

(C) Consents. No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents to which the Borrower is a party, except such as have been obtained and are in full force and effect.

(D) Binding Agreement. Each of the Loan Documents to which the Borrower is a party is, or when executed and delivered will be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally.

(E) Compliance with Laws. The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (collectively, "Laws") the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(F) Environmental Compliance. Without limiting the provisions of Subsection (E) above, all property owned or leased by the Borrower, including, without limitation, the Property and the Improvements, and all operations conducted by it are in compliance in all material respects with all Laws and all Project Approvals relating to environmental protection, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(G) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its Property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated.

(H) Title to Property. The Borrower holds good and marketable title to all of its real property and owns all of its personal property free and clear of any lien or encumbrance, except the liens and encumbrances specifically identified in the UCC Report.

(I) Financial Statements; No Material Adverse Change; Etc. All financial statements submitted to Lender in connection with the application for the Loan or in connection with this Agreement fairly and fully present the financial condition of the Borrower and the results of the Borrower's operations for the periods covered thereby, and are prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of the Borrower. All budgets, projections, feasibility studies, and other documentation submitted by the Borrower to Lender are based upon assumptions that are reasonable and realistic, and as of the date hereof, no

fact has come to light, and no event or transaction has occurred, which would cause any assumption made therein not to be reasonable or realistic.

(J) Principal Place of Business; Records. The principal place of business and chief executive office of the Borrower and the place where the records required by Section 11(I) are kept is at the address of the Borrower shown in Section 17 hereof.

(K) Subsidiaries. The Borrower has no subsidiary.

(L) Water Rights and System Condition. The Borrower has water rights with such amounts, priorities and qualities as are necessary to adequately service the Borrower's customers and members. The Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, and has not abandoned such water rights, or any of them, nor has done any act or thing which would impair or cause the loss of any such water rights. The Borrower's utility facilities reasonably meet present demand in all material respects, are constructed in a good and workmanlike manner, are in good working order and condition, and comply in all material respects with all applicable laws.

(M) Rate Matters. The Borrower's rates for the provision of water and/or waste water services have been approved, if applicable, by any and all necessary governmental regulatory authorities, including without limitation, each public service commission or public utilities commission, which may have jurisdiction over the operations and rates of the Borrower. Borrower agrees to set and maintain its rates at a level to ensure that sufficient revenue will be generated to service its indebtedness. Further, there are no pending, nor to the Borrower's knowledge any threatened, proceedings before any governmental authority the objective or result of which is nor could be to materially reduce or otherwise materially change adversely any of the Borrower's rates for the provision of water and/or waste water services.

SECTION 11. Affirmative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any advance is outstanding, the Borrower agrees to:

(A) Existence. Preserve and keep in full force and effect its existence and good standing in the State of Texas, and its qualification to transact business and good standing in all places required by law.

(B) Compliance with Laws and Agreements. Comply in all material respects with (i) all laws, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents; (ii) all regulatory guidelines, including but not limited to those set by the Texas Commission on Environmental Quality; and (iii) all agreements, indentures, mortgages, and other instruments to which it is a party or by which it or any of its property is bound.

(C) Compliance with Environmental Laws. Without limiting the provisions of subsection (B) above, comply in all material respects with, and cause all persons occupying or present on any properties owned or leased by the Borrower to so comply with all laws relating to environmental protection, the failure to comply with which could have material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(D) Licenses; Permits; Etc. Duly and lawfully obtain and maintain in full force and effect all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of the Borrower's business or which may be otherwise required by Law.

(E) Insurance. Maintain insurance with insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may reasonably request. All such policies insuring any collateral provided for herein, shall provide for loss payable clauses or endorsements in form and content acceptable to Lender. At the request of Lender, all policies (or such other proof of compliance with this Section as may be satisfactory) shall be delivered to Lender.

(F) Property Maintenance. Maintain and preserve at all times its property, and each and every part and parcel thereof, in good repair, working order and condition and in compliance with all applicable laws, regulations and orders.

(G) Books and Records. Keep adequate records and books of account in accordance with GAAP consistently applied.

(H) Inspection. Permit Lender or its agents, during normal business hours or at such other times as the parties may agree, to examine the Borrower's properties, books, and records, and to discuss the Borrower's affairs, finances, operations, and accounts with its respective officers, directors, employees, and independent certified public accountants.

(I) Reports and Notices. Furnish to Lender:

(1) Annual Financial Statements. As soon as available, but in no event later than 135 days after the end of any fiscal year of the Borrower occurring during the term hereof (December 31), annual audited financial statements of the Borrower. Such annual financial statements shall: (i) be audited by independent certified public accountants selected by the Borrower; (ii) be prepared in reasonable detail and in comparative form; and (iii) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

(2) Annual Budget. Annual Budget not later than 90 days after fiscal year end in form and substance acceptable to Lender including capital expenditures and expected operating costs for the next calendar year.

(3) TECQ Inspection Reports. As soon as available, but in no event more than 60 days after receipt, inspection reports as provided by the TECQ.

(4) Notice of Default. Promptly after becoming aware thereof, notice of (i) the occurrence of any Default or Event of Default or (ii) the occurrence of any breach, default, event of default, or event which with the giving of notice or lapse of time, or both, could become a breach, default, or event of default under any agreement, indenture, mortgage, or other instrument (other than the Loan Documents) to which it is a party or by which it or any of its property is bound or affected if the effect of such breach, default, event of default or event is to accelerate, or to permit the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument; provided, however, that the failure of the Borrower to give such notice shall not affect the right and power of Lender to exercise any and all of the remedies specified herein.

(5) Notice of Non-Environmental Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Borrower which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or in the ability of the Borrower to perform its obligations under the Loan Documents.

(6) Notice of Environmental Litigation. Without limiting the provisions of subsection (7) above, promptly after receipt thereof, notice of the receipt of all pleading, orders, complaints, indictments, or other communication alleging a condition that may require the Borrower to undertake or to contribute to a cleanup or other response under Laws relating to environmental protection, or which seeks penalties, damages, injunctive relief, or criminal sanctions related to alleged violation of such Laws, or which claims personal injury or property damage to any person as result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(7) Regulatory and Other Notices. Promptly after receipt or submission thereof, copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding the effect of which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents, or reveals a substantial non compliance with any law, regulation or rule.

(8) Material Adverse Change. Prompt notice of any matter which has resulted or may result in a material adverse change in the condition, financial or otherwise, operations, properties, or business of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents.

(9) Compliance Certificates. Concurrent with each statement required to be furnished pursuant to Section 11(I)(1) and (3) above, a certificate of a responsible officer or employee of the Borrower acceptable to Lender, certifying that such financial statements are prepared in accordance with GAAP consistently applied (except as may be noted therein) and fairly present its financial condition during the periods covered thereby and as of the dates thereof (subject to normal year-end adjustment).

(10) Other Information. Such other information regarding the condition, financial or otherwise, or operation of the Borrower as Lender may, from time to time, reasonably request.

(J) Water Rights. Maintain or procure water rights with such amounts, priorities and qualities as are necessary to adequately service the Borrower's customers and members. The Borrower will continue to control, own or have access to all such water rights free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights, will not abandon such water rights, or any of them, nor do any act or thing which would impair or cause the loss of any such water rights.

(K) Further Assurances. To execute, acknowledge, deliver, and do all and every such further actions, conveyances, mortgages, financing statements, other documents (which are not inconsistent with the Agreement or any of the Loan Documents) and assurances as Lender shall require for accomplishing the purposes of this Agreement.

SECTION 12. Negative Covenants. Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any advance is outstanding, the Borrower shall not:

(A) Borrowings. Create, incur, assume, or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money, for the deferred purchase price of property or services, or for the lease of real or personal property which lease is required to be capitalized under GAAP or which is treated as an operating lease under regulations applicable to the Borrower but which otherwise would be required to be capitalized under GAAP (a "Capital Lease"), except for: (1) accounts payable to trade creditors and current operating liabilities (other than for borrowed money) incurred in the ordinary course of the Borrower's business; (2) Capital Leases, the aggregate amount of which does not exceed \$50,000.00 any one time; and (3) total short-term borrowings with a maturity of one year or less, in an aggregate of \$200,000.00.

(B) Liens. Create, incur, assume, or allow to exist any mortgage, deed of trust, deed to secure debt, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal. The foregoing

restrictions shall not apply to (1) liens in favor of Lender; (2) liens for taxes, assessments, or governmental charges that are not past due; (3) liens, pledges, and deposits under workers' compensation, unemployment insurance, and social security laws; (4) liens, deposits, and pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), and like obligations arising in the ordinary course of the Borrower's business as conducted on the date hereof; (5) liens imposed by law in favor of mechanics, materialmen, warehousemen, and like persons that secure obligations that are not past due; or (6) loans for the acquisitions of additional parcels, which shall not exceed \$50,000.00 for each parcel, or exceed \$200,000.00 total.

(C) Mergers; Acquisitions; Etc. Merge or consolidate with any other entity, or acquire all or substantially all of the assets of any person or entity, or form or create any new subsidiary or affiliate, or commence operations under any other name, organization, or entity, including any joint venture; provided, however, that Borrower may, without Lender's consent, apply to change its name pursuant to Texas Water Code Section 49.071. Should Borrower change its name, Borrower will notify Lender of such changes and execute any and all documents required by the Bank to acknowledge the name change.

(D) Transfer of Assets. Sell, transfer, lease, or otherwise dispose of any of the Borrower's assets, except when the principal of the Loan is reduced in an amount acceptable to Lender.

(E) Loans and Investments. Make any loan or advance to, or make any investment, in or purchase or make any commitment to purchase any stock, bonds, notes, or other securities of, or guarantee, assume, or otherwise become obligated or liable with respect to the obligations of, any person or entity, exceeding at any one time outstanding an aggregate of \$10,000.00, other than: (1) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof; (2) stock or other securities of Lender.

(F) Change in Business. Engage in any business activities or operations substantially different from (or unrelated) to the Borrower's present business activities or operations.

(G) Change in Management and/or Service Contracts. Make any change in management contracts.

(H) Leases. Create, incur, assume, or permit to exist any obligations as lessee for the rental or hire of any real or personal property, except leases which do not in the aggregate require the Borrower to make payments (including, without limitation, taxes, insurance maintenance, and other charges) in any fiscal year of the Borrower occurring during the term hereof in excess of \$50,000.00.

SECTION 13. Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

(A) Payment Default. Failure by the Borrower to make any payment or investment required to be made hereunder, under the Note, or under any other Loan Documents when due.

(B) Representations and Warranties. Any representation or warranty made by the Borrower herein or in any other Loan Documents shall prove to have been false or misleading in any material respect on or as of the date made.

(C) Certain Affirmative Covenants. Failure by the Borrower to perform or comply with any covenant set forth in Section 11 hereof (other than Section 11(I)(5), (6), (7), (8), and (9)), and such failure continues for fifteen (15) days after written notice thereof shall have been delivered by Lender to the Borrower.

(D) Other Covenants and Agreements. The Borrower should fail to perform or comply with any other covenants or agreement contained herein, including, without limitation, any covenant excluded under subsection (C) above.

(E) Cross-Default. The Borrower should, after any applicable grace period, breach or be in default under the terms of any Loan Documents or any other agreement between the Borrower and Lender, including, without limitation, any loan agreement, security agreement, mortgage, deed to secure debt, or deed of trust.

(F) Other Indebtedness. The occurrence of any breach, default, event of default, or event which with the giving of notice or lapse of time, or both, could become a default or event of default under any agreement, indenture, mortgage, or other instrument by which the Borrower or any of its property is bound or affected (other than the Loan Documents) if the effect of such breach, default, event of default or event is to accelerate, or to permit the acceleration, of, the maturity of any indebtedness under such agreement, indenture, mortgage or other instrument.

(G) Insolvency, Etc. The Borrower (1) shall become insolvent or shall generally not, or shall be unable to, or shall admit in writing its ability to, pay its debts as they come due; or (2) shall suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (3) shall apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (4) shall commence with respect to it or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction.

(H) Material Adverse Change. Any material adverse change occurs, as reasonably determined by Lender, in the Borrower's condition, financial or otherwise, operations, properties, or business, or the Borrower's ability to perform its obligations under the Loan Documents.

SECTION 14. Remedies Upon Event of Default.

(A) No Obligation to Make Advances. During the continuation of any Default or Event of Default, Lender shall have no obligation to make advances hereunder.

(B) Termination; Etc. Lender shall have no obligation to make advances hereunder, and, upon notice to the Borrower, may terminate the Commitment and declare the entire unpaid

principal balance of the Note, all accrued interest thereon and all other amounts payable under this Agreement and all other agreements between Lender and the Borrower, to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the Note and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Borrower.

(C) **Enforcement.** Lender may proceed to protect, exercise, and enforce such rights and remedies as may be provided by agreement or under law, including, without limitation, the rights and remedies provided for in the Note. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or future exercise thereof, or the exercise of any other right. In addition, Lender may hold and/or set off and apply against the Borrower's indebtedness any and all cash, accounts, securities, or other property in Lender's possession or under its control.

(D) **Application of Payments.** After termination and acceleration of the Loan, all amounts received by Lender shall be applied to the amounts owing hereunder and under the Note in whatever order and manner as Lender shall in its sole discretion elect.

SECTION 15. Complete Agreement; Amendment. This Agreement, the Note and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision hereof or thereof, nor any consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved by Lender and contained in a writing signed by or on behalf of Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 16. Applicable Law. Except to the extent governed by applicable federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to choice of law doctrine.

SECTION 17. Notices. All notices hereunder shall be in writing and shall be deemed to be duly given upon delivery, if delivered by "Express Mail," overnight courier, messenger or other form of hand delivery or sent by telegram or facsimile transmission, or three (3) days after mailing if sent by certified or registered mail, to the parties in the following address (or such other address for a party as shall be specified by like notice): If to Lender, as follows:

INDEPENDENT BANK
P.O. Box 592
Farmersville, Texas 75442
Attn: Johnny Bratcher

If to the Borrower, as follows:

Lavon Special Utility District
P. O. Box 188, 16881 CR 541
Lavon, Texas 75166

Attn: Manager
Fax No.: 972-853-2505

With a copy to:

Angela Stepherson
Coats Rose
5420 LBJ Freeway, Suite 600
Dallas, Texas 75240

SECTION 18. Costs and Expenses. To the extent allowed by law, the Borrower agrees to pay to Lender, on demand, all out-of-pocket costs and expenses incurred by Lender (including, without limitation, the reasonable fees and expenses of counsel retained by Lender) in connection with the enforcement of Lender's rights under the Loan Documents in the event of a default by Borrower.

SECTION 19. Effectiveness and Severability. This Agreement shall continue in effect until all indebtedness and obligations of the Borrower hereunder and under all other Loan Documents shall have been repaid or the Commitment shall expire, whichever is later. Any provision of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

SECTION 20. Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the Borrower and Lender and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of Lender. Notwithstanding anything to the contrary herein contained, Borrower shall specifically have the right to assign its rights and obligations under this Agreement to a Special Utility District formed by Borrower under Chapter 65 of the Texas Water Code.

IN WITNESS WHEREOF, the Borrower has caused this Agreement to be executed, attested, and sealed and Lender has caused this Agreement to be executed by their duly authorized officers as of the date shown above.

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

BORROWER:

LAVON SPECIAL UTILITY DISTRICT


By: 
HERMAN STORK, President

ATTEST:

By: 

LENDER:

INDEPENDENT BANK

By: 
Name: Johnny Brutsche
Title: E.V.P.

