\_\_

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

Requirements for Termination:

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

Utility Measures:

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

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

The second water source for Timberlane Water System LLC (name of utility) is: (check one)

- Other well
- Interconnection with other system
- Purchased water
- Other discontinuous flushing of lines

Voluntary Water Use Restrictions:

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 APPROVED TARIFF BY SPSP 35

1. Restricted Hours: Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 p.m. and 5:00 a.m. for example; or
2. Restricted Days/Hours: Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0.** Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system; or
3. Other uses that waste water such as water running down the gutter.

**STAGE III - MANDATORY WATER USE RESTRICTIONS:**

**Target:** Achieve a 25 percent reduction in Total Water Use (example: total water use, daily water demand, etc.)

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

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

- Well level reaches \_\_\_\_\_ ft. (m.s.l.) ✓
- Overnight recovery rate reaches \_\_\_\_\_ ft.
- Reservoir elevation reaches \_\_\_\_\_ ft. (m.s.l.)
- Stream flow reaches \_\_\_\_\_ cfs at USGS gage # \_\_\_\_\_
- Wholesale supplier's drought Stage III
- \_\_\_\_\_ Annual water use equals \_\_\_\_\_ % of well permit/Water Right/purchased water contract amount.
- Other Recovery Rate of Storage Tank

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

- Drinking water treatment as % of capacity \_\_\_\_\_ %
- Total daily demand as % of pumping capacity \_\_\_\_\_ %
- Total daily demand as % of storage capacity \_\_\_\_\_ %
- Pump hours per day \_\_\_\_\_ hrs.
- Production or distribution limitations.
- Other Demand per day for storage tank

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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APPROVED TARIFF BY SPSP 36



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

Requirements for Termination:

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

Utility Measures:

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

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

Mandatory Water Use Restrictions:

The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet-filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public are contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.

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APPROVED TARIFF BY SP/SP 37

3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pool are prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas are prohibited except by hand-held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited:
  - a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
  - b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
  - c. use of water for dust control;
  - d. flushing gutters or permitting water to run or accumulate in any gutter or street;
  - e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
  - f. any waste of water.

**STAGE IV - CRITICAL WATER USE RESTRICTIONS:**

**Target:** Achieve a 50 percent reduction in Total Water Use (example: total water use, daily water demand, etc.)

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

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

- Well level reaches \_\_\_\_\_ ft. (m.s.l.) ✓
- Overnight recovery rate reaches \_\_\_\_\_ ft.
- Reservoir elevation reaches \_\_\_\_\_ ft. (m.s.l.)
- Stream flow reaches \_\_\_\_\_ cfs at USGS gage # \_\_\_\_\_
- Wholesale supplier's drought Stage IV

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12

APPROVED TARIFF BY SPKSP 38

- Annual water use equals \_\_\_\_\_ % of well permit/Water Right/purchased water contract amount
- Supply contamination
- Other Storage tank reaches 50% of capacity

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

- Drinking water treatment as % of capacity \_\_\_\_\_ %
- Total daily demand as % of pumping capacity \_\_\_\_\_ %
- Total daily demand as % of storage capacity \_\_\_\_\_ %
- Pump hours per day \_\_\_\_\_ hrs
- Production or distribution limitations
- System outage
- Other Storage tank reaches 50% of capacity

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

**Requirements for Termination:**

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

**Operational Measures:**

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

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

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

**SYSTEM OUTAGE or SUPPLY CONTAMINATION**

Notify TCEQ Regional Office immediately.

TEXAS COMM. ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 '12

APPROVED TARIFF BY SP/SP 39

## APPENDIX A -- SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B

### SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
  
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
  - A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
  
  - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
  
  - C. No connection which allows water to be returned to the public drinking water supply is permitted.
  
  - D. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
  
  - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.

APPENDIX A -- SAMPLE SERVICE AGREEMENT (Continued)

- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
  - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
  - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
  - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
  - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**APPENDIX B -- APPLICATION FOR SERVICE**  
**(Utility Must Attach Blank Copy)**



**Timberlane Watersystem, Inc.**  
P.O. Box 1611 • Nederland, Texas 77627 • (409) 727-8180

September 15, 1999

✓  
send  
hand book  
9/14/99  
CBB

TNRCC  
P.O. Box 13087  
Austin, TX 78711-3087

SEP 19 1999

Re: Drought Contingency Plan

Timberlane Water System serves approximately 40 customers on Toledo Bend Lake. With the exception of a few permanent residents the majority of the usage is on weekends and holidays. Therefore, I've listed some items that may help in the event dry conditions warrant their implementation.

1. Permanent residents should reframe from watering on the weekends and holidays.
2. If plant watering is absolutely necessary, let the hose run a stream about the size of a pencil and move it from plant to plant. This slow usage will allow the wells to keep up and not deplete the storage facility.
3. Reframe from using sprinkles. Each sprinkler will use about 400 gallons per hour. This could be disastrous if several people had sprinklers going at the same time. Instead, water the brown spots in the yard by using the same method as watering the plants.
4. Automatic sprinkles should be turned off on weekends and holidays. They should be set to run during the week and every other day.
5. All waterfront lot owners should consider pulling water out of the lake for watering. Inside lot owners could do the same thing if they could reach an agreement with their neighboring waterfront lot owner.

Your neighbors and myself will certainly appreciate your corporation.

Sincerely,

Thomas Minaldi

# TEXAS WATER COMMISSION



## CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under V.T.C.A., Water Code  
and Texas Water Commission Substantive Rules

Certificate No. 12336

### I. Certificate Holder:

Name: Timberlane Water System, Inc.

Address: P. O. Box 1611  
Nederland, Texas, 77627

### II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 11 miles southeast of downtown Hemphill, Texas 2 miles east of Farm to Market Road 2928 on a county road. The service area is generally bounded on the east, south and north by the Sabine National Forest and on the west by Toledo Bend Reservoir in Sabine County, Texas.

### III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-202, maintained in the offices of the Texas Water Commission, 1700 North Congress, Austin, Texas with all attendant privileges and obligations.

This certificate is issued subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

ISSUED this 4th day of June, 1990.

ATTEST: Brendan J. Jasta [Signature]  
For the Commission



# WATER UTILITY TARIFF FOR

Timberlane Water System, Inc.  
(Utility Name)

P.O. Box 1611  
(Business Address)

Nederland, Texas 77627  
(City, State, Zip Code)

(409) 727-8180  
(Area Code/Telephone)

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

12336

This tariff is effective in the following county:

Sabine

This tariff is effective in the following cities or unincorporated towns:

None

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

Timberlane Subdivision (PWS #2020054)

## TABLE OF CONTENTS

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

SECTION 1.0 -- RATE SCHEDULE .....	2
SECTION 2.0 -- SERVICE RULES .....	4
SECTION 3.0 -- EXTENSION POLICY .....	11
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APPENDIX A -- SAMPLE SERVICE AGREEMENT

APPENDIX B -- APPLICATION FOR SERVICE

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
CCN 12336, APRIL 25, 2012  
APPROVED TARIFF BY SP/SP

45

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Minimum Charge</u>	<u>Gallonge Charge</u>
5/8" or 3/4"	Phase 1 <u>\$25.00</u> (Includes 1,000 gallons) 2/01/02	<u>\$3.00</u> per 1000 gallons thereafter
	Phase 2 <u>\$30.00</u> (Includes 1,000 gallons) 2/01/03	
	Phase 3 <u>\$35.00</u> (Includes 1,000 gallons) 2/01/04	
1"	<u>\$95.00</u>	
2"	<u>\$300.00</u>	

FORM OF PAYMENT: The utility will accept the following form(s) of payment:  
 Cash     , Check   X  , Money Order   X  , Credit Card     , Other (specify)       
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

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

Section 1.02 - Miscellaneous Fees

TAP FEE ..... \$500.00  
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED ON THIS TARIFF.

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

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

METER RELOCATION FEE ..... Actual Relocation Cost, Not to Exceed Tap Fee  
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

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

APPROVED TARIFF 4/2/04 / PB  
 46

SECTION 1.0 -- RATE SCHEDULE (Continued)

METER TEST FEE ..... \$25.00
THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

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

- a) Non payment of bill (Maximum \$25.00) ..... \$25.00
b) Customer's request that service be disconnected ..... \$50.00
c) Seasonal Reconnect Fee \$ Monthly Base Rate with 0 gallons for each month disconnected not to exceed 6 months

TRANSFER FEE ..... \$25.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL) ..... \$5.00
TNRCC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

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

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50) ..... \$50.00

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

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE ..... N/a
WHEN AUTHORIZED IN WRITING BY TNRCC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [30 TAC 291.21(K)(2)]

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

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

937226 00x 12 MAY 24 2012
APPROVED BY: [Signature] /PB
47

**SECTION 2.0 -- SERVICE RULES AND POLICIES**

The utility will have the most current Texas Natural Resource Conservation Commission Rules, Chapter 291, Water Utility Regulation, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

**Section 2.01 - Application for Water Service**

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

**Section 2.02 - Refusal of Service**

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

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

**(A) Customer Deposits**

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

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

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

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

APPROVED BY THE BOARD OF DIRECTORS  
DATE: 11/27/08  
BY: [Signature] / PB  
48

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

(B) Tap or Reconnect Fees

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

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 30 T. A. C. 291.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

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

Section 2.04 - Utility Response to Applications for Service

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

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

Section 2.05 - Customer Responsibility

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

APPROVED BY: [Signature]  
DATE: JUN 12 2017  
49

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

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

**Section 2.06 - Customer Service Inspections**

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

**Section 2.07 - Back Flow Prevention Devices**

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

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

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

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

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

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

Section 2.08 - Access to Customer's Premises

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

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

Section 2.09 - Meter Requirements, Readings, and Testing

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

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

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible,

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SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing

(A) Regular Billing

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

(B) Late Fees

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

(C) Information on Bill

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

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

Section 2.11- Payments

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

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid

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WATER SERVICE - OK Jim PB  
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SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

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

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

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

(B) Without Notice

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

Section 2.13 - Reconnection of Service

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

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

Section 2.14 - Service Interruptions

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

CCN 12/20/2016  
TARIFF BY Jim PB  
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SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.15 - Quality of Service

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

Section 2.16 - Customer Complaints and Disputes

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

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

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

Section 2.17 - Customer Liability

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

APPROVED TARIFF  
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SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

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

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

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

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

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

APPROVED BY TNRCC EXECUTIVE DIRECTOR  
DATE: 11/15/2011  
55

SECTION 3.0 -- EXTENSION POLICY (Continued)

Exceptions may be granted by the TNRCC Executive Director if

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

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

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

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

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

Section 3.03 - Contributions in Aid of Construction

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

APPROVED AND FORWARDED:  
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TNRCC  
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SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 30 TAC 291.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the Texas Natural Resource Conservation Commission minimum design criteria. As provided by 30 T.A.C. 291.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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

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

Section 3.04 - Appealing Connection Costs

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

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SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.05 - Applying for Service

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

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

Section 3.06 - Qualified Service Applicant

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

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SECTION 3.0 -- EXTENSION POLICY (Continued)

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

Section 3.07 - Developer Requirements

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

APPROVED TARIFF BY SA  
12025 MAY 12 2004  
SA

SECTION 4.0 -- DROUGHT CONTINGENCY PLAN  
(Utility must attach copy of TCEQ approved Drought Contingency Plan)

TEXAS COMM. ON ENVIRONMENTAL QUALITY  
CCN 12336, APRIL 25, 2012  
APPROVED TARIFF BY SP/SP  
60



## Timberlane Water System LLC Customer:

In the Water Plant (pumphouse) there will be a drought Contingency plan. On April the 1<sup>st</sup> and until September 30<sup>th</sup>, the first phase of this plan will be implemented. Please review the practises in the past, and follow a common sense approach to the restricted use of water during the summer months.

There will be four phases on the use of water in case of a drought. Each phase will have triggers that signal the use of a different phase. You will be informed if a different phase will be instituted. Non-compliance within three days of notification will be enforced by fines and loss of your water. In a serious and deliberate ignoring of the water drought plan, additional actions must be taken.

If you would like to view this or desire to have input in this plan please notify me, and I will arrange a meeting or write to me with your ideas. My telephone numbers are 409-722-1897 or 409-543-5321. My address is Timberlane Water System; P.O. Box 1611; Nederland, Texas 77627

Sent to all customers in January, 2012



**Timberlane Watersystem, Inc.**  
P.O. Box 1611 • Nederland, Texas 77627 • (409) 727-8180

## “Drought Contingency Plan 2011”

Dear Timberlane Watersystem, Inc. Customer:

The TNRCC (Texas Natural Resource Conservation Commission) has mandated that each watersystem facility come up with a drought contingency plan to cope with extreme dry conditions. Although we derive our water supply from two wells, the water table will drop during dry conditions. These two wells produce very good water but the rate of flow is limited. We have sufficient water supply for household use only. Lawn watering could cause problems. Therefore, it is important that everyone cooperates with the reduced water use plan.

1. Lawn watering should be kept to a minimum by everyone.
2. It is estimated that each yard sprinkler will use approximately 400 gallons per hour. Therefore, multiple yard sprinkling must stop.
3. Since this subdivision is basically a week-end get-a-way for most people, yard watering should not be done by full time residents on the weekend or holidays.
4. Only one yard sprinkler per day for a short period of time should be used.
5. The system will not hold daily use of multiple timed sprinklers during weekend and holidays.
6. A good form of watering is with a hand held hose or adjust the flow out of the hose to about the size of a pencil (1/4”) and move it from place to place.
7. Water should be drawn from the lake to water lawn and shrubs. Inside lot owners could work in conjunction with waterfront owners to install this type of system. This type of operation is already being used. In the event this is done, I must be notified so I can make sure there are no cross connections with the main (potable) water supply.

Your cooperation will be greatly appreciated. Call if you have any comments or concerns.