Associated PIF PDF

The following document is for associated PIF #12892

Texas Water Development Board



OLA ID 1019800

PIF No. 12892

Entity Name: Greater Texoma UA

Project Name: Greater Texoma Utility
Authority/Bear Creek SUD 2019
Water System Improvements
Project

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Readiness to Proceed to Construction

Estimated Costs

Document - EstimatedCostsSignature

Submittal

General Information

Project Information

Funding Type: DWSRF

Project Category: PWS

Contact Information

County: Grayson

PWS ID No.: TX0430037

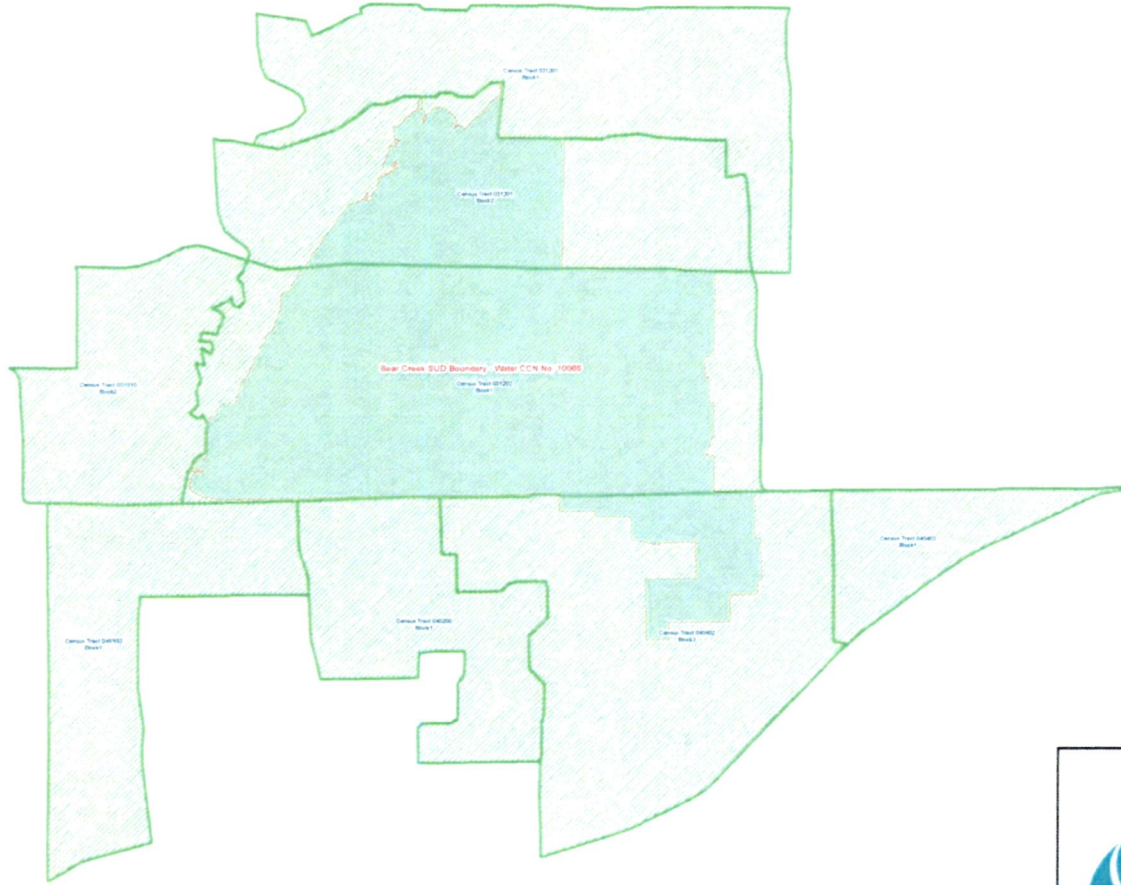
CCN No.: 10066

Entity Contact Information	Engineering Firm Contact Information
Name of Entity: Greater Texoma UA	Name of New Entity:
Prefix: Mr.	Prefix: Mr.
First Name: Drew	First Name: Joe
Last Name: Satterwhite, P.E.	Last Name: Helmberger, P.E.
Addr 1: 5100 Airport Dr	Addr 1: 106 West Louisiana St.
Addr 2:	Addr 2:
City: Denison	City: McKinney
State: TX	State: TX
Zip: 75020-8448	Zip: 75069-4414
Phone: 903-786-4433	Phone: (469) 301-2585
Fax: 903-786-8211	Fax: (972) 239-3820
Suffix:	Suffix:
OrgName:	OrgName:
DeptName:	DeptName:
Title: General Manager	Title: Project Manager
Email: drews@gtua.org	Email: joe.helmberger@kimley-horn.com
	Firm Name: Kimley-Horn and Associates, Inc.
Make Changes: N	Make Changes: Y
No Entity TxWISE Id	No Engineering TxWISE Id

Service Area

Population Served: 6,842

Total Household Connections: 2,209



LEGEND

- Bear Creek SUD Boundary (Water CEN)
- Water District & Bound

Bear Creek SUD
Service Area
JUNE 2017

Kimley»Horn

BEAR CREEK SUD
10000 Bear Creek SUD
10001 Bear Creek SUD
10002 Bear Creek SUD
10003 Bear Creek SUD
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3,000 1,700 0 3,400 6,800 10,200 Feet

Project Description

Project Name: Greater Texoma Utility Authority/Bear Creek SUD 2019 Water System Improvements Project

Project Short Desc: New pump station to replace the existing Pump Station No. 1, construction of a new 2.0 million gallon ground storage tank, associated water lines, yard piping, valving, and relocation of water lines along SH 205.

Project Long Desc: The proposed project includes construction of a new a new pump station. Current pump station is located on top of the ground storage tank, and needs to be moved, due to maintenance issues created by this circumstance. In addition, the project includes construction of a 2.0 million gallon ground storage tank, yard piping, valving and associated water lines, to allow for emergency interconnection between Pressure Zones 1 and 2, allowing for storage capacity for emergency events at delivery point #2, and operational flexibility so capacity improvements are met. Project also includes water lines to serve Pressure Zone 1, water line relocations to facilitate TXDOT's widening of SH 205 in Kaufman County and SH 78 in Collin County.

What is the need for the proposed project? Please describe any current Health and Compliance Factor and/or MCL Violations and physical deficiencies.: Project is necessary in order to provide a separate pump station and 2.0 ground storage tank for Pressure Zone 2. Pumps for Pressure Zone 1 and Pressure Zone 2 are currently located on top of an existing 500,000 gallon concrete ground storage tank. The pump stations at this delivery point account for 60% of the customers and is the only delivery site source for Pressure Zones 1 and 2. The lack of redundancy for delivery to the ground storage tank is unacceptable. The pump station at delivery point #1 would not have the capacity to support the system in the event of an outage at delivery point #1. In addition, the pump station needs to be moved off the top of the ground storage tank. The location of the pumps on top of the ground storage tank have proven to create maintenance issues and safety hazards. Proposed project will move pump station off of the top of the ground storage tank to an area at ground level, which will facilitate maintenance responsibilities associated with the pump station and limit the safety concerns associated with working on top of a ground storage tank. By the time the proposed pump station is constructed in 2020, the system will have approximately seven (7) hours of ground storage capacity available during a maximum day event for delivery point #2. this is unacceptable as it only achieves 58% of the engineer's recommendation for ground storage capacity. The proposed 2.0 million gallon ground storage tank will include yard piping and valving to allow for emergency interconnection between Pressure Zones #1 and #2. This capability will provide adequate ground storage capacity for emergency events at delivery point #2 when constructed in 2020. Proposed upgrades to delivery point #2 include 5,800 LF of 12-inch and 2,000 LF of 16-inch off-site water lines to serve Pressure Zone #1. The 16-inch water line will discharge from delivery point #2 north to SH 78. The proposed 12-inch water line will extend from Grand Heritage Boulevard to Bentley Drive. The proposed upgrades

Exhibit CR-16

are necessary to provide both adequate facilities and improved water distribution. Proposed water line relocations will facilitate TXDOT projects to widen SH 205 and SH78.

DW Cost Category: TRANSMISSION

DW Cost Category: STORAGE

DW Cost Category: LAND

DW Cost Category: OTHER

Is the proposed project Urgent Need?: N

Rating Criteria for PWS Projects

Total Storage Capacity (in gallons): 1669000.00

Total Production Capacity (MGD): 1.15

A. Has the entity's system experienced documented instances of water contaminants exceeding the primary or secondary maximum contaminant level (MCL)?: N

B. Has the entity's system experienced documented outages in the water distribution system?: N

C. Is the system's documented water production capability less than 85% of the minimum required by TCEQ?: N

D. Is the system's documented treated water storage capacity less than 85% of the minimum required by TCEQ (including total storage, elevated storage, and/or pressure tank)?: N

E. Has the system experienced distribution system disinfection residuals of less than 0.2 mg/l free chlorine or 0.5 mg/l chloramines as applicable?: N

F. Has the system experienced documented instances of water distribution pressures:

1. less than 20 PSI?: N

2. less than 35 PSI?: N

G. Is the system experiencing documented water distribution losses of greater than 25%?: N

H. Will the proposed project benefit any other public water systems (i.e., one the entity is currently serving or proposes to serve)?: N

Rating Criteria for All Projects - Effective Management

A. Asset Management

1 a. In the past 5 years, has an asset management plan been adopted by the entity's governing body that incorporates an inventory of all assets, an assessment of the criticality and condition of the assets, a prioritization of capital projects needed, and a budget? Note: A Capital Improvement Plan (CIP) alone does not constitute an asset management plan.: N

b. If "No," is the entity planning to prepare an asset management plan as part of the proposed project? If so, include language in the Project Description that states this.: N

2. Has asset management training been administered to the entity's governing body and employees?: N

B. Water Conservation

Does the proposed project address specific targets, goals, or measures in a water conservation or drought contingency plan that has been adopted by the entity's governing body within the past five years?: N

C. Reclaimed Water

Does the proposed project involve the use of reclaimed water?: N

D. Energy Efficiency

Does the proposed project address a specific goal(s) in a system-wide or plant-wide energy assessment, audit, or optimization study that has been conducted within the past three years?: N

E. Implementation of Water Plans

Does the proposed project implement elements contained in a state or regional water plan, watershed protection plan, integrated water resource management plan, regional facility plan, regionalization or consolidation plan, finalized Economically Distressed Areas Program (EDAP) facility plan, or a total maximum daily loads (TMDL) implementation plan?: N

Green Project Information

A. Does the proposed project contain, either partially or completely, green elements as defined by the Green Project Information Worksheets?: N

Refinancing

Will DWSRF funds be used to refinance existing debt related to this project and received from a source other than the TWDB?: N

Readiness to Proceed to Construction

A. Permitting

Have all applicable permitting aspects of the project, including acquisition of water rights and/or Certificate of Convenience and Necessity (CCN), or TCEQ approval and completion of piloting been achieved?: N

* If "No," identify in the space below each federal, state or local permit, license or other authorizations needed for the project and the status of each.: TCEQ

B. Land Acquisition

Have all land acquisitions and easements necessary to complete the project been obtained?: Y

1. Have you completed the design process including full development of plans and specifications? (If "No," proceed to Question 2. If "Yes," proceed to Question 4.): N

2. Has design work progressed beyond preliminary design?: N

C. Design

3. Will design work be initiated after the TWDB releases design funds for this project?: Y

4. For membrane plants, SWTP, water wells, treatment changes, or intake structures, has TCEQ approved plans and specs?:

D. Environmental Review

1. Have you received a Finding of No Significant Impact (FNSI), Categorical Exclusion (CE), a Record of Decision (ROD), or an environmental determination prepared by another entity in compliance with the National Environmental Policy Act (NEPA) for this project? For projects that

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may qualify for a FNSI, please review 31 TAC §371.43; or that require a CE, review 31 TAC §371.42; or that require a ROD, review 31 TAC §371.46; or that have a determination by another entity, review 31 TAC §371.50.: N

2. If an environmental finding has not been issued, does your project meet the criteria to receive Categorical Exclusion as defined at 31 TAC §371.42?: N

3. Can you submit an environmental report with the completed loan application that documents coordination with agencies has proceeded sufficiently to determine that no major issues remain?: N

4. Will the environmental review be initiated after the TWDB releases planning funds for this project?: Y

E. Construction Phase

Start Date (mm/dd/yyyy): 01-01-2019

Completion Date (mm/dd/yyyy): 01-01-2021

F. Project Bidding and Contracts

Will the proposed project be ready to advertise for construction bids immediately following a funding commitment for construction costs?: Y

If you are seeking reimbursement for eligible planning and/or design costs, was the work performed in compliance with applicable state law and federal crosscutters, including procurement following Disadvantaged Business Enterprise (DBE) requirements? Please visit the TWDB's DBE web page for more information.: Y

How many months will it take to close the loan after receiving a funding commitment? Projects deemed ready to proceed to construction must be able to expend funds quickly after receiving a funding commitment.: 2

Estimated Costs

Seeking planning funding: Y

Seeking acquisition funding: Y

Seeking design funding: Y

Seeking construction funding: Y

Cost Category	(a) Planning	(b) Acquisition	(c) Design	(d) Construction	(e) Total (a)+(b)+(c)+(d)
Treatment	\$0	\$0	\$0	\$0	\$0
Transmission and Distribution	\$0	\$0	\$0	\$5,000,000	\$5,000,000
Source	\$0	\$0	\$0	\$0	\$0
Storage	\$0	\$0	\$0	\$2,990,000	\$2,990,000
Purchase of System	\$0	\$0	\$0	\$0	\$0
Restructuring	\$0	\$0	\$0	\$0	\$0
Land Acquisition	\$0	\$200,000	\$0	\$0	\$200,000
Source Water Protection	\$0	\$0	\$0	\$0	\$0
Engineering	\$217,600	\$0	\$816,000	\$204,400	\$1,238,000
General, Legal, Financial	\$156,439	\$0	\$0	\$0	\$156,439
Contingency	\$0	\$0	\$0	\$1,600,000	\$1,600,000
Other (Describe Cost)	\$4,990	\$0	\$0	\$0	\$4,990
Subtotal (Add all rows above)	\$379,029	\$200,000	\$816,000	\$9,794,400	\$11,189,429
Financing from Local Funds	\$0	\$0	\$0	\$0	\$0
Financing from Other Funds	\$0	\$0	\$0	\$0	\$0
Subtotal, SRF-Funded Amount	\$379,029	\$200,000	\$816,000	\$9,794,400	\$11,189,429

Estimated Costs (other): EID

Green component costs as a percentage of "Subtotal, SRF-Funded Amount": 0%

Anticipated Commitment(s): ONETIME

PIF Estimated Costs - #1019800

Entity Name Greater Texoma UA

New Entity Name null

Project Name Greater Texoma Utility Authority/Bear Creek SUD 2019 Water System
Improvements Project

Report generated by: PRODOLA\$, Fri Jun 08 15:47:28 CDT 2018

Please review the estimated costs below, then sign and upload

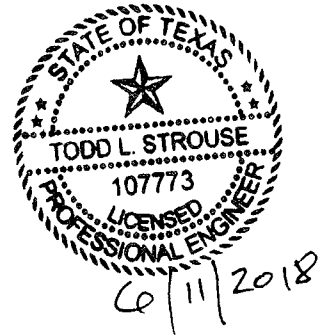
Signature T. H. P.E.