Sincerely,

Beverly Minaldi

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CCN 12336 APR 25 2011

APPROVED TARIFF BY SP/SP  
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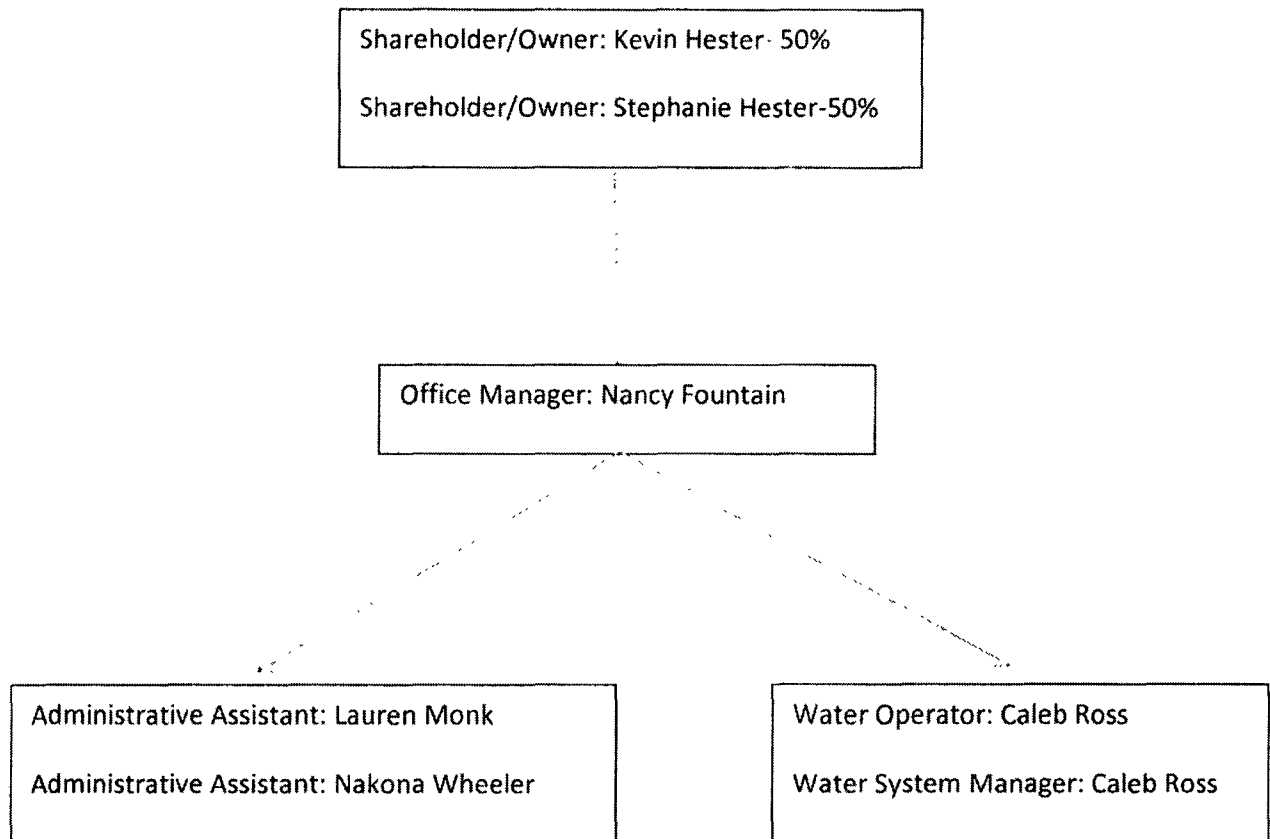
<u>Tap/Acct</u>	<u>Name</u>	<u>Status</u>	<u>Type</u>	<u>Balance</u>	<u>Location</u>
20	Arnaud, Sheila	A N	R S	35.35	
21	Beale, Luther Alton	A N	R S	35.35	
19	Brewer, Lacey	A N	R S	(153.95)	
29	Broussard, James	A N	R S	50.50	
58	Chambers, Charles	A N	R S	70.70	
60	Currier, William	A N	R S	(2.32)	
12	Damico, Tom	A N	R S	0.00	
13	Dorman, Louis & Barbara	A N	R S	0.00	
6	Farnie, Pete	A N	R S	35.35	
18	Forest, David & Jane	A N	R S	0.00	
9	Gentz, Fred & Jane	A N	R S	0.00	
62	Graves, Charles	A N	R S	0.00	
27	Guidry, Ray	A N	R S	35.35	
16	Guin, Andrea	A N	R S	(12.80)	
31	Hamilton, Dub	A N	R S	0.00	
36	Harshbarger, Tim	A N	R S	35.35	
68	Howell, Micah	A N	R S	0.00	
52	Johnson, Kathy	A N	R S	35.35	
64	Kennaugh, Chris	A N	R S	0.00	
23	Knowles, Chip	A N	R S	0.00	
15	Koehler, Joel	A N	R S	50.50	
45	Langford, Bric	A N	R S	35.35	
43	Martin, Glenn J	A N	R S	0.00	
59	McKeever, Rick	A N	R S	0.00	
61	McLamara, Jay	A N	R S	35.35	
22	Minaldi, Ronnie	A N	R S	0.00	
33	Moore, Mark & Lauri	A N	R S	0.00	
3	Murff, John	A N	R S	41.41	
25	Nicklebur, Jimmy	A N	R S	35.35	
55	Pratt, Bobbi	A N	R S	0.00	
40	Richey, Darren & Carolyn	A N	R S	0.00	
50	Roberts, Cindy	A N	R S	83.06	
8	Roberts, Thomas	A N	R S	0.00	
38	Seago, Vera	A N	R S	(38.38)	
11	Smelley, Leslie & Kenneth	A N	R S	0.00	
4	Smits, Harry	A N	R S	35.35	
10	Smits, Karen	A N	R S	0.00	
1	Stansbury, Larry	A N	R S	35.35	
39	Teague, Randy & Carrie	A N	R S	38.38	
37		A N	R S	35.35	
65	Wesner, Ernest	A N	R S	0.00	
42	Wike, Pat	A N	R S	35.35	
41	Wilson, Nicholas	A N	R S	35.35	

43 Accounts

**\$622.00**

Simply Aquatics Inc. /Water Systems

Organizational Chart





**Office of the Secretary of State**

**CERTIFICATE OF INCORPORATION  
OF**

**SIMPLY AQUATICS, INC.**  
Filing Number: 800198192

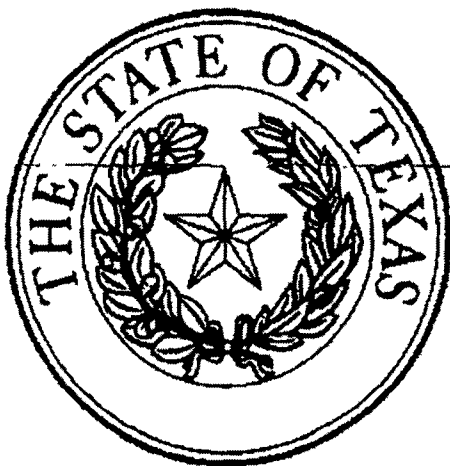
The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation 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: 04/21/2003

Effective: 04/21/2003



A handwritten signature in cursive script that reads "Gwyn Shea".

Gwyn Shea  
Secretary of State

Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



Geoffrey S. Connor  
Secretary of State

### Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the attached is a true and correct copy of each document on file in this office as described below:

**SIMPLY AQUATICS, INC.**  
Filing Number: 800198192

Articles of Incorporation

April 21, 2003

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on September 23, 2004.



*Geoffrey S. Connor*  
Geoffrey S. Connor  
Secretary of State

Form 201  
(revised 6/01)

Return in Duplicate to:  
Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
FAX: 512/463-5709

Filing Fee: \$300



This space reserved for office use

FILED  
In the Office of the  
Secretary of State of Texas

APR 21 2003

Corporations Section

Articles of Incorporation  
Pursuant to Article 3.02  
Texas Business  
Corporation Act

Article 1 - Corporate Name

The name of the corporation is as set forth below:

SIMPLY AQUATICS, INC.

The name must contain the word "corporation," "company," "incorporated," or an abbreviation of one of these terms. The name must not be the same as, deceptively similar to or similar to that of an existing corporate, limited liability company, or limited partnership name on file with the secretary of state. A preliminary check for "name availability" is recommended.

Article 2 - Registered Agent and Registered Office (select and complete either A or B and complete C)

A. The initial registered agent is a corporation (cannot be corporation named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

First Name	M.I.	Last Name	Suffix
KEVIN	W	HESTER	

C. The business address of the registered agent and the registered office address is:

Street Address	City	TX	Zip Code
RT 6 BOX 10046	KIRBYVILLE		75956

Article 3 - Directors

The number of directors constituting the initial board of directors and the names and addresses of the person or persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and qualified are set forth below:

Director 1: First Name	M.I.	Last Name	Suffix
KEVIN	W	HESTER	

Street Address	City	State	Zip Code
RT 6 BOX 10046	KIRBYVILLE	TX	75956

Director 2: First Name	M.I.	Last Name	Suffix
STEPHANIE	A	HESTER	

Street Address	City	State	Zip Code
RT 6 BOX 10046	KIRBYVILLE	TX	75956

Director 3: First Name	M.I.	Last Name	Suffix

Street Address	City	State	Zip Code

Article 4 Authorized Shares

A. The total number of shares the corporation is authorized to issue is 1,000 and the par value of each of the authorized shares is \$ 1.00

OR (You must select and complete either option A or option B, do not select both.)