Seeking planning funding Y

Seeking acquisition funding Y

Seeking design funding Y

Seeking construction funding Y



Cost Category	(a) Planning	(b) Acquisition	(c) Design	(d) Construction	(e) Total (a)+(b)+(c)+(d)
Treatment	\$0	\$0	\$0	\$0	\$0
Transmission and Distribution	\$0	\$0	\$0	\$5,000,000	\$5,000,000
Source	\$0	\$0	\$0	\$0	\$0
Storage	\$0	\$0	\$0	\$2,990,000	\$2,990,000
Purchase of System	\$0	\$0	\$0	\$0	\$0
Restructuring	\$0	\$0	\$0	\$0	\$0
Land Acquisition	\$0	\$200,000	\$0	\$0	\$200,000
Source Water Protection	\$0	\$0	\$0	\$0	\$0
Engineering	\$217,600	\$0	\$816,000	\$204,400	\$1,238,000
General, Legal, Financial	\$156,439	\$0	\$0	\$0	\$156,439
Contingency	\$0	\$0	\$0	\$1,600,000	\$1,600,000
Other (Describe Cost)	\$4,990	\$0	\$0	\$0	\$4,990
Subtotal (Add all rows above)	\$379,029	\$200,000	\$816,000	\$9,794,400	\$11,189,429
Financing from Local Funds	\$0	\$0	\$0	\$0	\$0
Financing from Other Funds	\$0	\$0	\$0	\$0	\$0

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Subtotal, SRF-Funded Amount	\$379,029	\$200,000	\$816,000	\$9,794,400	\$11,189,429
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Estimated Costs (other): EID

Submittal

I, Carolyn Bennett, as the designated authorized representative of the Greater Texoma UA, hereby approve and authorize the submission of this project information form to the Texas Water Development Board. I certify that all information contained herein is true and correct to the best of my knowledge. I understand the failure to submit a complete project information form by the stated deadlines may result in the withdrawal of the form without review.

Submitted by: Carolyn Bennett

Telephone Number: (903) 786-4433

Submitted date: 2018-06-11 16:28:47.783

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WATER FACILITIES CONTRACT

THIS CONTRACT ("Contract") is made and entered into as of October 9, 2018, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the BEAR CREEK SPECIAL UTILITY DISTRICT, a Texas political subdivision (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

W I T N E S S E T H:

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing an additional supply of water to the District and certain water supply facilities in order to store and transport such water to the District, and

WHEREAS, certain revenues to be received by the Authority from the District under this Contract are to be pledged to the payment and security of the bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such facilities and issuing such bonds; and

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies pursuant to authority granted by Texas Government Code, Section 791.026, as amended, have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the District under this Contract and to be issued by the Authority for the purpose

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of providing funds to pay the necessary costs of the Project, whether in one or more series or issues

(e) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.

(f) "District" shall mean the Bear Creek Special Utility District.

(g) "Engineer" shall mean a registered, professional engineer (who may be the District Engineer or the Authority's Engineer). The District and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the District

(h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1st of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the District (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation

(j) "Operator" shall mean the party to the Contract who is designated, from time to time, by the parties with respect to each Project and, in the absence of such designation, shall mean the District.

(k) "Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the District under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the District, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.

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ARTICLE II REPRESENTATIONS AND AGREEMENTS

SECTION 2.01: **The District's Representations and Agreements.** In connection with its undertakings hereunder, the District represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly organized political subdivision of the State of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract. Pursuant to Texas Government Code, Section 791.026, as amended, and to the extent required by the terms of that Section, the District agrees not to obtain water supply or services from any other source than pursuant to this Contract

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the services supplied by the Authority for the Project.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all District obligations secured by and made payable from the revenues derived from the operation of the District's Water System (the "Water System").

(d) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

SECTION 2.02: **Representations and Agreements of Authority.** In connection with its undertakings hereunder, the Authority represents to the District and agrees with the District as follows.

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract

(b) That it will finance all Costs of the Project not provided by the District and any grant secured for the construction of the Project.

SECTION 2.03. **Construction.** The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the District agree that:

(a) Unless otherwise agreed by the parties, the District be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority and the District.

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(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the District.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the District shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the District and the Authority.

ARTICLE III FISCAL MATTERS

SECTION 3.01: **Payment for Service.** The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the District and any grant received, for the purpose of providing all or part of the Project. It is agreed that the District and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the District recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the District's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the District to the Authority under this Contract, and the District agrees that it will make to the Authority the following payments:

(a) Monthly amortization payment — Such amounts, payable monthly on or before the 10th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date

(b) Reserve Fund Payment — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the District) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) Administrative Payment — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings

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(d) Extraordinary Expense Payment — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the District and the Authority.

(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

SECTION 3.02 Time for Making of Payments. The District agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) Monthly Amortization Payments — the District shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted, provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the District so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) Reserve Fund Payment — the District shall commence making these payments on the 10th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) Administrative Payment — the District shall commence making the administrative payment on the 10th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 10th day of each month thereafter throughout the term of this Contract.

(d) Extraordinary Expense Payment — the District shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

(e) Maintenance and Operating Expenses: (i) if the District is designated as the Operator, such expenses shall be paid by the District as the same become due; or (ii) if the Authority is designated as the Operator, the District shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 10th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the District which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that

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additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

SECTION 3.03: Maintenance and Operation of the Project. Unless otherwise agreed by the parties, it is agreed that the District will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The District hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the District is the Operator under this Section, the District agrees, to the extent allowed by law, to indemnify and to save and hold harmless the Authority from any and all, exclusive of costs caused by or associated with the Authority's negligence, claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project

SECTION 3.04. Insurance. The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a Maintenance and Operation Expense of the Project.

SECTION 3.05: Covenant of Timely Payment. The District covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The District recognizes the fact that the Authority will use the payment received from the District hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the District

SECTION 3.06: Late Payment Penalty. Should the District fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

SECTION 3.07: Priority of Charges - District to Fix Adequate Rates.

(a) The District represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the District's Water System.

(b) The District further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

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SECTION 3.08: Nature of Obligation of District. The payments required to be made by the District under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the District shall be and are separate and independent covenants and the District shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the District out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the District pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

ARTICLE IV MISCELLANEOUS PROVISIONS

SECTION 4.01: Contract Term. The obligation of the District to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

SECTION 4.02: Useful Life of Project. The District and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

SECTION 4.03: Abandonment of Use of Project. Except as provided by this Contract, the District may not obtain services provided for in this Contract from a source other than a contracting party. It is specifically recognized by the parties hereto that the District, during the term of this Contract, may acquire other facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the District choose to discontinue the operation of all or part of the Project, the District shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the District, and any money realized from such salvage will serve as a reduction of such expense. The District shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the District to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the District of the same nature as provided for by this Contract.

SECTION 4.04: Modification of Provisions. This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the District. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all moneys required to be paid by

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the District under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s)

If for any reason the District may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the District and the Authority.

SECTION 4.05: Regulatory Provisions. This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them

SECTION 4.06: Taxes In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

SECTION 4.07: Title to Water and Sewage. Title to all water and sewage put into the Project under this Contract shall be in the District

SECTION 4.08: Notices. Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority: 5100 Airport Drive
Denison, Texas 75020
Attention: President, Board of Directors

To the District: 16881 CR 541
Lavon, Texas 75166
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

SECTION 4.09: Covenant to Enforce Contractual Obligations The Authority covenants that it will enforce the obligations of the District hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

SECTION 4.10: Consequences of District Default. The Authority and the District agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the District in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the

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receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

SECTION 4.11: Further Agreements of the Parties. The parties hereto specifically recognize that to the extent the District has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its Water System, and to the extent such bonds so issued and delivered are outstanding, the District has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the District represents to the Authority that:

- (a) There is no provision in any resolution or order of the District which prohibits the District from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the District and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the District.

SECTION 4.12: Control of Project by Operator. The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the District shall have the exclusive right to the use and utilization of the Project, for the benefit of the District; that the District without hindrance from the Authority or the District, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

SECTION 4.13: Force Majeure.

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of District to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the District to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of

Exhibit CR-17

strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason of force majeure shall relieve the District from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption

(c) It is expressly recognized by District that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide District with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

SECTION 4.14: Easements. The District agrees that the Authority may have such easements over any easements, right of way or property held by the District so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

SECTION 4.15: Bond Approval by the District.

(a) Prior to the issuance and delivery of any Bonds which are (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the District shall approve the issuance thereof as provided in this Section.

(b) If the Bonds are to be sold at a public sale, the governing body of the District shall, by resolution or order, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired, or, if the Bonds are to be negotiated, or are refunding Bonds, the governing body of the District shall, by resolution or order approve either (i) the form of purchase agreement or (ii) the resolution authorizing the issuance of the Bonds.

(c) If the Bonds are to be exchanged for property or services or are to be privately placed, the governing body of the District shall, by resolution or order, approve (i) the form of the resolution adopted or to be adopted by the governing body of the Authority which authorizes the issuance of such Bonds; and (ii) the facilities to be constructed or acquired, or the services to be provided.

(d) The District and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.

Exhibit CR-17

SECTION 4 16: Severability The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

[remainder of page left blank intentionally]

Exhibit CR-17

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: 

President, Board of Directors

ATTEST



Secretary, Board of Directors



(District Seal)

Exhibit CR-17

BEAR CREEK SPECIAL UTILITY DISTRICT

By: 
President, Board of Directors

ATTEST


Secretary, Board of Directors

Exhibit CR-18

TSI-5

BEAR CREEK SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
INDEPENDENT BANK - BY YEARS
YEAR ENDED DECEMBER 31, 2017

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 78,581	\$ 60,205	\$ 138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022	89,631	49,156	138,787
2023-2027	495,052	198,880	693,932
2028-2032	583,583	110,350	693,933
2033-2035	363,654	17,252	380,906
Total	\$ 1,862,211	\$ 600,492	\$ 2,462,703

Exhibit CR-19

Preliminary

Greater Texoma Utility Authority

(Bear Creek Special Utility District Project)

\$7,490,000 Contract Revenue Bonds, Series 2019

DWSRF - 30 Year Scenario

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/15/2019	-	-	-	-	-
08/15/2019	-	-	94,560.25	94,560.25	-
12/31/2019	-	-	-	-	94,560.25
02/15/2020	-	-	94,560.25	94,560.25	-
08/15/2020	180,000.00	1.110%	94,560.25	274,560.25	-
12/31/2020	-	-	-	-	369,120.50
02/15/2021	-	-	93,561.25	93,561.25	-
08/15/2021	180,000.00	1.340%	93,561.25	273,561.25	-
12/31/2021	-	-	-	-	367,122.50
02/15/2022	-	-	92,355.25	92,355.25	-
08/15/2022	185,000.00	1.530%	92,355.25	277,355.25	-
12/31/2022	-	-	-	-	369,710.50
02/15/2023	-	-	90,940.00	90,940.00	-
08/15/2023	185,000.00	1.680%	90,940.00	275,940.00	-
12/31/2023	-	-	-	-	366,880.00
02/15/2024	-	-	89,386.00	89,386.00	-
08/15/2024	190,000.00	1.820%	89,386.00	279,386.00	-
12/31/2024	-	-	-	-	368,772.00
02/15/2025	-	-	87,657.00	87,657.00	-
08/15/2025	190,000.00	1.990%	87,657.00	277,657.00	-
12/31/2025	-	-	-	-	365,314.00
02/15/2026	-	-	85,766.50	85,766.50	-
08/15/2026	195,000.00	2.120%	85,766.50	280,766.50	-
12/31/2026	-	-	-	-	366,533.00
02/15/2027	-	-	83,699.50	83,699.50	-
08/15/2027	200,000.00	2.260%	83,699.50	283,699.50	-
12/31/2027	-	-	-	-	367,399.00
02/15/2028	-	-	81,439.50	81,439.50	-
08/15/2028	205,000.00	2.340%	81,439.50	286,439.50	-
12/31/2028	-	-	-	-	367,879.00
02/15/2029	-	-	79,041.00	79,041.00	-
08/15/2029	210,000.00	2.410%	79,041.00	289,041.00	-
12/31/2029	-	-	-	-	368,082.00
02/15/2030	-	-	76,510.50	76,510.50	-
08/15/2030	215,000.00	2.460%	76,510.50	291,510.50	-
12/31/2030	-	-	-	-	368,021.00
02/15/2031	-	-	73,866.00	73,866.00	-
08/15/2031	220,000.00	2.510%	73,866.00	293,866.00	-
12/31/2031	-	-	-	-	367,732.00
02/15/2032	-	-	71,105.00	71,105.00	-

2019 Bear Creek SUD \$7.49 | SINGLE PURPOSE | 7/16/2018 | 2:22 PM

Specialized Public Finance Inc.
Austin, Texas

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Exhibit CR-19

Preliminary

Greater Texoma Utility Authority

(Bear Creek Special Utility District Project)

\$7,490,000 Contract Revenue Bonds, Series 2019

DWSRF - 30 Year Scenario

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2032	225,000.00	2.550%	71,105.00	296,105.00	-
12/31/2032	-	-	-	-	367,210.00
02/15/2033	-	-	68,236.25	68,236.25	-
08/15/2033	230,000.00	2.590%	68,236.25	298,236.25	-
12/31/2033	-	-	-	-	366,472.50
02/15/2034	-	-	65,257.75	65,257.75	-
08/15/2034	235,000.00	2.630%	65,257.75	300,257.75	-
12/31/2034	-	-	-	-	365,515.50
02/15/2035	-	-	62,167.50	62,167.50	-
08/15/2035	245,000.00	2.670%	62,167.50	307,167.50	-
12/31/2035	-	-	-	-	369,335.00
02/15/2036	-	-	58,896.75	58,896.75	-
08/15/2036	250,000.00	2.700%	58,896.75	308,896.75	-
12/31/2036	-	-	-	-	367,793.50
02/15/2037	-	-	55,521.75	55,521.75	-
08/15/2037	255,000.00	2.720%	55,521.75	310,521.75	-
12/31/2037	-	-	-	-	366,043.50
02/15/2038	-	-	52,053.75	52,053.75	-
08/15/2038	265,000.00	2.750%	52,053.75	317,053.75	-
12/31/2038	-	-	-	-	369,107.50
02/15/2039	-	-	48,410.00	48,410.00	-
08/15/2039	270,000.00	2.770%	48,410.00	318,410.00	-
12/31/2039	-	-	-	-	366,820.00
02/15/2040	-	-	44,670.50	44,670.50	-
08/15/2040	280,000.00	2.780%	44,670.50	324,670.50	-
12/31/2040	-	-	-	-	369,341.00
02/15/2041	-	-	40,778.50	40,778.50	-
08/15/2041	285,000.00	2.790%	40,778.50	325,778.50	-
12/31/2041	-	-	-	-	366,557.00
02/15/2042	-	-	36,802.75	36,802.75	-
08/15/2042	295,000.00	2.800%	36,802.75	331,802.75	-
12/31/2042	-	-	-	-	368,605.50
02/15/2043	-	-	32,672.75	32,672.75	-
08/15/2043	300,000.00	2.810%	32,672.75	332,672.75	-
12/31/2043	-	-	-	-	365,345.50
02/15/2044	-	-	28,457.75	28,457.75	-
08/15/2044	310,000.00	2.820%	28,457.75	338,457.75	-
12/31/2044	-	-	-	-	366,915.50
02/15/2045	-	-	24,086.75	24,086.75	-
08/15/2045	320,000.00	2.830%	24,086.75	344,086.75	-

2019 Bear Creek SUD \$7.49 | SINGLE PURPOSE | 7/16/2018 | 2:22 PM

Specialized Public Finance Inc.
Austin, Texas

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Preliminary

Greater Texoma Utility Authority

(Bear Creek Special Utility District Project)

\$7,490,000 Contract Revenue Bonds, Series 2019

DWSRF - 30 Year Scenario

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/31/2045	-	-	-	-	368,173.50
02/15/2046	-	-	19,558.75	19,558.75	-
08/15/2046	330,000.00	2.840%	19,558.75	349,558.75	-
12/31/2046	-	-	-	-	369,117.50
02/15/2047	-	-	14,872.75	14,872.75	-
08/15/2047	340,000.00	2.850%	14,872.75	354,872.75	-
12/31/2047	-	-	-	-	369,745.50
02/15/2048	-	-	10,027.75	10,027.75	-
08/15/2048	345,000.00	2.860%	10,027.75	355,027.75	-
12/31/2048	-	-	-	-	365,055.50
02/15/2049	-	-	5,094.25	5,094.25	-
08/15/2049	355,000.00	2.870%	5,094.25	360,094.25	-
12/31/2049	-	-	-	-	365,188.50
Total	\$7,490,000.00	-	\$3,629,468.25	\$11,119,468.25	-