B. The total number of shares the corporation is authorized to issue is and the shares shall have no par value.

If the shares are to be divided into classes, you must set forth the designation of each class, the number of shares of each class, the par value (or statement of no par value), and the preferences, limitations, and relative rights of each class in the space provided for supplemental information on this form.

Article 5 Initial Capitalization

The corporation will not commence business until it has received for the issuance of its shares consideration of the value of one thousand dollars (\$1,000).

Article 6 Duration

The period of duration is perpetual.

Article 7 Purpose

The purpose for which the corporation is organized is for the transaction of any and all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.

Supplemental Provisions Information

Text Area

[The attached addendum are incorporated herein by reference.]

Incorporator

The name and address of the incorporator is set forth below.

Name:

KEVIN W. HESTER

Street Address

RT 6 BOX 10046

City

KIRBYVILLE

State

TX

Zip Code

75956

Effective Date of Filing

This document will become effective when the document is filed by the secretary of state.

OR

This document will become effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is

Execution

The undersigned incorporator signs these articles of incorporation subject to the penalties imposed by law for the submission of a false or fraudulent document.

Signature of incorporator



**BY-LAWS  
OF**

SIMPLY AQUATICS INC

**ARTICLE I - OFFICES**

**1.1 REGISTERED OFFICE AND AGENT**

The registered office of the corporation shall be maintained at  
RT 6 KIRBYVILLE, TEXAS

in the State of Texas. The registered office or the registered agent, or both, may be changed by resolution of the board of directors, upon filing the statement required by law.

**1.2 PRINCIPAL OFFICE**

The principal office of the Corporation shall be located at KIRBYVILLE Texas.

**1.3 OTHER OFFICES**

The Corporation may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II - MEETING OF SHAREHOLDERS**

**2.1 ANNUAL MEETING**

The annual meeting of shareholders for the election of Directors and such other business as may properly be brought before the meeting shall be held at such place within or without the State of Texas and at such date and time as shall be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

**2.2 FAILURE TO HOLD ANNUAL MEETING**

Failure to hold any annual meeting shall not work a dissolution of the Corporation. If the annual meeting is not held within any thirteen (13) month period, any court of competent jurisdiction in the county in which the principal office of the Corporation is located may, on the application of any shareholder, summarily order a meeting to be held.

### **2.3 SPECIAL MEETINGS**

Special meetings of the shareholders for any purpose or purposes may be called by the president and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of shareholders owning not less than ten (10%) percent of all the shares entitled to vote at the meetings. A request for a special meeting shall state the purpose or purposes of the proposed meeting, and business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

### **2.4 NOTICE AND WAIVERS OF NOTICE**

(a) Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

(b) Notice may be waived in writing signed by the person or persons entitled to such notice. Such waiver may be executed at any time before or after the holding of such meeting. Attendance at a meeting shall constitute a waiver of notice, except where the person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

### **2.5 RECORD DATE**

For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, the Board of Directors may in advance establish a record date which must be at least ten (10) but not more than fifty (50) days prior to such meeting. If the Board of Directors fail to establish a record date, the record date shall be the date on which notice of the meeting is mailed.

### **2.6 VOTING LIST**

(a) The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any shareholder at any time during usual business

hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima-facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

(b) Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

(c) An officer or agent having charge of the stock transfer books who shall fail to prepare the list of shareholders or keep the same on file for a period of ten (10) days, or produce and keep it open for inspection as provided in this section, shall be liable to any shareholder suffering damage on account of such failure, to the extent of such damage. In the event that such officer or agent does not receive notice of a meeting of shareholders sufficiently in advance of the date of such meeting reasonably to enable him to comply with the duties prescribed by these By-Laws, the Corporation, but not such officer or agent shall be liable to any shareholder suffering damage on account of such failure, to the extent of such damage.

## **2.7 QUORUM OF SHAREHOLDERS**

The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of Incorporation. If, however, a quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting, provided a quorum shall be present or represented thereat any business transacted which might have been transacted if the meeting had been held in accordance with the original notice thereof.

## **2.8 WITHDRAWAL OF QUORUM**

If a quorum is present at any meeting, the vote of the holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which a different vote is required by express provision of the statutes or by the Articles of Incorporation or these By-Laws. The shareholders present at a meeting at which a quorum is present may continue to transact business until adjournment, despite the withdrawal of shareholders after the commencement of the meeting which withdrawal leaves less than a quorum remaining at the meeting.

## **2.9 PROXIES**

No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law.

## **2.10 VOTING OF SHARES**

Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting right of the shares of any class or classes are limited or denied by the Articles of Incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

## **2.11 ACTION WITHOUT MEETING OR BY USE OF CONFERENCE TELEPHONE**

Any action permitted or required by law, these By-Laws or by the Articles of Incorporation of the Corporation, to be taken at a meeting of the shareholders, the Board of Directors or any committee designated by the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the shareholders or members of the Board of Directors or committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State. Subject to the requirement for notice of meetings, shareholders, members of the Board of Directors, or members of any committee designated by the Board of Directors may participate in and hold a meeting of such shareholders, Board of Directors or committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## **ARTICLE III - DIRECTORS**

### **3.1 POWERS**

The business and affairs of the Corporation and all corporate powers shall be managed by the Board of Directors, subject to any limitation imposed by statute, the Articles of Incorporation or these By-Laws as to action which requires authorization or approval by the shareholders.

### **3.2 NUMBER; QUALIFICATIONS**

The number of the directors of the Corporation shall be <sup>TWO</sup> ( 2 ), unless and until otherwise determined by vote of a majority of the entire Board of Directors. The number of Directors shall not be less than three (3), unless all of the outstanding shares are owned beneficially and of record less than three (3) shareholders, in which event the number of Directors shall not be less than the number of shareholders. None of the Directors need be residents of the State of Texas or shareholders of the Corporation.

### **3.3 ELECTION**

The Directors shall be elected at the annual meeting of the shareholders, and each Director elected shall serve until his successor shall have been elected and qualified.

### **3.4 VOTING**

Every shareholder entitled to vote shall have the right to: vote the number of voting shares owned by him for as many persons as there are directors to be elected and for whose election he has the right to vote; or unless cumulative voting is prohibited by the Articles of Incorporation to cumulate his votes by giving one candidate as many votes as the number of such Directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principal among any number of such candidates. Any shareholder who intends to cumulate his votes if herein authorized shall give written notice of his intention to the Secretary of the Corporation on or before the date preceding the election at which such shareholder intends to cumulate his votes. All shareholders may cumulate their votes if any shareholder gives the written notice provided for herein.

### **3.5 REMOVAL OF DIRECTORS**

(a) At any meeting of shareholders called expressly for the purpose of removing a Director, any Director or the entire Board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of Directors.

(b) Unless cumulative voting is prohibited by the Articles of Incorporation, if less than the entire Board is removed, no one of the Directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors.

### **3.6 VACANCIES**

Any vacancy in the Board of Directors caused by death, resignation, removal or otherwise shall be filled by a majority of the remaining Directors though less than a quorum of the Board

of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

### **3.7 INCREASE OR DECREASE IN NUMBER**

The number of Directors may be increased or decreased from time to time by amendment to these By-Laws but no decrease shall have the effect of shortening the term of any incumbent Director. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual or special meeting of shareholders.

## **ARTICLE IV - MEETINGS OF THE BOARD OF DIRECTORS**

### **4.1 PLACE**

Meetings of the Board of Directors, regular or special, may be held either within or without the State of Texas.

### **4.2 ANNUAL MEETING**

Within thirty (30) days after each annual meeting of shareholders the board of directors elected at such meeting shall hold an annual meeting at which they shall elect officers and transact such other business as shall come before the meeting.