Yield Statistics

Bond Year Dollars	\$133,740.00
Average Life	17.856 Years
Average Coupon	2.7138240%
Net Interest Cost (NIC)	2.8316990%
True Interest Cost (TIC)	2.8526351%
Bond Yield for Arbitrage Purposes	2.6950796%
All Inclusive Cost (AIC)	2.8526351%

IRS Form 8038

Net Interest Cost	2.7138240%
Weighted Average Maturity	17.856 Years

2019 Bear Creek SUD \$7.49 | SINGLE PURPOSE | 7/16/2018 | 2:22 PM

Specialized Public Finance Inc.
Austin, Texas

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Preliminary

Greater Texoma Utility Authority

(Bear Creek Special Utility District Project)

\$7,490,000 Contract Revenue Bonds, Series 2019

DWSRF - 30 Year Scenario

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/31/2019	-	-	94,560.25	94,560.25
12/31/2020	180,000.00	1.110%	189,120.50	369,120.50
12/31/2021	180,000.00	1.340%	187,122.50	367,122.50
12/31/2022	185,000.00	1.530%	184,710.50	369,710.50
12/31/2023	185,000.00	1.680%	181,880.00	366,880.00
12/31/2024	190,000.00	1.820%	178,772.00	368,772.00
12/31/2025	190,000.00	1.990%	175,314.00	365,314.00
12/31/2026	195,000.00	2.120%	171,533.00	366,533.00
12/31/2027	200,000.00	2.260%	167,399.00	367,399.00
12/31/2028	205,000.00	2.340%	162,879.00	367,879.00
12/31/2029	210,000.00	2.410%	158,082.00	368,082.00
12/31/2030	215,000.00	2.460%	153,021.00	368,021.00
12/31/2031	220,000.00	2.510%	147,732.00	367,732.00
12/31/2032	225,000.00	2.550%	142,210.00	367,210.00
12/31/2033	230,000.00	2.590%	136,472.50	366,472.50
12/31/2034	235,000.00	2.630%	130,515.50	365,515.50
12/31/2035	245,000.00	2.670%	124,335.00	369,335.00
12/31/2036	250,000.00	2.700%	117,793.50	367,793.50
12/31/2037	255,000.00	2.720%	111,043.50	366,043.50
12/31/2038	265,000.00	2.750%	104,107.50	369,107.50
12/31/2039	270,000.00	2.770%	96,820.00	366,820.00
12/31/2040	280,000.00	2.780%	89,341.00	369,341.00
12/31/2041	285,000.00	2.790%	81,557.00	366,557.00
12/31/2042	295,000.00	2.800%	73,605.50	368,605.50
12/31/2043	300,000.00	2.810%	65,345.50	365,345.50
12/31/2044	310,000.00	2.820%	56,915.50	366,915.50
12/31/2045	320,000.00	2.830%	48,173.50	368,173.50
12/31/2046	330,000.00	2.840%	39,117.50	369,117.50
12/31/2047	340,000.00	2.850%	29,745.50	369,745.50
12/31/2048	345,000.00	2.860%	20,055.50	365,055.50
12/31/2049	355,000.00	2.870%	10,188.50	365,188.50
Total	\$7,490,000.00	-	\$3,629,468.25	\$11,119,468.25

Yield Statistics

Bond Year Dollars	\$133,740.00
Average Life	17.856 Years
Average Coupon	2.7138240%
Net Interest Cost (NIC)	2.8316990%
True Interest Cost (TIC)	2.8526351%
Bond Yield for Arbitrage Purposes	2.6950796%
All Inclusive Cost (AIC)	2.8526351%

IRS Form 8038

Net Interest Cost	2.7138240%
Weighted Average Maturity	17.856 Years

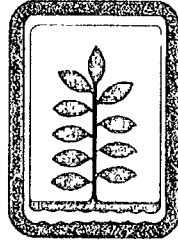
2019 Bear Creek SUD \$7.49 | SINGLE PURPOSE | 7/16/2018 | 2:22 PM

Specialized Public Finance Inc.
Austin, Texas

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PROJECT BUDGET - Entity Name GTUA/Bear Creek SUD						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$5,214,000	\$0	\$0	\$5,214,000	\$0	\$5,214,000
Subtotal Construction	\$5,214,000	\$0	\$0	\$5,214,000	\$0	\$5,214,000
Basic Engineering Fees						
Planning +	\$200,000	\$0	\$0	\$200,000	\$0	\$200,000
Design	\$398,000	\$0	\$0	\$398,000	\$0	\$398,000
Construction Engineering	\$150,000	\$0	\$0	\$150,000	\$0	\$150,000
Basic Engineering Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$748,000	\$0	\$0	\$748,000	\$0	\$748,000
Special Services						
Application	\$7,000	\$0	\$0	\$7,000	\$0	\$7,000
Environmental	\$5,000	\$0	\$0	\$5,000	\$0	\$5,000
Water Conservation Plan	\$500	\$0	\$0	\$500	\$0	\$500
I/I Studies/Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$12,500	\$0	\$0	\$12,500	\$0	\$12,500
Other						
Administration	\$7,000	\$0	\$0	\$7,000	\$0	\$7,000
Land/Easements	\$200,000	\$0	\$0	\$200,000	\$0	\$200,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$1,200	\$0	\$0	\$1,200	\$0	\$1,200
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$208,200	\$0	\$0	\$208,200	\$0	\$208,200
Fiscal Services						
Financial Advisor	\$35,435	\$0	\$0	\$35,435	\$0	\$35,435
Bond Counsel	\$56,200	\$0	\$0	\$56,200	\$0	\$56,200
Issuance Cost	\$2,000	\$0	\$0	\$2,000	\$0	\$2,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$7,490	\$0	\$0	\$7,490	\$0	\$7,490
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$157,646	\$0	\$0	\$157,646	\$0	\$157,646
Other ** Paying Agent	\$3,500	\$0	\$0	\$3,500	\$0	\$3,500
Subtotal Fiscal Services	\$262,271	\$0	\$0	\$262,271	\$0	\$262,271
Contingency						
Contingency	\$1,045,029	\$0	\$0	\$1,045,029	\$0	\$1,045,029
Subtotal Contingency	\$1,045,029	\$0	\$0	\$1,045,029	\$0	\$1,045,029
TOTAL COSTS	\$7,490,000	\$0	\$0	\$7,490,000	\$0	\$7,490,000
Other ** description must be entered						
+ For Planning applications under the EDAP Program, please break down Planning costs as follows:						
Category A						0
Category B						0
Category C						0
Category D						0
Total Planning Costs				0	0	0

Exhibit CR-20



**NORTH TEXAS MUNICIPAL
WATER DISTRICT**

Regional Service Through Unity

September 28, 2018

Mr. Herman Stork
President
Bear Creek Special Utility District
P. O. Box 188
Lavon, TX 75166

RE: 2018-19 ANNUAL BUDGET CHARGES

Dear Mr. Stork:

The 2018-19 Annual Budget was approved by the NTMWD Board of Directors at the September 2018 Board Meeting. The water rate is being adjusted from \$2.83 to \$2.97 per 1,000 gallons, the excess water rate is being adjusted from 45.0¢ to 47.0¢ per 1,000 gallons and the City's Minimum Annual Demand is 243,364,000 gallons for 2018-19. Enclosed are the 2018-19 Budget Summary and Billing Schedule for the following charge:

- Regional Water System \$ 722,791.08

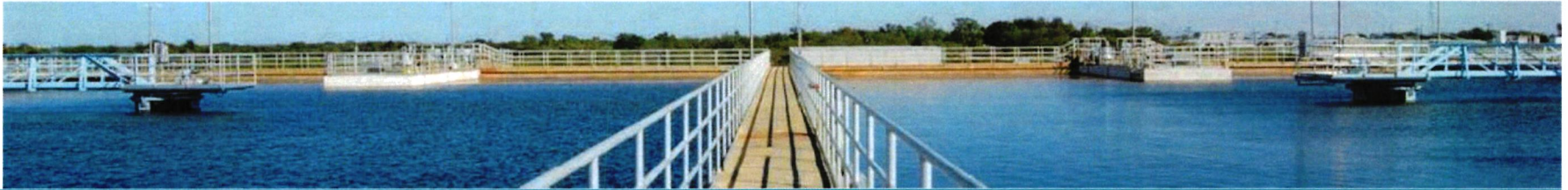
The NTMWD Board of Directors' goal is to continue to provide an effective, responsible level of service while maintaining a minimum cost and stable rate to the cities. Your continued cooperation and support will allow the District to maintain an excellent level of service.

Should you have any questions or need additional information, please contact Erik Felthous, Assistant Deputy - Finance, by email at efelthous@ntmwd.com.

Sincerely,

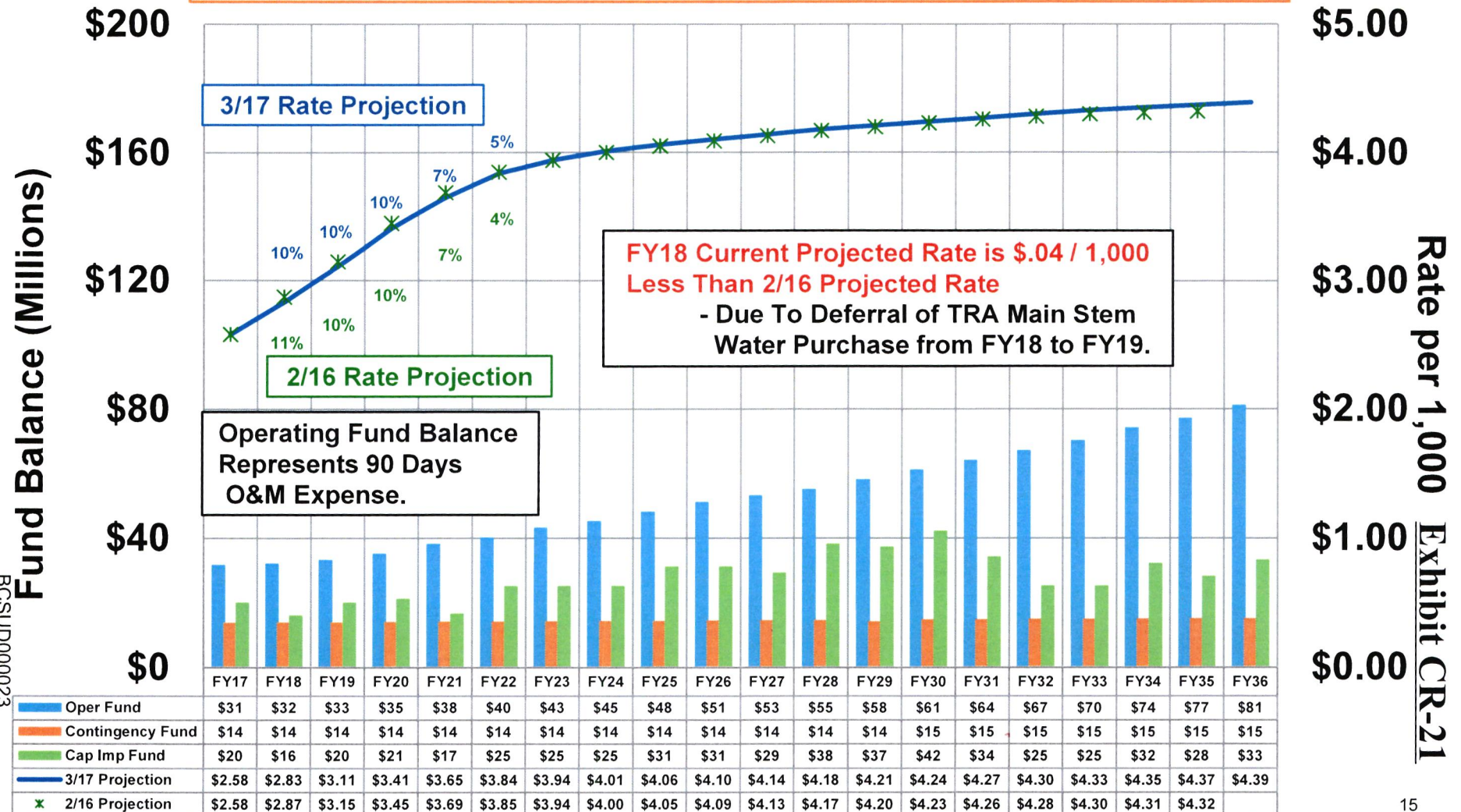
THOMAS W. KULA
Executive Director / General Manager

TWK/EAf/df
Enclosures



PROJECTED CUSTOMER WATER RATES & FUND BALANCES

Preliminary – Rates are Adopted by the Board Annually in September



Bear Creek Special Utility District

Bear Creek Special Utility District
Personnel Handbook
Adopted January 14, 2014
Revised May 9, 2017

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**PERSONNEL POLICIES
OF
BEAR CREEK SPECIAL UTILITY DISTRICT**

1. GENERAL POLICY

1.01 Purpose

The policies, rules and regulations contained herein are intended to provide meaningful employment opportunities to all segments of the community, and to provide fair and equal opportunity for qualified persons relating to recruitment, selection, placement, training, promotion, discipline, or any other aspect of personnel administration without regard to race, religion, national origin, age, sex, physical handicap, political affiliation, or marital status. These policies are also intended to be consistent with the public purposes of the Bear Creek Special Utility District ("District").

1.02 Authority

- (a) These rules are intended to comply with the authority provided by, and to be consistent with, all applicable laws of the United States, the State of Texas, and all other applicable rules and regulations of agencies of jurisdiction. Any provision herein found to be inconsistent with the stated intent shall not affect the validity of application of the other provisions.
- (b) In cases where federal or state laws or regulations supersede local policy for specific groups of employees, such laws or regulations will substitute for these personnel policies only insofar as necessary to comply with such laws, regulations, or provisions.

1.03 Application of Policies

These rules shall apply to all District employees except where otherwise specifically exempted by these rules or by written agreement.

1.04 Division of Responsibility

- (a) The Board of Directors of the District shall be the final and sole authority for the adoption, interpretation and amendment of these Personnel Policies. The Board of Directors may amend, revise or revoke these Personnel Policies without prior notice to or with the approval of any employee of the District.
- (b) The General Manager of the District shall be responsible for the administration of these Personnel Policies. The General Manager shall maintain a complete set of these Personnel Policies together with all revisions for reference by employees. In addition, the General Manager shall provide a complete copy of these Personnel Policies and a copy of all revisions to these Personnel Policies to each newly hired employee. Continued employment by the employee after notice of these Personnel Policies and/or any revisions to these Personnel Policies shall constitute acceptance of such revisions by the employee.

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- (c) All employees are responsible for cooperation in the application of these rules. Employee suggestions for changes to the rules are welcome.
- (d) The policies, procedures, rules and regulations contained herein are not a part of any contract between the employee and the District. All employees are hired at will and may be dismissed with or without cause.

2. HIRING PRACTICES

2.01 Basis

- (a) Equal opportunity is the policy of the District. Individuals will not be discriminated against in job structuring, recruitment, examination, selection, appointment, placement, training, upward mobility, discipline, or any other aspect of personnel administration based on race, color, national origin, sex, sexual orientation, veteran status, religion, age, political affiliation or belief, or any other non-meritorious legally protected factor.
- (b) Initial employment with the District shall be based on qualifications, ability and fitness as evidenced by any combination of:
 - Education and knowledge;
 - Experience and training;
 - Job skills;
 - Professional license;
 - Ability to perform the essential functions of the position involved;
 - Investigation of motor vehicle driving record;
 - Post-offer physical examination if required by job classification;
 - Performance testing and other requirements as necessary.

2.02 Application or Resume

- (a) Each applicant for employment will be required to submit a written application and/or resume and other pertinent information regarding qualifications, training and experience. The General Manager shall make appropriate inquiries to verify experience and suitability of any applicant.
- (b) Falsification of information provided on a resume or job application will be cause for immediate dismissal with loss of all accrued employment benefits.

2.03 Employment of Qualified Applicants

- (a) Upon completion of the selection process, hiring of the best qualified applicants shall be approved by the General Manager. The General Manager is hired by the Board of Directors.
- (b) The General Manager has exclusive authority to select and employ personnel within the limits of these policies and the overall District budget. Other supervisors may interview applicants and be asked for recommendations as appropriate.

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- (c) Prior to starting employment with the District, qualified applicants must furnish written proof that they are legally authorized to work in the United States.
- (d) Prior to employment, a driver's license check and a drug and alcohol test will be given. Additionally, the General Manager has the authority to require a credit and/or background check.¹

2.04 Initial Six Month Period of Employment

- (a) The initial six months of employment with the District or the initial six months following promotion will be utilized for observing the new or promoted employee's work and for securing the most effective adjustment of a new employee to his or her position with the District. New employees shall be required to complete the initial six month period before being eligible to receive any leave benefits provided by the District.
- (b) During the initial six month period, the supervisor or the General Manager may periodically prepare a report evaluating the employee's performance.
- (c) At any time during the initial six month period, the General Manager may discharge an employee for any reason. Any employee discharged during such period shall not be entitled to any accrued benefits from the District. See Separations Chapter of these policies for additional details. Any reference to the initial six month period shall not be construed to either extend or grant an employee a term of employment equal to that period, but instead is that period during which the employee's suitability for his or her job is assessed.
- (d) The successful completion of the initial six month period should not be construed as creating a contract or as guaranteeing employment for any specific duration or as establishing the requirement that terminations be based on cause. See Employment at Will provision 15.04.

2.05 Vacancies

Staff vacancies are filled on the basis of merit, whether by promotion or by appointment. Selection of the best qualified persons are made only on the basis of occupational qualifications and job-related factors such as skill, knowledge, education, experience, and ability to perform the essential functions of the specific job.

2.06 Qualifications

The District shall maintain a job description for each staff position which establishes the essential functions of the job, required license, knowledge, skills, abilities and the acceptable levels of education, experience and training. The job description sets forth the minimum acceptable qualifications to fill the position.

2.07 Disqualification

An applicant is disqualified from employment by the District if he or she (1) does not meet the minimum qualifications for performance of the essential functions of the position involved, with or without reasonable accommodation, if required by law, (2) knowingly has made a false statement on the employment application

¹ Driver's license, credit and background checks must comply with the Fair Credit Reporting Act. Public employers have restrictions on their ability to drug test

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form or resume, (3) has committed fraud during the selection process, or (4) is not legally permitted to hold the position.

3. JOB PERFORMANCE

3.01 Job Descriptions

- (a) The General Manager shall prepare job descriptions for all employees. These job descriptions shall be reviewed from time to time to ensure that they accurately reflect the duties and responsibilities associated with the particular position. Employees will be expected to perform the essential functions specified by such job descriptions, including the submission of all reports, daily logs, travel documents, personnel forms and other requirements or work products as identified within these personnel policies, and/or state and federal contract performance procedures. Any change in job description may result in changes in pay and/or other employee benefits.
- (b) The job description for each employee's position will be (1) given to each employee, (2) reviewed by the employee, and (3) placed in the employee's personnel file with the employee certifying that he or she has reviewed it together with the supervisor or General Manager, and received a copy.
- (c) In the absence of any request for clarification, each employee is considered to understand the responsibilities and essential functions assigned to the position which he or she occupies.

3.02 Performance Evaluation

- (a) The General Manager or supervisor shall conduct a performance interview with each employee during an employee's tenure at least once every twelve months, and may prepare a written performance evaluation in conjunction with this interview.
- (b) The General Manager or supervisor shall provide a copy of any written performance evaluation to each employee and shall place a copy of such written performance evaluation in the employee's personnel file together with a certification executed by the employee certifying that the employee has reviewed and received a copy of the performance evaluation.
- (c) Employees may respond in writing to any performance evaluation conducted by the General Manager or supervisor. This written response shall be placed in the employee's personnel file.

3.03 Promotions and Salary Increases

Promotions and salary increases shall be determined by the General Manager based on job related factors such as performance, evaluated merit and availability of funds. The General Manager shall periodically review the total compensation plan of all employees and make appropriate adjustments as warranted (see Section 5.04).

4. EMPLOYEE RESPONSIBILITIES

4.01 General

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- (a) The District is a retail public utility whose purpose, among others, is to provide utility services to its customers. Its employees must adhere to high standards of public service that emphasize professionalism, courtesy, and avoidance of even the appearance of illegal or unethical conduct. Employees are required to carry out efficiently the work items assigned as their responsibility, to maintain good moral conduct, and to do their part in maintaining good relationships with their supervisors and fellow employees, the public, customers, and state and federal regulators.
- (b) Consistent with these requirements, the employees of the District shall subscribe to the following guidelines for conduct in the company of other staff members, Board of Directors, customers, state and federal employees, water and wastewater industry associates, and the general public.
 - (1) District employees are representatives of the District and reflect the high standard of service that the District provides. A professional image projected by District employees to the public is imperative to maintaining our outstanding level of service to our community and advancing our stated purpose. The District staff will at all times be sensitive to actions and behavior which would compromise this image. Each employee shall take responsibility for his/her own actions with respect to this issue.
 - (2) Behavior contrary to the expectations and policies of the District is prohibited.
 - (3) District employees have adopted a policy of peer guidance concerning all behavioral and conduct issues. Not only are employees expected to guide and influence the behavior of other employees, they are required to do so. Unacceptable behavior on the part of an employee will not only be observed, monitored, and influenced by other employees, but will be enforced with direct intervention by two or more employees at the time unacceptable behavior is observed. Failure of any employee to respect the intervention of fellow employees on their behalf on any behavioral issue will result in stronger disciplinary measures. The General Manager shall respond with appropriate disciplinary action up to and including discharge.
- (c) In regard to behavioral problems related to the consumption of alcohol, the following rules shall be observed:
 - (1) Consumption of intoxicants on the job is absolutely prohibited. Drinking on the job shall be considered as such when an employee is consuming alcohol during or before an assigned work period when the effects of such consumption will overlap or occur during the assigned work period. Alcoholic consumption will be limited in all cases where the operation of District owned vehicles is expected and occurring.
 - (2) A District sponsored function includes any activity for which the District is paying for lodging, meals or expenses of attending staff. All employees shall be sensitive to alcohol consumption during a District sponsored function. Failure to observe this policy may result in disciplinary action up to and including discharge.
 - (3) Participation in outside social activities at a District or industry function are recognized as likely activities. At no time shall a District employee engage in a course of conduct that would cause embarrassment to the District.

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4.02 Timeliness

- (a) Employees are to be punctual in reporting for work, keeping appointments, and meeting schedules for completion of work tasks including the submission of daily and monthly reports and personnel forms for that work period.
- (b) Employees who expect to be late or absent from work must report the expected tardiness or absence to their supervisor or the General Manager immediately and have all reports and/or work products up to date. Failure to do so may result in disciplinary action up to and including discharge.

4.03 Outside Activities

- (a) Employees may not engage in any outside employment, activity, or enterprise determined by the General Manager (1) to be inconsistent or incompatible with employment with the District; or (2) to adversely affect the employee's job performance.
- (b) An employee must have the advanced approval of his or her supervisor and the General Manager to engage in any outside employment including self-employment.

4.04 Conflict of Interest

An employee may not: (1) solicit or accept or agree to accept a financial benefit, other than from the District, that might reasonably tend to influence his or her performance of duties for the District or that he or she knows or should know is offered with intent to influence the employee's performance; (2) accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties; (3) accept outside employment or compensation that might reasonably tend to impair independence of judgment in performance of duties for the District; (4) make any personal investment that might reasonably be expected to create a substantial conflict between the employee's private interest and duties for the District; or (5) solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as a District employee in favor of that person.

4.05 Political Activities

- (a) District employees are encouraged to vote and to exercise other prerogatives of citizenship consistent with state and federal law and these policies.
- (b) A District employee's political activity, not in violation of this section, shall not be considered in determining his or her compensation, eligibility for promotion or demotion, work assignment, leave or travel request, or in applying any other employment practices to the employee.
- (c) No District employee may campaign concerning any election matter while on duty, or while occupying the District's offices or automobiles regardless of whether the employee is on or off duty, or use any District facilities or materials, including office supplies, in connection with any election.
- (d) Under no circumstances shall an employee participate in the election or advocate the candidacy of, or otherwise assume any position regarding the desirability of any candidate for the Board of Directors of the District.

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- (e) Violation of (c) or (d) is grounds for immediate discharge from employment by the District with loss of all accrued employment benefits.

4.06 Communications to Board of Directors, Customers, Public and Regulatory Officials

- (a) Matters that involve these policies, personnel issues, the District's financial condition, internal operations, etc., may only be brought before the Board of Directors by the General Manager or by a person designated to do so by the General Manager.
- (b) An employee or group of employees may request that a matter be considered by the Board of Directors by submitting the item in writing to the General Manager who will forward the communication to the President of the District's Board for possible placement on the Board's agenda.
- (c) Communication with the public or customers about the District's business, financial condition or internal affairs is the responsibility of the General Manager. Employees are to refer inquiries that are non-routine, controversial, or outside of the scope of the employee's normal duties to the General Manager. All inquiries from the media or regulatory officials should be directed immediately to the General Manager.
- (d) Employees may, from time to time, be asked to perform certain duties or be given directions from District Officers or persons other than the General Manager. In such cases, the employee must notify the General Manager about the direction, its purpose, and the relevant facts of the situation. Failure to do so in a timely manner may result in disciplinary action.
- (e) Employees are reminded that they must at all times avoid communication of any information that is proprietary or confidential or the disclosure of which could subject the District to any liability or jeopardize the public water supply. The District respects each employee's right to speak freely on matters of personal or public concern. Nevertheless, the District retains the right to take any action necessary in the event of any disclosure or threatened disclosure, including the use of personal web logs ("blogs"), which may involve confidential information or which may threaten the security of the water supply.

4.07 Use of District and Privately-Owned Vehicles

- (a) Vehicles provided by the District shall be treated with care and given proper preventive maintenance. Such vehicles may not be used for personal use without the prior approval of the General Manager. Vehicle speed limits and all other legal restrictions shall be observed at all times, including having proof of motor vehicle insurance as required by applicable law. District owned vehicles shall not be driven after the consumption of any alcoholic beverages, medication, or other substances that may cause drowsiness or otherwise impede good judgment and/or driving ability.
- (b) No employees shall drive their personal vehicle on District business after the consumption of alcoholic beverages, medication, or other substances that may cause drowsiness or otherwise impede good judgment and/or driving ability.
- (c) Employees must notify the General Manager immediately after being stopped by law enforcement officials for any traffic violation or accident involving a District vehicle.

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- (d) If the District satisfies any fines imposed upon an employee for violation of any motor vehicle statutes in the operation of a District vehicle, the employee must reimburse the District or the District shall deduct the amount of such fine from the employee's compensation.² The District is not responsible for any traffic fines or citations that are not the fault of the District.
- (e) The General Manager and/or the District's insurance company will periodically check the driving record of employees required to drive a District owned vehicle. Any employee whose driver's license is suspended or otherwise determined to be invalid may be subject to being discharged. Employees must notify the General Manager immediately of any change in the status of their driver's license and/or insurability.
- (f) No vehicle shall transport unauthorized personnel without the prior notification and approval of the General Manager. Unauthorized personnel is defined as any person that is not a District employee or otherwise legally engaged in the conduct of District business.

4.08 Use and Care of District Equipment

- (a) All vehicles and equipment assigned to an employee shall be maintained in good condition and if any damage occurs, that damage must be reported to the supervisor or General Manager as soon as possible. Periodic inspection of all District assets will be performed by the General Manager or designee.
- (b) All vehicles and equipment assigned to the employee shall be returned to the District office in good working condition upon resignation, separation of employment or request by the District. If there is any damage or loss of assigned equipment, the employee will be responsible for the replacement or payment of compensation for the damaged or lost equipment.

4.09 Personal Relationships

The District recognizes that personal relationships can, and will, occur. The extent to which the District has any concern with such relationships is strictly limited to the potential or actual effect of that relationship on the District's business. Employees are cautioned against any personal relationship that creates an actual or perceived conflict of interest. Supervisory employees must advise the General Manager of any personal relationship with any employee that he or she supervises. Any employee involved in a personal relationship with a Director of the District must advise the General Manager of that relationship.

5. TYPES OF EMPLOYMENT, PAY PERIODS, COMPENSATION AND ADVANCEMENT

5.01 Categories of Employment

There are four categories of employment with the District:

Regular Full-Time. A regular full-time employee is employed to hold an authorized position that involves, on the average, forty work hours per week.

² The Texas Payday Act requires that the District get a signed authorization from employee for this deduction

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Regular Part-Time. A regular part-time employee is employed to hold an authorized position that involves, on the average, fewer than forty work hours per week. Part time employees shall not be eligible for benefits received by full time employees (unless otherwise required by law).

Temporary. A temporary employee is an employee hired to complete a specific project within a specified period of time. Temporary employees may be full time or part time and are treated in the same manner as regular employees except with regard to the duration of their employment. Exceptions can be made at the discretion of the General Manager. As with all other employees, temporary employees are employed “at-will”.

Casual Labor. A casual labor employee is employed for a specific period of time. He or she may work on an irregular schedule. Payment for hourly work is at an hourly rate for the actual number of hours worked. Hourly employees are not paid for holidays and are not entitled to any District benefits. As with all other employees, casual labor employees are employed “at-will”.

5.02 Pay Periods and Check Delivery

- (a) The pay period for the District is bi-weekly. Payroll checks shall be issued on Friday, every two weeks. If payday falls on a holiday, checks will be issued on the last working day preceding.
- (b) Paychecks will not be issued other than on the days set out above without approval of the General Manager.
- (c) At the discretion of the General Manager, no pay advances or loans will be made to any employee in excess of the amount of wages or salary due and owing to the employee for services performed up to and including the day the advance or loan is made except as otherwise provided herein.

5.03 Deductions

- (a) Deductions will be made from each employee’s pay for the following:
 - (1) Federal Income Tax
 - (2) Social Security
 - (3) Any other deductions required by law, such as a Qualified Domestic Relations Order directing the District to withhold a portion of the employee's pay for child support.
- (b) In accordance with the policies and general procedures approved by the Board of Directors of the District, deductions from an employee’s pay may be authorized by the employee for:
 - (1) Group health/medical insurance for dependents
 - (2) Life insurance for the employee
 - (3) Such other deductions as may be authorized by the General Manager, the Board of Directors of the District, or these policies.

5.04 Compensation Plan

- (a) The District maintains a performance based compensation plan by which each employee is assigned an initial base salary determined on the principle of equity among positions requiring similar knowledge,

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skills, and abilities and having similar levels of responsibility. An employee's overall job performance will determine subsequent increases (or decreases) in the base salary.

- (b) Within the general guidelines of the budget and these policies, the base salary for each employee is established as part of a total compensation plan. Other factors that may be included in the total compensation plan include incentives, bonuses, and benefits.
- (c) The General Manager is authorized to determine the total compensation plan that each employee receives. An employee who is designated exempt from the compensation plan is paid within maximums set in a budget approved by the Board of Directors.