### **4.3 REGULAR MEETINGS**

Regular meetings of the Board of Directors may be held upon notice, or without notice unless notice is required under these By-Laws and at such time and at such place as shall from time to time be determined by the Board.

### **4.4 SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the President or by a majority of the Directors for the time to time being in office and shall be called by the Secretary on the written request to two (2) Directors. Notice of each special meeting of the Board of directors shall be given to each Director at least ten (10) days before the date of the meeting.

### **4.5 NOTICE AND WAIVER OF NOTICE**

Attendance of a director at any meeting shall constitute a waiver of notice at such meeting, except where a Director attends for the express purpose of objection to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as may be otherwise provided by law or by the Articles of Incorporation or by these By-Laws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

#### **4.6 QUORUM OF DIRECTORS**

At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

#### **4.7 ACTION WITHOUT MEETINGS**

Any action required or permitted to be taken at a meeting of the Board of Directors or any committee may be taken without a meeting or by means of conference telephone if a consent in writing, setting forth the action so taken, is signed by all the members of the Board of Directors or committee, as the case may be.

#### **4.8 COMMITTEES**

The Board of Directors may from time to time designate members of the Board to constitute committees, including an Executive Committee, which shall in each case consist of such number of Directors, not less than two, and shall have and may exercise such power, as the Board may determine and specify in the respective resolutions appointing them. A majority of all the members of any such committee may determine its action and fix the time and place of its meeting, unless the Board of Directors shall otherwise provide. The Board of Directors shall have power at any time to change the number, subject as aforesaid, and members of any such committee, to fill vacancies and to discharge any such committee.

#### **4.9 ORDER OF BUSINESS**

At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board may determine. At meetings of the Board of Directors, the Chairman of the Board, if any, shall preside. In the absence of the chairman of the Board the President shall preside, and in the absence of the President, a chairman shall be chosen by the Board from among the Directors present. The Secretary of the Corporation shall act as Secretary of the meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.

#### **4.10 COMPENSATION**

Directors, as such, shall not receive any stated salary for their service, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each

annual, regular or special meeting of the Board; provided, that nothing contained herein shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

## **ARTICLE V - OFFICERS**

### **5.1 ELECTION, NUMBER, QUALIFICATION, TERM, COMPENSATION**

The officers of the Corporation shall be elected by the Board of directors at the annual meeting of the Board of Directors provided for in Article IV, 4.2. The officers shall consist of a President, a Vice-President, a Secretary and a Treasurer. The Board of Directors may also elect a Chairman of the Board, additional Vice-Presidents, one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall have such authority and exercise such powers and perform such duties as shall be determined from time to time by the Board by resolution not inconsistent with these By-Laws. Two or more offices may be held by the same person. None of the officers need be Directors except the President. The Board of Directors shall have the power to enter into contracts for the employment and compensation of officers for such terms as the Board deems advisable. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

### **5.2 REMOVAL**

The officers of the corporation shall hold office until their successors are elected or appointed and qualify, or until their death or until their resignation or removal from office. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board whenever, in its judgment, the best interests of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

### **5.3 VACANCIES**

Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

### **5.4 AUTHORITY**

Officers and agents shall have such authority and perform such duties in the management of the corporation as may be provided in these By-Laws or as may be determined by the Board of Directors, not inconsistent with these By-Laws.



## **5.5 CHAIRMAN OF THE BOARD**

The Chairman of the Board, if one is elected, shall preside at all meetings of the board of Directors and shall have such other powers and duties as may from time to time be prescribed by the Board of Directors upon written directions given to him pursuant to resolutions duly adopted by the Board of Directors.

## **5.6 PRESIDENT**

The President shall be the chief executive officer of the Corporation, shall have general and active management of the business and affairs of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall preside at all meetings of the shareholders and at all meetings of the Board of Directors, unless a Chairman of the Board has been elected, in which event the President shall preside at meetings of the Board of Directors in the absence or disability of the Chairman of the Board. He or any Vice-President shall execute bonds, mortgages and other instruments requiring a seal, in the name of the corporation, and, when authorized by the Board, he or any Vice-President may affix the seal to any instrument requiring the same, and the seal when so affixed shall be attested by the signature of either the Secretary or an Assistant secretary. He or any Vice-President shall sign certificates of stock. He shall submit a report of the operations of the corporation for the year to the Directors at their meeting next preceding the annual meeting of the shareholders and to the shareholders at their annual meeting.

## **5.7 VICE-PRESIDENT**

The Vice-Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and have the authority and exercise the powers of the President. They shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the President may from time to time delegate.

## **5.8 SECRETARY**

The Secretary shall attend all meetings of the Board of directors and all meetings of the shareholders and record all of the proceedings of the meetings of the Board of Directors and of the shareholders in a minute book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, shall affix the same to any instrument requiring it

and, when so affixed, it shall be attested by his signature or by the signature of an Assistant Secretary or the Treasurer. In the absence of the Secretary or an Assistant Secretary, the minutes of all meetings of the Board and shareholders shall be recorded by such person as shall be designated by the President or by the Board of Directors.

#### **5.9 TREASURER**

(a) The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

(b) The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render the President and the Board of Directors, at its regular meetings, or when the President or Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

(c) If required by the Board of Directors, the Treasurer shall give the Corporation a bond of such type, character and amount as the Board of directors may require.

#### **5.10 ASSISTANT SECRETARY AND ASSISTANT TREASURER**

In the absence of the Secretary or Treasurer, an Assistant Secretary or Assistant Treasurer, respectively shall perform the duties of the Secretary or Treasurer. Assistant Treasurers may be required to give bond as in 5.9(c). The Assistant Secretaries and Assistant Treasurers, in general shall have such powers and perform such duties as the Secretary or Treasurer, respectively, or the Board of Directors or President may prescribe.

### **ARTICLE VI - CERTIFICATES REPRESENTING SHARES**

#### **6.1 CERTIFICATES**

The shares of the Corporation shall be represented by certificates signed by the President or a Vice-President and the Secretary or an Assistant Secretary of the Corporation, and shall be sealed with the seal of the Corporation or a facsimile thereof. The signatures of the President or Vice-President and the Secretary or Assistant Secretary upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. The certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. Each certificate shall

state on the face thereof the holder's name, the number of the shares. Certificates shall be in such form as shall in conformity to law be prescribed from time to time by the Board of Directors. The Corporation may appoint from time to time transfer agents and registrars, who shall perform their duties under the supervision of the Secretary.

## **6.2 PAYMENT, ISSUANCE**

Shares may be issued for such consideration, not less than the par value thereof, as may be fixed from time to time by the Board of Directors. The consideration for the payment of shares shall consist of money paid, labor done or property actually received. Shares may not be issued until the full amount of the consideration fixed therefor has been paid.

## **6.3 LOST, STOLEN OR DESTROYED CERTIFICATES**

The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of the fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, prescribe such terms and conditions as it deems expedient and may require such indemnities as it deems adequate to protect the Corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

## **6.4 REGISTRATION OF TRANSFER**

Shares of stock shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. Upon surrender to the Corporation or the Transfer Agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto and the old certificate canceled and the transaction recorded upon the books of the Corporation.

## **6.5 REGISTERED SHAREHOLDERS**

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Texas.

## **ARTICLE VII - DIVIDENDS**

### **7.1 DECLARATION AND PAYMENT**

Subject to the Laws of the State of Texas and the Articles of Incorporation, dividends may be declared by the Board of Directors, in its discretion, at any regular or special meeting, pursuant to law and may be paid in cash, in property or in the Corporation's own shares.

### **7.2 RESERVES**

Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund for meeting contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

## **ARTICLE VIII - INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES**

### **8.1 INDEMNIFICATION**

The Corporation shall indemnify any Director or officer or former Director or officer of the Corporation, or any person who may have served at its request as a director or officer or former director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor, against expenses actually and necessarily incurred by him in connection with the defense of any action, suit, or proceeding, whether civil or criminal, in which he is made a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in performance of duty. The Corporation shall also reimburse any such Director or officer or former Director or officer or any such person serving or formerly serving in the capacities set forth in the first sentence above at the request of the Corporation for the reasonable cost of settlement of any such action, suit or proceeding, if it shall be found by a majority of the Directors not involved in the matter in controversy, whether or not a quorum, that it was in the best interest of the Corporation that such settlement be made, and that such Director or officer or former Director or officer or such person was not guilty of negligence or misconduct in performance of duty.

### **8.2 INSURANCE**

The Corporation may purchase and maintain insurance on behalf of

any person who is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against any such liability under these By-Laws or the laws of the State of Texas.

### **8.3 ADVANCED EXPENSES**

The Corporation may pay in advance any expenses which may become subject to indemnification if the Board of Directors authorizes the specific payment, and the person receiving the payment undertakes in writing to repay unless it is ultimately determined that he is entitled to indemnification by the Corporation.

### **8.4 OTHER PROTECTION AND INDEMNIFICATION**

The protection and indemnification provided hereunder shall not be deemed exclusive of any other rights to which such Director or officer or former Director or officer or such person may be entitled, under any agreement, insurance policy or vote of shareholders, or otherwise.

## **ARTICLE IX - MISCELLANEOUS PROVISIONS**

### **9.1 FISCAL YEAR**

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

### **9.2 SEAL**

The corporate seal shall be circular in form and shall contain the name of the Corporation, and the word "TEXAS" encircling an image of the Lone Star. The seal may be used by causing it or a facsimile to be impressed or affixed or in any other manner reproduced. The corporate seal may be altered by order of the Board of Directors at any time.

### **9.3 MINUTES**

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board of Directors, and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

#### **9.4 RESIGNATIONS**

Any director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or if no time is specified at the time of its receipt by the Chairman of the Board, if any, the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

#### **9.5 AMENDMENT**

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors, subject to repeal or change by action of the shareholders, at any meeting of the Board of Directors at which a quorum is present, provided notice of the proposed alteration, amendment, or repeal is contained in the notice of the meeting.

#### **9.6 NOTICE**

Any notice to Directors or shareholders shall be in writing and shall be delivered personally or mailed to the Directors or shareholders at their respective addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given at the time when the same shall be deposited in the United States mail, postage prepaid. Notice to Directors may also be given by telegram. Whenever any notice is required to be given under the provisions of applicable statutes or of the Articles of Incorporation or of these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### **9.7 CLOSE CORPORATIONS: SHAREHOLDER MANAGEMENT**

If the Articles of Incorporation of the Corporation and each certificate representing its issued and outstanding shares states that the business and affairs of the Corporation shall be managed by the Shareholders of the Corporation rather than by a Board of Directors, then, whenever the context so requires the Shareholders of the Corporation shall be deemed the Directors of the Corporation for purposes of applying any provision of these By-Laws.

**MINUTES OF THE ORGANIZATIONAL MEETING  
OF THE BOARD OF DIRECTORS OF  
SIMPLY AQUATICS, INC.**

The Organizational Meeting of the Board of Directors of SIMPLY AQUATICS, INC. was held at the offices of SIMPLY AQUATICS, INC. at Kirbyville, Texas, on the 10<sup>th</sup> day of May, 2003, at 2:00 o'clock P.M., at the call of a majority of the Directors named in the Articles of Incorporation.

The following persons named as Directors in the Articles of Incorporation were present and participated throughout the meeting.

KEVIN HESTER  
STEPHANIE HESTER

Kevin Hester acted as Chairman of the meeting, and Stephanie Hester acted as Secretary of the meeting.

The Chairman called the meeting to order and announced that a quorum was present. The Chairman reported that the Articles of Incorporation of the Corporation were approved and filed in the office of the Secretary of State of the State of Texas on the 1<sup>st</sup> day of May, 2003, and the Chairman presented to the meeting the Certificate of Incorporation, together with the duly certified duplicate original of the Articles of Incorporation affixed thereto. Upon motion duly made, seconded and unanimously adopted, the Articles of Incorporation were approved and ordered to be filed in the Minute Book as part of the permanent records of the Corporation.

The Secretary presented to the meeting a proposed form of By-Laws for the regulation and management of the affairs of the Corporation, which By-Laws were reviewed by the Directors.

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the By-Laws submitted to and reviewed by this meeting are hereby adopted as the By-Laws of this Corporation.

The Secretary was instructed to place a copy of the By-Laws in the Minute Book as part of the permanent records of the Corporation.

The following persons were nominated for Officers of the Corporation to serve until the respective successors are chosen and qualify.

President:	KEVIN HESTER
Vice-President:	
Secretary:	STEPHANIE HESTER
Treasurer:	STEPHANIE HESTER

All Directors present having voted, the Chairman announced that the aforesaid persons had been unanimously elected to the offices set after their respective names. Each newly elected Officer was present and accepted his office.

The Secretary presented to the meeting a form of Stock Certificate representing shares of the Common Stock of the Corporation, a form of the Corporate Seal and a Minute Book of the Corporation.

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the form of Stock Certificate representing the shares of stock of the Corporation presented and reviewed by this meeting is approved and adopted and that the Secretary is instructed to insert a specimen thereof in the Minute Book; and

RESOLVED FURTHER, that the form of seal submitted to the meeting be, and it hereby is, approved and adopted as and for the Corporate Seal of this Corporation, and that an impression be made on the margin of these minutes.

RESOLVED FURTHER, that the form of Minute Book presented to and reviewed by this meeting is approved and adopted and the Secretary is instructed to insert in it the minutes of this meeting and all other proceedings of the Board of Directors and Shareholders.

The Chairman stated that it was necessary for the Directors to designate the bank or banks in which the Corporation's funds should be deposited and, further, to designate the persons having authority to sign checks and drafts and otherwise act in connection with such bank accounts.



Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Treasurer be and hereby is authorized to open a bank account in behalf of the Corporation with COMMUNITY BANK & TRUST located at Kirbyville, Texas, and a resolution for that purpose on the printed form of said bank was adopted and was ordered appended to the minutes of this meeting

RESOLVED FURTHER, that the Chairman and/or the Secretary-Treasurer has the power to designate and remove the persons having authority to sign checks and drafts and otherwise act in connection with such bank accounts.

The Chairman presented to the meeting statements of expenses and charges incurred in the organization of the Corporation.

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the organizational expenses and charges presented to and reviewed by this meeting be paid by the Treasurer from the funds of the Corporation.

Upon motion, duly made, seconded and unanimously adopted, it was

RESOLVED, that an office of the Corporation be established and maintained at Route 6, Box 10046, in the city of Kirbyville, State of Texas, and that the meetings of the Board of Directors from time to time may be held either at the principal office or at such other place as the Board of Directors shall from time to time order.

Upon motion, duly made, seconded and unanimously adopted, it was

RESOLVED, that for the purpose of authorizing the Corporation to do business in any state, territory or dependency of the United States or any foreign country in which it necessary or expedient for this Corporation to transact business, the proper officers of this Corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the Corporate Seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the Corporation to transact business therein.

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Directors of the Corporation be, and it hereby is authorized to issue from time to time the authorized shares of Capital Stock of the Corporation for money paid, labor done or personal property or real estate or leases thereof actually acquired by the Corporation, upon such terms as the Board of Directors in its discretion may determine.

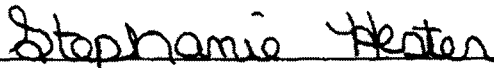
Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the fiscal year of the Corporation shall begin on January 1 of each calendar year.

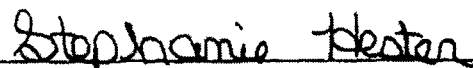
RESOLVED, that the signing of these minutes shall constitute full ratification thereof and waiver of notice of the meeting by the signatories.