5.05 Longevity Pay

Longevity Pay is issued for each employee each year on the last pay period before the Thanksgiving Holiday. Any employee with three years or less of employment will receive \$200.00. Any employee with over three years of employment will receive \$5.00 per month for each month of employment.

5.06 Promotions

- (a) A promotion is a change in the duty assignment of an employee from a position in one classification to a position in another classification at a higher base salary. A promotion recognizes advancement to a higher position requiring higher qualifications and involving greater responsibility.
- (b) Promotions are approved by the General Manager within staffing patterns and budget limits established by the Board of Directors.
- (c) Upon promotion, an employee's performance will be reviewed at the end of six months. The Employee may be returned to a lower job classification at any time during or after the six month period at the discretion of the General Manager.

5.07 Lateral Transfer

A lateral transfer is the movement of an employee between positions at the same base salary. Lateral transfers are subject to a six month probationary period.

5.08 Demotions

A demotion is a change in duty assignment of an employee from a position in one classification to a position in another classification at a lower base salary. An employee who is demoted will have his or her pay reduced. Any demotion must be authorized by the General Manager.

5.09 Reduction in Pay for Disciplinary Reasons

An employee's pay for continued performance in the same position may be reduced as a disciplinary measure. The period covered by this type of disciplinary action may not exceed sixty days. Any pay reduction for disciplinary reasons must be authorized by the General Manager.

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6. WORK SCHEDULE AND TIME REPORTING

6.01 Work Week

- (a) The District work week is the period of seven consecutive days beginning at 12:00 a.m. on Saturday and ending at 11:59 p.m. on the following Friday.
- (b) Normal working hours are Monday through Friday, 7:30 a.m. to 4:30 p.m., with one hour off for lunch from 11:30 a.m. to 12:30 p.m., for a total of forty hours per work week. Regular work schedules for non-exempt employees requiring access to the building earlier than 7:30 a.m. or later than 4:30 p.m., Monday through Friday, and anytime on weekends and holidays, should be approved by the employee's supervisor or the General Manager in advance.
- (c) In addition, the General Manager may set other hours of work for field employees, individuals, or groups of employees, if necessary or desirable.
- (d) All employees are expected to report punctually for duty at the beginning of their assigned workday and work the full workday established. An employee who expects to be late to work or needs to leave before the end of the workday should notify the General Manager as early as possible.

6.02 Schedule Adjustments

Adjustments to the normal hours of operation as set forth in 6.01 above may be made by the General Manager to better serve customers or the public. Offices may remain open during the noon hour; therefore lunch periods for some employees may be staggered according to the requirements of the District. The General Manager may also impose a flexible work week schedule and/or hours for certain employees.

6.03 Number of Hours Worked

The General Manager shall determine the number of hours worked by an employee for the amount of total compensation to be received subject to laws governing pay and working hours and subject to the provisions of the District's budget.

6.04 Overtime

- (a) On occasion an employee may be required to work more than the normal number of working hours in the official work period.
- (b) Employees who are covered by the overtime provisions of the Fair Labor Standards Act (FLSA) will be paid one and one-half times their regularly hourly rate for overtime worked during a work week as required by applicable Federal and/or State law. Hours worked include only those hours an employee works during a pay period. Approved time off, such as vacation or sick leave, does not count as hours worked for the purpose of determining overtime pay eligibility. Non-exempt employees may not, under

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any circumstances, work overtime or outside of regularly scheduled hours without prior approval from the General Manager or their Supervisor.³

- (c) All overtime services by employees covered under FLSA must be authorized in advance by the General Manager and approved by the employee's supervisor. The District's official policy pursuant to FLSA, for compensating eligible, authorized overtime hours worked is as follows:

Employees who are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) are expected to render necessary and reasonable overtime services with no additional compensation. This overtime may be used as a factor in granting or denying paid leave other than vacation or sick leave.

Casual labor employees and salaried, non-exempt employees are subject to the overtime provisions of FLSA, and will be compensated for all work over forty hours per week. Each District job description shall designate whether that job classification is exempt or non-exempt from the overtime provisions of FLSA.

6.05 Holidays Worked

If a nonexempt employee is required to work during a scheduled holiday, the District is to compensate the employee for the holiday time worked by granting equal time off within the same pay period. If it is not possible to grant the employee equal time off within the same pay period, he or she shall be paid at one and one-half times the hourly rate for the number of hours worked on the holiday.

6.06 Time Reporting

Employees, including field personnel, shall clock in and out on the time clock to record all hours worked. Employees shall report hours of leave time taken at the close of each pay period to the General Manager or designee. Leave time requests must be signed by the employee and the employee's immediate supervisor or the General Manager. Forms for this purpose shall be provided by the District. Failure to keep accurate time records or to submit time records according to this policy may result in disciplinary action up to and including discharge.

6.07 Field Personnel – Irregular Hours

Due to the unusual working conditions involved in the water utility industry, the hours worked by field personnel shall be flexible, as required by the situation. As a condition of continued employment, field employees who work irregular hours are required to clock in and out every time the employee works. Hours worked beyond 40 hours per week must be authorized and approved by the employee's supervisor or General Manager prior to beginning the work task. When in doubt, ask!

7. LEAVE TIME

7.01 Definitions

- (a) Leave Time. Leave time is time during normal working hours in which an employee does not engage in the performance of job duties. Leave time may be either paid or unpaid. Holidays are days designated by

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the Board of Directors of the District when the District's office is closed on what would otherwise be regular business days.

- (b) Unauthorized Absence. An unauthorized absence is one in which the employee is absent from regular duty without permission of the supervisor or the General Manager. Employees are not paid for unauthorized absences and such absences are cause for disciplinary action at the discretion of the General Manager.⁴

7.02 Approval of Leave

All leave taken by District employees must be approved by the employee's supervisor or the General Manager.

- (a) Sick Leave Approval. Approval of sick leave for non-emergency medical, dental, or optical appointments must be secured in advance. In all other instances of use of sick leave, the employee must notify his or her supervisor or the General Manager as early as practical on the first day of absence and request that approval of sick leave be granted.
- (b) Supervisor's Responsibility for Verification. Supervisors or the General Manager are responsible for determining that leave is accrued and available for use in the amounts requested by an employee. In addition, Supervisors must notify the General Manager daily of each employee who is taking authorized or unauthorized leave.

7.03 Vacation Leave

- (a) All regular employees of the District are entitled to vacation leave. After the completion of the initial six month period of employment, the employee will have five days of vacation leave available to the employee's account; but vacation leave cannot be taken, nor will it be paid upon separation, during such initial six month period.
- (b) Accrual of Vacation Leave. Regular employees annually earn vacation leave in accordance with the following schedule.
 - (1) First year to the completion of the fifth year of employment the employee earns 10 days per year or 3.076923 hours per pay period.
 - (2) After the fifth year of employment, the employee earns 15 days per year or 4.6153846 hours per period.
- (c) In order to curtail excessive sick leave used, the following incentive plan will be used.
 - (1) If the employee uses no sick leave, the employee will receive two days additional vacation leave at the beginning of the year;
 - (2) If the employee uses 1 hour to 8 hours of sick leave, the employee will receive one day additional vacation leave at the beginning of the year;
 - (3) Any sick leave in excess of 8 hours in a one year period, will result in no additional vacation leave being earned.

⁴ Under the FLSA, there are various restrictions on deducting money from a salaried, exempt employee's paycheck.

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- (d) Unused Vacation Leave. Unused vacation leave of no more than two times the earned vacation for that year can be carried over to the District's next fiscal year. The maximum allowable accumulation of unused vacation leave is two times the current year earned vacation. Each December 31, any vacation leave balance in excess of these maximums will be reduced to the maximum compensation.
- (e) Scheduling Vacation Leave. Vacation leave must be scheduled in advance and approved by the General Manager or supervisor and must accommodate the District's work schedule.
- (f) Unused vacation shall be paid upon termination except as provided in Section 7.04 and this section.

7.04 Sick Leave

- (a) An employee, who becomes sick before or during the workday and is unable to perform their duties, should notify the General Manager or supervisor as early as possible of their absence. Extended absence due to illness should be discussed with the General Manager.
- (b) An employee with accrued sick leave may use it if the employee is absent from work due to:
 - (1) Personal illness or physical or mental incapacity;
 - (2) Medical, dental, or optical examinations or treatments;
 - (3) Medical quarantine resulting from exposure to a contagious disease; or
 - (4) Illness of a member of the employee's immediate family who requires the employee's personal care and attention. For this purpose, immediate family is defined as the employee's spouse, child(ren), or any other relative of the employee who resides in the employee household.
- (c) Medical Statement. The General Manager may request, and employees must provide upon request, written verification by a physician of a medical condition precluding availability for duty at any time that sick leave benefits are requested.
- (d) Accrual of Sick Leave. Regular full time employees are entitled to sick leave after the completion of six months of employment. At that time, five days of sick leave are credited to the employee's account; but paid sick leave cannot be taken during the initial six month period referred to herein. After the initial six month period referred to in Section 2.04 herein, sick leave is earned in accordance with the following schedule.
 - (1) First year to the completion of the fifth year of employment the employee earns 10 days per year or 3.076923 hours per pay period.
 - (2) After the fifth year of employment, the employee earns 15 days per year or 4.6153846 hours per pay period.
- (e) Use of Sick Leave. Sick leave can be used after the initial six month period of employment for the authorized purposes.
- (f) Accumulation of Sick Leave. Sick leave that is not used during the year in which it accrues will accumulate and is available for use in succeeding years up to a maximum allowable accumulation of thirty

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days. Each December 31, any sick leave balance in excess of the maximum is reduced to the maximum without compensation.

- (g) Exhaustion of Sick Leave. An employee who has exhausted earned sick leave benefits may request leave of absence without pay. Except in the case of a bona fide, on-the-job, work-related injury requiring absence from work, no advance of unearned sick leave benefits will be made.
- (h) Illness While on Annual Leave. When an illness or physical incapacity occurs during the time an employee is on vacation leave, sick leave may be granted to cover the period of illness or incapacity and the charge against vacation leave reduced accordingly. Application for such substitution must be supported by a medical certificate or other acceptable evidence.
- (i) Payment upon Separation. Unused sick leave is not compensatory upon separation from employment.

7.05 Extended Leave for Illness or Temporary Disability

- (a) Paid Leave. Upon written approval of the General Manager, an employee may use accrued sick leave and vacation leave for the purpose of paid absence from duty during an extended illness or temporary disability.
- (b) Family Medical Leave Policy. Paid Maternity and Paternity leave is treated in the same manner as any other extended illness or temporary disability and is available for both male and female employees. In addition, in accordance with the Family and Medical Leave Act of 1993 ("FMLA Leave")⁵, female and male employees may take up to 12 work weeks of leave without pay per year for the following reasons:
 - (1) Birth of a child, and to care for the newborn child;
 - (2) Placement of a son or daughter for adoption or foster care;
 - (3) When the employee is needed to care for an immediate family member (spouse, son, daughter or parent) with a serious health condition;
 - (4) When the employee is unable to perform the functions of his/her position because of the employee's own serious health condition.

Eligibility: To be eligible for leave under FMLA Leave, an employee must have been employed by the District for at least 12 months and must have worked at least 1,250 hours during the 12-month period preceding the commencement of the requested leave.

- (c) Unpaid Leave of Absence. The District requires employees to use their accrued vacation and other paid leave time concurrently with the FMLA Leave and before using unpaid leave time. During unpaid leave time, an employee accrues no additional vacation leave, sick leave, or longevity benefits, but retains those already accrued. Other benefits, including group health insurance benefits, are retained during an unpaid leave of absence. Dependent insurance premiums may be continued if paid in advance by the employee.

⁵ A district, as a public entity is subject to the Family Medical Leave Act ("FMLA"), regardless of the numerical (50-employee) threshold. A WSC is only subject to the Act if it employs 50 or more persons.

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- (d) Conditions. The General Manager may require an employee requesting a paid or unpaid leave of absence for extended illness or temporary disability to provide a medical doctor's statement as to the date upon which the employee is no longer able to perform his or her duties and the expected length of the recuperation period as well as a written statement from the employee concerning his or her intentions about returning to work at the District. An employee on extended FMLA Leave must contact the appropriate supervisor or the General Manager at least once each workweek to report on his or her condition. Failure to provide required medical status reports or to contact the office on the schedule required by the General Manager is grounds for denial of reinstatement.

7.06 Military Leave

The District will grant leave to all employees who are called to, or volunteer for, Active Military duty or Reserve or National Guard training in accordance with all applicable Federal and State laws. Employees who are called to, or volunteer for military duty should immediately notify the General Manager and submit copies of their Military Orders as soon as possible.

7.07 Jury Duty and Civil Leave

Employees are granted jury duty and civil leave with pay, providing sufficient documentation of such service is provided. Civil leave is for service as a subpoenaed witness in an official proceeding, or for the purpose of voting. When an employee has completed jury duty and/or civil leave, he or she must report to the District for duty for the remainder of the workday. An employee who receives payment from a local, state or federal entity for jury duty shall turn-over such pay to the District or to a local charity as determined by the Board of Directors.

7.08 Leave of Absence without Pay

- (a) Leave of absence without pay is an approved absence from duty in a non-pay status. Granting a leave of absence without pay is at the discretion of the General Manager, but such leave is not authorized unless there is a reasonable expectation that the employee will return to employment with the District at the end of the approved period. Employees on leave of absence without pay receive no compensation and accrue no benefits. However, previously accrued benefits are retained during leave of absence unless otherwise prohibited by the terms or provisions of the benefit programs. Medical insurance may be continued if paid in advance by the employee.
- (b) Upon returning to work after a leave of absence without pay, an employee receives an adjusted employment date and adjusted anniversary date which reflect the period of time that the employee used for leave of absence.
- (c) A leave of absence without pay may be revoked upon receipt of evidence submitted that the cause for granting such leave was misrepresented, or has ceased to exist.
- (d) At the expiration of a leave of absence without pay, if no vacancy exists and a reasonable effort has been unsuccessful to place the employee in another position, the employee will be separated and paid accrued benefits. (See also section on Military leave for specific provisions relating to leave of absence without pay for military service).

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(e) A leave of absence without pay may be appropriate for the following reasons:

- (1) Military service (see also section on this type of leave);
- (2) Recovery from extended illness or temporary disability (see also section on this type of leave);
- (3) Educational purposes when successful completion will benefit the District;
- (4) Public service assignments; or
- (5) Any other reason which, in the judgment of the General Manager, merits a leave of absence without pay.

7.09 Using Leave in Combination

- (a) An employee who is absent on sick leave must exhaust all sick and vacation leave before he or she is eligible to request leave without pay.
- (b) Sick leave cannot be used for vacation purposes when vacation leave is exhausted.
- (c) With the approval of an employee's supervisor and the General Manager, other types of leave and holidays can be used in any combination, if it is determined to be in the best interests of the District and the employee.

7.10 Administrative, Emergency and Bereavement Leave

- (a) General. The General Manager is authorized to grant administrative, emergency or bereavement leave to an employee in certain limited circumstances.
- (b) Administrative Leave. The General Manager may authorize administrative leave, with or without pay, when warranted by unforeseen circumstances not otherwise provided for in these policies.
- (c) Emergency or Bereavement Leave. Emergency or Bereavement leave with pay may be granted by the General Manager for reasons of a death or emergency situation in the employee's immediate family. For purposes of emergency or bereavement leave, immediate family includes spouse, child and parent of an employee or employee's spouse, or any other relative living in the employee's household. Emergency or Bereavement leave is limited to no more than three days per occurrence. The length of time granted for emergency or bereavement leave must be approved by the General Manager in advance and will depend on the circumstances. At the discretion of the General Manager, such emergency or bereavement leave may be uncompensated in the absence of vacation leave.