There being no further business before the meeting, on motion duly made, seconded and unanimously carried, the meeting was adjourned.

Dated: May 10, 2003

  
Secretary

  
Chairman

  
Director

  
Director

**CONSENT TO ACTION TAKEN IN LIEU OF  
ORGANIZATIONAL MEETING OF  
BOARD OF DIRECTORS OF  
  
SIMPLY AQUATICS, INC.**

The undersigned being all of the Directors of SIMPLY AQUATICS, INC., hereby consent to and ratify the action taken to organize the Corporation as hereafter stated:

The Articles of Incorporation were filed on the 21<sup>st</sup> day of April, 2003, and the Secretary of State of the State of Texas issued a formal Certificate of Incorporation to the Corporation on that date. The Certificate of Incorporation and the duly certified duplicate original of the Articles of Incorporation were filed in the minute book as part of the permanent records of this Corporation.

By-Laws for the regulation and management of the affairs of the Corporation were adopted and placed in the minute book as part of the permanent records of this Corporation.

The Directors were authorized to issue from time-to-time the authorized shares of capital stock of the Corporation for money paid, labor done or personal property or real estate or leases thereof actually acquired by the Corporation, upon such terms as the Board of Directors in its discretion may determine.

The form of corporate seal was approved and adopted as the corporate seal of this Corporation and that an impression thereof is affixed in the margin of this consent.

The form of stock certificate representing shares of stock of the Corporation presented and reviewed was approved, adopted and filed in the minute book as part of the permanent records of this Corporation.

The form of minute book presented and reviewed was approved and adopted, and the Secretary was instructed to insert in it this Consent and all other proceedings of the Board of Directors and Shareholders.

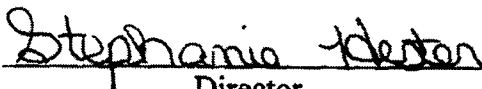
The persons whose names appear below were appointed Officers of the Corporation to serve until their successors are appointed or elected and shall qualify:

President: KEVIN HESTER  
Vice-President:  
Secretary: STEPHANIE HESTER  
Treasurer: STEPHANIE HESTER

The Treasurer was authorized to open a bank account in behalf of the Corporation with COMMUNITY BANK & TRUST, located at KIRBYVILLE, TEXAS, and a resolution for that purpose on the printed form of said bank was adopted.

Dated: May 10, 2003

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



## Franchise Tax Account Status

As of : 07/09/2019 08:36:53

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

### SIMPLY AQUATICS, INC.

**Texas Taxpayer Number** 14320138903

**Mailing Address** PO BOX 849 KIRBYVILLE, TX 75956-0849

**Right to Transact Business in Texas** ACTIVE

**State of Formation** TX

**Effective SOS Registration Date** 04/21/2003

**Texas SOS File Number** 0800198192

**Registered Agent Name** KEVIN W HESTER

**Registered Office Street Address** 5875 COUNTY ROAD 3068 CALL, TX 75933

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07/09/19

Accrual Basis

## Simply Aquatics, Inc.

## Balance Sheet

As of December 31, 2018

	Dec 31, 18
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
BBVA Compass	30,149.42
Compass Bank/Savings	134.79
Southside Bank	59.90
Total Checking/Savings	30,344.11
Accounts Receivable	
Accounts Receivable	267,602.29
Total Accounts Receivable	267,602.29
Other Current Assets	
Petty Cash	15,635.90
Undeposited Funds	12,400.55
Total Other Current Assets	28,036.45
<b>Total Current Assets</b>	<b>325,982.85</b>
<b>Fixed Assets</b>	
<b>Property &amp; Equipment</b>	
Buildings	
Building 8'x12'	3,305.88
Mobile Office Building	34,019.69
Old Office building	20,000.00
Phosphate Building	16,734.02
Shop Building #1	6,772.09
Shop Building #2	24,820.67
Buildings - Other	8,500.00
Total Buildings	114,152.35
Machinery & Equipment	
Generators, Pumps, and Tanks	29,023.16
Pickups, One-Tons, Etc.	784,056.95
Trailers, Forklift and Backhoes	54,126.03
Trucks and Tanker Trailer	283,669.34
Machinery & Equipment - Other	26,096.15
Total Machinery & Equipment	1,176,971.63
Office Equipment	
Computer Equipment	13,859.93
Copiers and Printers	5,443.71
Furniture and Fixtures	15,559.07
Total Office Equipment	34,862.71
Accumulated Depreciation	-772,982.13
<b>Total Property &amp; Equipment</b>	<b>553,004.56</b>
<b>Total Fixed Assets</b>	<b>553,004.56</b>
<b>Other Assets</b>	
Land	100,000.00
Loans to Employees	
Paula McGallion	535.00
Johnny Jones	140.00
Byron Hester	1,174.17
Loans to Employees - Other	-114.49
Total Loans to Employees	1,734.68

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Accrual Basis

**Simply Aquatics, Inc.**  
**Balance Sheet**  
As of December 31, 2018

	Dec 31, 18
Loans to Shareholders	827,216.80
Total Other Assets	928,951.48
<b>TOTAL ASSETS</b>	<b>1,807,938.89</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	125,543.44
Total Accounts Payable	125,543.44
Credit Cards	
Credit Cards	
Capital One Credit Card	7,984.81
Citi Card	63.44
Total Credit Cards	8,048.25
Total Credit Cards	8,048.25
Other Current Liabilities	
Due to Vista Verde	10,218.17
Payroll Liabilities	23,629.81
Sales Tax Payable	2,976.51
Total Other Current Liabilities	36,824.49
Total Current Liabilities	170,416.18
<b>Long Term Liabilities</b>	
Loans Payable SAI	
Synchrony Bank - 4-Wheelers	214.87
Lyle Hester - Mahindra Tractor	8,100.46
Ally-2018 Ram 2500 ST Crew 4x4	48,915.55
Ally-2018 Ram 3500 4x4	57,235.03
Ally-2018 Ram 2500 4x4	47,207.15
Kathy B - 2017 Murano	30,172.63
Lyle Hester - 2015 Toyota Tacom	21,474.58
FB&T - 2013 Freightliner	35,546.11
Lyle Hester - Motorhome	39,334.85
First Bank & Trust - \$25,000 Lo	11,256.51
Chrysler Capital - '14 Ram 5500	7,574.01
Ally - 2015 GMC Yukon	14,411.26
Barnard, Joseph	21,955.50
SBA	145,732.39
Total Loans Payable SAI	489,130.90
Total Long Term Liabilities	489,130.90
Total Liabilities	659,547.08
<b>Equity</b>	
Distributions	-38,857.64
Capital Stock	1,000.00
Retained Earnings	870,601.33
Net Income	315,648.12
Total Equity	1,148,391.81
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,807,938.89</b>

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 07/09/19  
 Accrual Basis

Simply Aquatics, Inc.  
**Balance Sheet**  
 As of December 31, 2017

	Dec 31, 17
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
BBVA Compass	114,964.96
Compass Bank/Savings	134.79
Southside Bank	59.90
Total Checking/Savings	115,159.65
Accounts Receivable	
Accounts Receivable	406,095.09
Total Accounts Receivable	406,095.09
Other Current Assets	
Petty Cash	12,058.15
Total Other Current Assets	12,058.15
Total Current Assets	533,312.89
<b>Fixed Assets</b>	
Property & Equipment	
Buildings	
Building 8'x12'	3,305.88
Mobile Office Building	34,019.69
Old Office building	20,000.00
Phosphate Building	16,734.02
Shop Building #1	6,772.09
Shop Building #2	24,820.67
Buildings - Other	8,500.00
Total Buildings	114,152.35
Machinery & Equipment	
Generators, Pumps, and Tanks	25,398.95
Pickups, One-Tons, Etc.	558,773.84
Trailers, Forklift and Backhoes	45,417.05
Trucks and Tanker Trailer	231,520.34
Machinery & Equipment - Other	26,096.15
Total Machinery & Equipment	887,206.33
Office Equipment	
Computer Equipment	13,859.93
Copiers and Printers	5,443.71
Furniture and Fixtures	15,559.07
Total Office Equipment	34,862.71
Accumulated Depreciation	-724,373.13
Total Property & Equipment	311,848.26
Total Fixed Assets	311,848.26
<b>Other Assets</b>	
Land	100,000.00
Loans to Employees	
Carey Sheard	-57.29
Jonathan Baldwin	577.41
Loans to Employees - Other	-270.36
Total Loans to Employees	249.76
Loans to Shareholders	628,358.39
Total Other Assets	728,608.15
<b>TOTAL ASSETS</b>	<b>1,573,769.30</b>



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Accrual Basis

## Simply Aquatics, Inc.

## Balance Sheet

As of December 31, 2017

	Dec 31, 17
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable	212,102.36
<b>Total Accounts Payable</b>	212,102.36
<b>Credit Cards</b>	
<b>Credit Cards</b>	
Target Card	480.29
Capital One Credit Card	3,553.21
<b>Total Credit Cards</b>	4,033.50
<b>Total Credit Cards</b>	4,033.50
<b>Other Current Liabilities</b>	
Child Support-Clark Warren Jr	-36.93
Child Support-David Alday	-52.50
Payroll Liabilities	24,096.76
Sales Tax Payable	194.54
<b>Total Other Current Liabilities</b>	24,201.87
<b>Total Current Liabilities</b>	240,337.73
<b>Long Term Liabilities</b>	
<b>Loans Payable SAI</b>	
Synchrony Bank - 4-Wheelers	1,834.29
Kathy B - 2017 Murano	38,120.11
Lyle Hester - 2015 Toyota Tacom	28,446.58
FB&T - 2013 Freightliner	41,650.21
Lyle Hester - Motorhome	45,982.37
First Bank & Trust - \$26,000 Lo	18,095.55
First Bank & Trust - Case 584C	1,758.80
McKee - 2014 Dodge Ram 3500 V8	36,477.33
Chrysler Capital - '14 Ram 5500	20,313.57
Ally - 2014 Ford F-250	9,150.12
Ally - 2015 GMC Yukon	29,388.08
Barnard, Joseph	27,564.14
First Bank & Trust - \$50,156	-50.36
First Bank & Trust - 2014 ATV	2,414.97
First Bank & Trust - 2014 Chevy	9,421.02
First Bank & Trust - 2008 Mack	1,485.59
Mobiloil - 2012 Ford Van E350T	-699.08
SBA	145,004.40
Wells Fargo - 2013 Chevy Truck	5,680.55
Loans Payable SAI - Other	-206.00
<b>Total Loans Payable SAI</b>	461,830.24
<b>Total Long Term Liabilities</b>	461,830.24
<b>Total Liabilities</b>	702,167.97
<b>Equity</b>	
Capital Stock	1,000.00
Retained Earnings	403,881.21
Net Income	466,720.12
<b>Total Equity</b>	871,601.33
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,573,769.30</b>

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07/09/19

Accrual Basis

## Simply Aquatics, Inc.

## Balance Sheet

As of December 31, 2016

	Dec 31, 16
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
BBVA Compass	18,343.83
Compass Bank/Savings	134.79
Southside Bank	59.90
Total Checking/Savings	18,538.52
Accounts Receivable	
Accounts Receivable	305,610.13
Total Accounts Receivable	305,610.13
Other Current Assets	
Petty Cash	4,275.40
Total Other Current Assets	4,275.40
<b>Total Current Assets</b>	<b>328,424.05</b>
<b>Fixed Assets</b>	
<b>Property &amp; Equipment</b>	
Buildings	
Building 8'x12'	3,305.88
Mobile Office Building	34,019.89
Old Office building	20,000.00
Phosphate Building	16,734.02
Shop Building #1	6,772.09
Shop Building #2	24,820.87
Buildings - Other	8,500.00
Total Buildings	114,152.35
Machinery & Equipment	
Generators, Pumps, and Tanks	25,398.95
Pickups, One-Tons, Etc.	437,171.97
Trailers, Forklift and Backhoes	45,417.05
Trucks and Tanker Trailer	178,234.34
Machinery & Equipment - Other	26,096.15
Total Machinery & Equipment	712,318.46
Office Equipment	
Computer Equipment	11,635.93
Copiers and Printers	5,443.71
Furniture and Fixtures	13,848.02
Total Office Equipment	30,927.66
Accumulated Depreciation	-724,373.13
Total Property & Equipment	133,025.34
<b>Total Fixed Assets</b>	<b>133,025.34</b>
<b>Other Assets</b>	
Land	100,000.00
Loans to Employees	
Byron Hester	1,100.00
Carey Sheard	-57.29
Loans to Employees - Other	565.16
Total Loans to Employees	1,607.87
Loans to Shareholders	527,137.58
Total Other Assets	628,745.45
<b>TOTAL ASSETS</b>	<b>1,090,194.84</b>

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Accrual Basis

## Simply Aquatics, Inc.

## Balance Sheet

As of December 31, 2016

	Dec 31, 16
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	225,423.00
<b>Total Accounts Payable</b>	<b>225,423.00</b>
<b>Credit Cards</b>	
Credit Cards	
Target Card	480.29
Capital One Credit Card	5,391.14
Citi Card	325.99
Home Depot	1,300.00
<b>Total Credit Cards</b>	<b>7,497.42</b>
<b>Total Credit Cards</b>	<b>7,497.42</b>
<b>Other Current Liabilities</b>	
Child Support-Clark Warren Jr	-36.93
Child Support-David Alday	-52.50
Payroll Liabilities	23,910.47
Sales Tax Payable	346.64
<b>Total Other Current Liabilities</b>	<b>24,167.68</b>
<b>Total Current Liabilities</b>	<b>257,088.10</b>
<b>Long Term Liabilities</b>	
<b>Loans Payable SAI</b>	
Synchrony Bank - 4-Wheelers	3,600.93
First Bank & Trust - Case 584C	5,662.96
McKee - 2014 Dodge Ram 3500 V8	36,477.33
Chrysler Capital - '14 Ram 5500	35,657.25
Ally - 2014 Ford F-250	28,599.77
Ally - 2015 GMC Yukon	46,725.30
Barnard, Joseph	38,031.38
First Bank & Trust - \$50,156	17,574.40
First Bank & Trust - 2014 ATV	7,597.17
First Bank & Trust - 2014 Chevy	19,601.46
First Bank & Trust - 2008 Mack	10,428.71
Moblloit - 2012 Ford Van E350T	4,956.67
SBA	158,199.40
Wells Fargo - 2013 Chevy Truck	15,112.80
<b>Total Loans Payable SAI</b>	<b>428,225.53</b>
<b>Total Long Term Liabilities</b>	<b>428,225.53</b>
<b>Total Liabilities</b>	<b>685,313.63</b>
<b>Equity</b>	
Capital Stock	1,000.00
Retained Earnings	71,456.16
Net Income	332,425.05
<b>Total Equity</b>	<b>404,881.21</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,090,194.84</b>

11:00 AM  
08/14/19  
Accrual Basis

Vista Verde Water Systems, Inc. dba Simply Aquatics, Inc.  
**Summary Balance Sheet**  
As of December 31, 2018

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	Dec 31, 18
<b>ASSETS</b>	
Current Assets	
Checking/Savings	11,246.03
Other Current Assets	10,218.17
Total Current Assets	21,464.20
Fixed Assets	41,011.14
Other Assets	5,796.97
<b>TOTAL ASSETS</b>	<b>68,272.31</b>
	<hr/>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	5,101.29
Total Current Liabilities	5,101.29
Long Term Liabilities	36,232.15
Total Liabilities	41,333.44
Equity	26,938.87
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>68,272.31</b>
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