7.11 Abandonment of Position

Unauthorized absence from work for a period of two consecutive working days will be considered by the District as a resignation.

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8. HOLIDAYS

8.01 General Holiday Policy

The following days are observed as paid holidays for the District employees:

New Year's Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	Personal Holiday

The Personal Holiday must be scheduled and approved in advance by the General Manager. The General Manager may designate other holidays in accordance with directions from the Board of Directors of the District.

8.02 Holidays Falling on the Weekend

Whenever a legal holiday listed above falls on a Saturday or Sunday, it will be observed on the Friday preceding or the Monday following as the General Manager so determines.

8.03 Holiday during Vacation

- (a) If a holiday falls on an employee's normal day off, or a vacation day, the employee will receive an additional day off when scheduling is approved.
- (b) In order to receive holiday pay, an employee must work on both the day before and the day after the holiday, unless on excused absence or vacation. Sick leave shall not be considered as time worked for purposes of this section.

8.04 Work during Holidays

The General Manager may direct some or all employees of the District to report for work on any holiday. See also paragraph 6.05 of these policies.

9. BENEFITS

9.01 Insurance Benefits, Retirement Plan and other Employee Benefits

- (a) The Board of Directors of the District may from time to time provide group medical insurance coverage, life insurance, a retirement plan, and other District employee benefits for the benefit of District employees upon such terms and conditions as the Board elects. (See Appendix 1 for current benefits package.) The Board may cancel, alter, change or amend its benefits package or increase employee premium contributions at any time. The procedures for amending the District's benefits programs are discussed in the master plan documents for each program. Benefits are not a vested right of employees.

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- (b) Upon employment, each regular and temporary employee shall be given a summary containing information about the District's benefit programs in existence at that time. Complete descriptions of the benefit programs are contained in the master plan documents or contracts, copies of which are kept in the District Office. If the information in these Personnel Policies or a Summary Plan Description contradicts information in the master plan documents or contracts, the terms of the master plan documents or contracts shall govern in all cases.

9.02 Continuing Education Required by the District

When the District requires an employee to attend any education or training course, conference, or seminar, the District will provide the necessary time off with pay and will reimburse the employee for all associated costs including tuition or registration fees and authorized travel, meals, and lodging, upon presentation of proper documentation. See Section 10 for additional information and policies regarding reimbursement of expenses.

9.03 Continuing Education in General

Employees are encouraged to further their education and training in areas that will enhance their job performance. Upon advance approval by the General Manager, and upon successful completion of relevant training courses, employees shall be reimbursed for tuition fees, materials and other necessary and approved expenses upon presentation of proper documentation. See section 16.12(d) for additional information and policies regarding District paid training courses.

10. REIMBURSEMENT OF EXPENSES

10.01 General Policy

The policy of the District is that employees are to be fully reimbursed for necessary and reasonable job-related expenses incurred in the authorized conduct of District business. All requests for reimbursement of expenses are subject to requirements of documentation and reasonableness. The General Manager shall determine what employee expenses are to be reimbursed by the District.

10.02 Reimbursable Expenses

- (a) All District paid employee travel must be on necessary District business, the details of which shall be approved in advance by the General Manager.
- (b) Expenses reimbursed to employees shall be only for necessary and reasonable actual costs as verified by expense receipts which indicate the date, vendor, explanation and itemization of expenses, and a list of all persons covered.
- (c) When receipts are not available, the General Manager may require that a written statement will be provided containing the information in (b) above, as well as the reason why a receipt was not submitted.
- (d) The following expenditures are not reimbursable expenses unless specifically authorized by the General Manager:
 - (1) Alcoholic Beverages
 - (2) Personal employee or family expenses

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- (3) Sports and entertainment fees
 - (4) Donations, contributions and memberships
 - (5) Any other expenditure not reasonably related to and necessary for the efficient conduct of District business.
- (e) First class accommodations on public carriers shall not be authorized unless lesser fares are not available on required trips. The General Manager must be so notified and approve the additional expense.
- (f) When approved in advance by the General Manager, employees shall be paid mileage for use of personal vehicles on District business at a rate determined from time to time by the Board of Directors. Employees must provide evidence of liability and property damage insurance prior to such use.
- (g) At the discretion of the General Manager, funds may be advanced to employees for anticipated travel expenses.

11. HEALTH AND SAFETY

11.01 Safety Policy

It is the policy of the District to make every effort to provide healthful and safe working conditions for all of its employees. The District expects employees to follow certain rules of conduct that will protect the interests of the District and safety of all employees and members of the public.

11.02 Employee Responsibilities, Reporting

- (a) Employees are responsible for conducting their work activities in a manner that is protective of their own health and safety, as well as that of other employees.
- (b) An employee must immediately report every on-the-job accident, spill or possible contamination problem no matter how minor, to his or her supervisor or the General Manager. Employee should also immediately secure aid for any injuries and notify law enforcement personnel and other emergency personnel of any dangerous situations.
- (c) Employees shall immediately report to their supervisor or to the General Manager any conditions that in their judgment may possibly threaten the health and safety of employees or the public.
- (d) Employees are encouraged to make suggestions to their supervisor or the General Manager of improvements that would make the District work place safer or more healthful.

11.03 On the Job Injuries

- (a) Insurance and Compensation. The District provides workers' compensation insurance for all of its employees. Workers' compensation insurance may provide payment of employees' medical expenses and partial salary continuation in the event of a work related accident or illness. The amount of benefits payable and the duration of payment depend on the nature of the employee's illness or injury.
- (b) Compensation. If an employee sustains a bona fide, on-the-job, work-related injury which renders him or her unfit for performing the duties of the job, the employee will receive pay as follows:

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For up to seven days the employee receives his or her regular pay for that period with the time charged first to accrued sick leave.

Beginning on the eighth day and for any days thereafter that the employee is unfit for duty, the employee may receive payment from the District's workers' compensation insurance carrier in accordance with the terms and conditions of the policy and state law. The employee may use accrued sick leave or vacation leave to provide additional compensation above the insurance payment.

- (c) Medical Attention. An employee who sustains a bona fide, on-the-job, work-related injury may seek immediate medical attention from the medical facility or professional of his or her choice. The District may require statements of medical condition and of a release to return to work from the attending physician. An employee may be required to submit to examination by an independent physician as determined by the General Manager at the District's expense.
- (d) Reporting. While on leave because of a bona fide, on-the-job, work-related injury, an employee must contact his or her supervisor or the General Manager weekly to report on his or her condition. Failure to provide the required medical status reports or to contact the supervisor or the General Manager on the schedule required by the General Manager may result in revocation of the leave and/or immediate dismissal and loss of all accrued benefits.
- (e) Return to Service. All employees must return to work after the approval of the attending physician. Failure to return to work when directed may result in immediate dismissal and loss of all accrued benefits. An employee who is able to return to work in light duty status may be required to work in a different department and perform duties not contained within his or her current job classification, if such light duty work is available
- (f) At the time of final release or settlement of a workers' compensation claim, if no vacancy exists and if a reasonable effort to place the employee in another position has been unsuccessful, he or she will be separated from employment with the District and paid accrued benefits in accordance with the District's policies.
- (g) An employee does not accrue benefits while receiving workers' compensation payments.

12. DISCIPLINE

12.01 General Policy

If an employee's performance, work habits, overall attitude, conduct or demeanor become unsatisfactory in the judgment of the District, the employee will be subject to disciplinary action, up to and including termination of employment. The following are basic District guidelines outlining possible causes for disciplinary action up to and including termination of employment. This is not intended to be an exhaustive list of types of behavior or conduct that the District considers inappropriate but is intended to show examples of behavior or conduct that may result in disciplinary action up to and including termination of employment without prior warning.

- Insubordination;
- Absence without leave including absence without permission;

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- Repeated tardiness or early departures;
- Violation of safety or health rules and/or endangering the safety of other persons through negligent or willful acts;
- Failure to notify a supervisor or the General Manager of sick leave;
- Possession, distribution, sale, transfer or use of alcohol or illegal drugs including working under the influence of alcohol or illegal drugs while on duty or while on District property or in a District vehicle;
- Unauthorized use or abuse of District funds or property;
- Conviction of a felony or a crime of moral turpitude, such as fraud, theft, burglary, robbery, perjury;
- Sexual or other unlawful or unwelcome harassment;
- Possession of dangerous or unauthorized materials, such as weapons, explosives or firearms in the workplace;
- Falsification of documents, daily logs, expense reports, or timekeeping records;
- Unauthorized use of District information or unauthorized disclosure of confidential information regarding the District;
- Failure to observe the District's policies regarding communications with District customers and the public;
- Incompetence or neglect of duty;
- Disruptive behavior which impairs the performance of others including fighting or threatening violence in the workplace;
- Theft and/or inappropriate use of the District's property, funds, credit cards, etc.;
- Violation of any provisions of these personnel policies; or
- Misconduct of any kind as determined by the District.

Employment with the District is at the mutual consent of the District and the employee, and either party may terminate the relationship at any time, with or without cause, and with or without advance notice.

12.02 Progressive Discipline

- (a) The General Manager may take disciplinary action, up to and including discharge, against any District employee at any time. The severity of the discipline depends upon the nature of the infraction. This policy does not modify the status of employees as employees' at-will or in any way restrict the District's right to bypass any or part of the progressive discipline procedures and move immediately to a particular level of progressive discipline or immediately terminate the employment of an individual at any time when it deems such action appropriate.

The following are examples of progressive discipline procedures that the District may elect to use:

- Oral warnings with records of each warning maintained by the supervisor or the General Manager and placed in the employee's personnel file; or
 - Reduction in pay without demotion;
 - Demotion; or
 - Separation by involuntary discharge.
- (b) Except in the case of oral warnings, disciplinary action shall be accomplished or preceded by written notice to the employee involved. Notice includes a description of the action and, except in the case of

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dismissal, states the likely consequences of further unsatisfactory performance or conduct. Written notice of disciplinary action shall be included in the employee's personnel file.

- (c) Disciplinary action does not automatically or permanently disqualify an employee from consideration for future promotion, pay increases, commendations, or other beneficial official personnel actions.

13. GRIEVANCES

13.01 Policy

It is the policy of the District insofar as possible to prevent the occurrence of grievances and to deal promptly with those which occur. No adverse action will be taken against an employee for reason of his or her exercise of the grievance right.

13.02 Procedure

- (a) Informal Grievances. The first step in the grievance procedure is for the employee to resolve the grievance by informal conference with the supervisor. If the informal conference with the supervisor does not result in a resolution of the problem(s) that is satisfactory to the employee, he or she may file a formal grievance.
- (b) Formal Grievance. Formal grievances must be in writing, signed by the employee, and presented to the employee's immediate supervisor. If the employee's immediate supervisor is the General Manager, the written grievance shall be presented to the Board of Directors of the District. A statement of the specific remedial action requested by the employee must be included in the written grievance.
- (c) In those instances where the employee's immediate supervisor is not the General Manager, the immediate supervisor will notify the General Manager after being presented with a written and signed grievance. The General Manager will attempt to resolve the grievance within five working days after receipt of the grievance. The General Manager will communicate the decision to the employee, the immediate supervisor, and to the President of the District Board.
- (d) The employee may appeal the decision of the General Manager to the Board of Directors of the District who shall attempt to resolve the grievance within five working days after receipt of the written and signed grievance appeal.
- (e) Except as specifically provided herein, the decision of the Board of Directors of the District regarding all grievances is final. Communication by the employee with any other employee, the public, media, any customer of the District, or individual members of the Board of Directors of the District regarding the grievance during, or after the formal grievance process has begun, shall be cause for immediate dismissal with loss of all accrued employment benefits.

14. PERSONNEL FILES

14.01 General

- (a) Personnel files are maintained by the General Manager. The record copy of all personnel information related to an employee shall be filed in the employee's personnel and confidential files.

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- (b) No information from any record placed in an employee's file will be communicated to any person or organization except by the General Manager or an employee authorized to do so by the General Manager ("Custodian of Records" or "Public Information Coordinator").
- (c) Upon written request, an employee or his or her representative may request to examine the employee's personnel file. The District shall respond to the written request within seven working days. Such examination shall be during normal working hours at the District's office. When a supervisor requires access to the personnel file of an employee under his or her supervision for the handling of personnel matters, the supervisor must obtain authorization from the General Manager. A supervisor may not have access to records in an employee's confidential file(s).
- (d) Employees are required to inform the General Manager of any changes in or corrections to information recorded in their individual personnel file such as home address, telephone number, person to be notified in case of emergency, or other pertinent information.

14.02 Personnel Action Forms

- (a) Personnel Action Forms are documents that may be used for recording and transmitting to the personnel file certain personnel action. These forms are developed by the General Manager and used to promote uniformity in matters affecting:
 - Employment category;
 - Position title and job classification;
 - Insurance and leave records;
 - Base salary; Bonuses; Total compensation;
 - Other actions affecting the employee's status.
- (b) Personnel Action Forms become a permanent part of the employee's personnel file.

14.03 Contents of Personnel File

An employee's personnel file may contain:

- An employment record;
- A copy of the employee's resume and/or application for employment;
- A signed copy of the employee's acknowledgment of receiving a copy of the personnel policies manual;
- Job description for the position he or she currently occupies;
- Election to Disclose or Keep Confidential Home Address and Home Telephone Number Form;
- Personnel Action Forms;
- Performance evaluation records;
- Records of any citations for excellence or awards for good performance;
- Records of disciplinary action;
- Records of vacation leave accrued and taken;
- W-4 and income information (may be kept in separate "payroll file" but is not kept in confidential file);
- Copy of professional license; and
- Any other pertinent information having bearing on the employee's status except medical information.

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14.04 Confidential Files

Certain information is protected as private under federal and state law. This information is kept in a separate confidential file and is protected from release under the Texas Public Information Act.

An employee's confidential file may contain:

- Medical records
 - Enrollment forms for medical, dental, and life insurance
 - Records of sick leave accrued and taken
 - Sick leave request forms (which may have doctor letter or diagnosis attached)
 - Drug or alcohol related test results
 - Life insurance beneficiary information
 - Medical flex account information
- Retirement benefits information
 - Contribution election or salary deferral form
 - Investment designation form and annual statements
 - Beneficiary designation
 - Any other documents related to retirement benefit information
- Credit and background checks
- Tax and employment eligibility information including I-9 and w-2 forms
- Voluntary or mandatory payroll deductions including orders of garnishment or court ordered child support
- Direct deposit applications and authorizations

14.05 Leave Records

Official records of annual leave and sick leave accrual and of leave usage may be kept for each employee by the Custodian of Records or Public Information Coordinator. Leave balances are shown on the official record to reflect any remaining leave to which an employee is entitled. Employees are entitled to inspect their leave records at any time during normal working hours.

15. SEPARATIONS

15.01 Types of Separation

All separations of employees are designated as one of the following types:

- Resignation;
- Retirement;
- Reduction in Force;
- Dismissal;
- Disability; or
- Death.

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15.02 Resignations

An employee who intends to resign must notify the General Manager in writing at least ten working days prior to the last day of work. Failure to provide notice may adversely affect the District's decision to re-hire that employee.

15.03 Retirement

The same notice requirements for resignation apply in the case of retirement.

15.04 Employment at Will

Employment with District is at the mutual consent of the District and the employee. Either party may terminate the relationship at any time, with or without cause, and with or without advance notice. Additionally, the terms and conditions of an individual's employment may be changed at any time for any reason, with or without cause and with or without notice. The at-will relationship remains in effect throughout an individual's employment with the district. It cannot be modified by any oral or implied statement.

15.05 Death

If a District employee dies, his or her estate or designated beneficiary shall receive all compensation and payable benefits earned as of the date of death. The District shall assist the beneficiary in processing any claim under an insurance policy, retirement, or benefits plan issued by or through the District.

15.06 Reduction in Force

If it becomes necessary to reduce the number of District employees, the General Manager shall determine the order in which employees will be separated. The General Manager shall consider each employee's total compensation, seniority, job performance, attendance record, license requirements, essential job functions and overall needs of the District as the basis for determining the order of separation.

15.07 Disability

- (a) An employee that becomes disabled and unable to perform the essential functions of his or her primary job with or without reasonable accommodation, may be subject to separation either voluntarily or involuntarily. If feasible, the General Manager will work with the affected employee to find a suitable position within the District. See Section 19 for more information regarding accommodation of individuals with disabilities.
- (b) A District employee that is involuntarily separated due to a disability will be given a minimum of ten working days notice.

15.08 Calculation of Separation Pay

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- (a) Upon separation from the District's employment, regular and temporary employees who have completed at least six months of continuous employment will be paid for accrued and unused vacation leave up to the limit of their maximum allowable accumulation. Payment for such leave balances will be included in the employee's final paycheck and will be calculated in the following manner:
 - (1) The hours worked during the last pay period in which work was performed will be added to the allowable vacation hours, and the employee will be paid in a lump sum according to the total number of hours payable. The regular hourly rate will be determined by dividing the employee's regular annual salary by 2,080 working hours per year; or
 - (2) For employees who are subject to the overtime provisions of the Fair Labor Standards Act, any overtime hours (hours in excess of 40 hours per work week, as defined in these policies) worked during the employee's final pay period, which have not been compensated pursuant to the Overtime Worked Section in these policies, will be paid in the final paycheck at a rate of one and one-half times the employee's regular hourly rate of each overtime hour worked.
- (b) An employee who resigns will receive his or her final paycheck on the scheduled payday that falls on or immediately following the employee's last workday unless otherwise authorized by the General Manager. Employees who are discharged or otherwise involuntarily separated will receive their final paycheck within six days of the last day worked.

15.09 Exit Interviews

The General Manager shall discuss with the employee the reason(s) for the separation in an exit interview whenever possible.

16. GENERAL OFFICE PROCEDURES

16.01 Morning and Afternoon Breaks

District employees are encouraged to take a break from their daily work routine for a period not to exceed 15 minutes each morning and 15 minutes each afternoon.

16.02 Smoke-Free Work Place

Smoking is not permitted in the workplace except in certain designated areas as may be determined by the General Manager. Employees who smoke should observe all fire and safety rules when working around or near hazardous chemicals or materials.

16.03 Weapons and Anti-Firearms Notice

Weapons, explosives, firearms and concealed hand guns are prohibited at District meetings and on District premises. Premises includes not only the building(s) but sidewalks, parking lots, grounds, vehicles and all general property controlled by the District. Violations of this policy shall result in disciplinary action up to and including discharge. This rule applies even to those weapons that are lawfully concealed.

16.04 Access to Property and Equipment

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- (a) Certain employees may be provided keys and/or security codes for access to District property or equipment. Such security devices belong to the District and shall not be duplicated, given-out or loaned to other employees, or anyone, without the prior approval of the General Manager. Upon discovery of the theft or loss of a District security device, the employee must report such theft or loss immediately to the General Manager.
- (b) Unauthorized access to District property or equipment by an employee is grounds for immediate discharge. No employee shall use any property of the District for personal use without the prior approval of the General Manager.

16.05 Personal Appearance

All employees are expected to maintain a neat and clean personal appearance. Standards of dress shall be according to the District's needs and policies. The General Manager may establish guidelines. When in doubt, ask!

16.06 Appearance of Workstation

All employee workstations should be neat, clean and professional in appearance.

16.07 Not Liable for Personal Property

The District is not liable for the loss or damage to any personal property, or equipment brought onto the workplace unless such personal property or equipment is used on behalf of the District's business and has been so authorized by the General Manager.

16.08 Dealings with District Customers and the Public

All employees are expected to come into contact from time to time with customers of the District and the Public. Employees should provide information and quality service in a polite, prompt and efficient manner. Irrate, unreasonable or uncooperative customers should be referred immediately to a supervisor or to the General Manager.

16.09 Personal and Emergency Communications

- (a) Employees may receive limited personal communications at the workplace. However, excessive and continual personal communications during normal working hours with friends, family, creditors, etc., may interfere with the employee or other employee's responsibilities and is therefore prohibited. The General Manager should be notified of any unusual or extraordinary reason for any excessive communication which is beyond your control.
- (b) The District shall maintain a confidential list of emergency telephone numbers for all employees to be used in the event of the need to notify family members or doctor of a special situation.

16.10 Ownership of Work Product and Destruction of District Records

- (a) Any work product generated by an District employee on District equipment, time, and/or from information contained in the District's files, records, etc., is the sole property of the District absent any written

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agreement to the contrary. The District retains the right of ownership to such work product and is not required to compensate employee for such product beyond their base salary. An employee may not use such work product for any commercial or personal use during or after their employment with the District without the prior written consent of the General Manager.

- (b) Any unauthorized use of, or deliberate destruction or removal of any file, document, report, electronic data or other work product belonging to the District by an employee, or former employee, without written approval of the General Manager may result in immediate dismissal and/or civil or criminal charges being filed.

16.11 Monitoring of Communication Devices, Hardware and Software

- (a) No employee shall use any vehicle, equipment or other property of the District for personal use without the prior approval of the General Manager. To assure compliance with this policy, the General Manager or designee may periodically monitor e-mail, Internet usage, computer files, hardware and software, phone calls, cell phones, radio transmissions, voice mail, vehicle condition and use, travel logs, etc. Accordingly, employees should have no expectation of privacy with regard to these items. Unauthorized use of District property or equipment by an employee may result in disciplinary action including immediate dismissal. Use of the District's equipment or property to view/send or receive inappropriate material such as pornography or suggestive pictures, jokes or other similar materials will not be tolerated.
- (b) Voice mail and e-mail messages should be limited to the conduct of business of the District and may not contain contents that may be reasonably considered offensive or disruptive to any employee or to detract from the employee's performance of his or her work. Offensive content would include but would not be limited to, sexual comments or images, racial slurs, gender specific comments or any comments that would offend someone on the basis of his or her age, sexual orientation, religious or political beliefs, national origin, disability or other legally protected status. All electronic communication must comply with all District policies regarding harassment and discrimination.
- (c) All licensed software, folders, files, notes, and similar electronic files and materials provided to an employee on a District owned computer are considered the exclusive property and work product of the District and may not be removed, altered or copied without the prior approval of the General Manager or designee. An employee may not download, store or maintain any personal software, files, information or materials on any District owned equipment.

16.12 Professional Licenses, Certifications and Training Classes

- (a) Some employees may be required to have a professional license as a condition of employment with the District. It is the responsibility of the employee to make sure all certification and license requirements are maintained and kept current. Failure to do so may be cause for disciplinary action up to and including discharge.
- (b) The employee shall provide the District with a copy of all licenses at the time of employment and at each renewal thereafter. Employees must notify the General Manager immediately of any suspension or change in the status of their professional license.
- (c) The District may require that professional licenses be periodically upgraded.

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- (d) The District encourages its employees to obtain and maintain professional certifications by enrolling in continuing education courses that are related to the work being performed on behalf of the District. To qualify for District paid certification and/or training course work, the employee should submit a copy of the course outline and any applicable registration fee and travel costs to their supervisor or to the General Manager for approval. Should the employee resign or otherwise vacate employment with the District within one year after receiving such District paid training or certification, the employee may be required to reimburse the District for all or a portion of the costs associated with such certification and training course.

16.13 Conduct off the Job

Employees are expected to conduct themselves off the job in a manner that will not bring discredit to the District.

17. MISCELLANEOUS FINANCIAL MATTERS

17.01 Credit Cards

District credit cards issued to employees shall not be used for the personal convenience of the employee. Use of District credit cards shall be closely monitored by the General Manager. Any unauthorized use will be disallowed and subject to disciplinary action up to and including discharge.

17.02 Fax, Long Distance and Cellular Telephone Calls

- (a) Fax, long distance and cellular telephone calls on District business shall be made on a District credit card, debit card or by direct dial. Personal calls and faxes will not be paid by the District. Unauthorized use of long distance calls, fax or mobile telephone service may be grounds for disciplinary action up to and including discharge.
- (b) At the discretion of the General Manager, a log may be kept of all fax, long distance and mobile calls on forms provided by the District.
- (c) Fax, long distance and mobile telephone expenses shall be kept to a minimum by eliminating unnecessary communications. Advance planning and abbreviated discussions are to be considered by all employees.

17.03 Purchasing

- (a) Every effort shall be made to enlist bids and information necessary for sound purchase decisions. All purchases made in behalf of the District shall have the prior approval of the General Manager.
- (b) All purchases over \$75,000 shall require at least three formal, written bids and approval by the General Manager. Any recommended purchase other than the low bidder shall include substantiation for the recommendation.
- (c) All purchases shall be periodically reviewed by the Board of Directors and/or District Treasurer. All purchases of \$5,000 or more shall require approval by the Board through a budget resolution.
- (d) Emergency purchases shall be avoided when possible. When emergency purchases are unavoidable, a fully justified request must be made to the General Manager or designee.

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- (e) A petty cash fund of \$200.00 shall be maintained. Such account shall be kept balanced with explanatory receipts for all expenditures. Petty cash expenditures shall also be reported on the monthly list of bills submitted to the Board of Directors.

18. POLICY PROHIBITING DISCRIMINATION & HARASSMENT

The District is committed to a work environment free of discrimination, free of inappropriate and disrespectful conduct, and free of communications of a harassing nature or other offenses that might interfere with work performance and the District's professional environment. In addition to other forms of unlawful discrimination, the District prohibits all unlawful harassment, including sexual harassment and harassment because of race, color, national origin, ancestry, religion, creed, sex, gender, physical or mental disability, medical condition, age, veteran status, or any other basis protected by federal, state, or local law. Unlawful discrimination will not be tolerated. Harassment in any form will not be tolerated. The District expects each employee to respect the dignity of every individual in the workplace.

18.01 Workplace Harassment is Prohibited

Workplace harassment is demeaning, hostile, or offensive conduct based on membership in a group defined by characteristics such as race, color, national origin, religion, sex, gender, disability, age, or any other protected basis. Conduct, including speech, which is based upon these characteristics, is prohibited when it is unwelcome, or has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment. Unwelcome conduct that may constitute workplace harassment can include words or deeds. For example, the following conduct may constitute workplace harassment:

- offensive language (written or spoken), including the use of racial, sexual or ethnic stereotypes or slurs;
- offensive gestures;
- the possession in the workplace or display of offensive drawings or other graphical material such as posters, cartoons or other caricatures (including viewing such materials on a computer); or
- offensive physical contact such as unwanted touching.

Words or deeds may be offensive even though they were not intended to offend. No person should be required to submit to, disregard or ignore, or participate in such harassing conduct, and an individual's objection to or unwillingness to submit to such conduct should never result in a tangible or detrimental change in that individual's terms and conditions of employment.

18.02 Sexual Harassment

One form of prohibited workplace harassment is sexual harassment. Sexual harassment prohibited by this policy includes behavior of a sexual nature that is not welcome, or that is personally offensive, or that undermines morale, or that interferes with the work performance and effectiveness of another person in the work environment, or that creates an intimidating, hostile or offensive work environment. Sexual harassment that is prohibited by this policy includes, but is not limited to, unwanted sexual advances, requests for sexual favors, or visual, verbal, or physical conduct of a sexual nature when: (1) submission to the conduct is made a term or condition of employment;

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or (2) submission to or rejection of the conduct is used as basis for employment decisions affecting the individual; or (3) the conduct has the purpose or effect of unreasonably interfering with the employee's work performance or creating an intimidating, hostile, or offensive working environment. Sexual harassment that is prohibited under this policy also includes, but is not limited to:

- a. Unwanted sexual advances;
- b. Offering employment benefits in exchange for sexual favors;
- c. Making or threatening reprisals after a negative response to sexual advances;
- d. Visual conduct such as leering, voyeurism, making sexual gestures, or displaying sexually suggestive objects, pictures, cartoons, or posters;
- e. Verbal conduct such as making or using derogatory comments, epithets, slurs, sexually explicit jokes, or comments about any employee's body or dress;
- f. Verbal sexual advances or propositions;
- g. Verbal abuse of a sexual nature, graphic verbal commentary about an individual's body, sexually degrading words to describe an individual, or suggestive or obscene letters, notes, or invitations;
- h. Physical conduct such as touching, assault, or impeding or blocking movements; and
- i. Continuing to express sexual or social interest after being informed directly that the interest is unwelcome; and
- j. Taunting, making derogatory comments, or telling jokes that demean a person based upon his or her gender.

This policy prohibits males from sexually harassing females or other males, and prohibits females from sexually harassing males or other females. Sexual harassment on the job is unlawful whether it involves coworker harassment, harassment by a manager/supervisor, or harassment by or of vendors, customers, or other persons doing business with or for the District.

18.03 Other Types of Harassment

Prohibited harassment on the basis of race, color, national origin, ancestry, religion, creed, sex, gender, physical or mental disability, medical condition, age, veteran status, or any other protected basis, includes, but is not limited to, behavior similar to sexual harassment, such as:

- a. Verbal conduct such as threats, epithets, derogatory comments, jokes, or slurs; and
- b. Visual conduct such as derogatory posters, photographs, cartoons, drawings, or gestures; physical conduct such as assault, unwanted touching, or blocking normal movement.

18.04 The District's Complaint Procedure

The District's complaint procedure provides for an immediate, thorough, and objective investigation of any claim of unlawful or prohibited workplace discrimination or harassment, appropriate disciplinary action against anyone found to have engaged in prohibited harassment, and appropriate remedies for any victim of workplace harassment. A claim of harassment may exist even if an employee has not lost a job or some economic benefit.

If you believe you have been discriminated against or harassed on the job, or if you are aware of the discrimination against or harassment of others, you should provide a written or verbal complaint to either your supervisor or to the General Manager as soon as possible. Further, if you do not feel comfortable discussing the matter with either your supervisor or the General Manager, you should report the conduct to the

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Board of Directors of the District. Your complaint should be as detailed as possible, including, where possible, the names of individuals involved, the names of any witnesses, the date and time of the incident, direct quotations when language is relevant, and any documentary evidence (notes, pictures, cartoons, etc.). The District will promptly and thoroughly investigate all incidents of discrimination or harassment that are reported.

If the District determines that conduct prohibited by this policy has occurred, it will take prompt effective remedial action commensurate with the circumstances. Appropriate action will also be taken to deter any future conduct prohibited by the policy. If a complaint of prohibited conduct is substantiated, the District will take appropriate disciplinary action, up to and including discharge.

It is important to understand that this policy prohibits even conduct that is not sufficient to establish a claim of harassment in a court of law. To the contrary, this policy is established to deter and address conduct that is inappropriate for the workplace well before it becomes sufficiently severe and pervasive to give rise to a legal claim of harassment.

18.05 Retaliation is Prohibited

The District prohibits retaliation against any employee by another employee or by the District for using or assisting with this complaint procedure or for filing, testifying, assisting, or participating in any manner in any investigation, proceeding, or hearing conducted by a governmental enforcement agency. In addition, the District will not permit any retaliation against any employee who complains of prohibited harassment or who participates in an investigation into allegations of harassment or discrimination.

If you believe you have been retaliated against or have been threatened with retaliation, you should provide a written or verbal complaint to either your supervisor or the General Manager as soon as possible. Further, if you do not feel comfortable discussing the matter with either your supervisor or the General Manager you should report the conduct to the Board of Directors of the District. Any report of retaliatory conduct will be immediately, objectively and thoroughly investigated in accordance with the District's investigation procedure outlined above. If a report of retaliation is substantiated, appropriate disciplinary action, up to and including discharge, will be taken.

If you have any questions or comments about the District's policy Prohibiting Discrimination and Harassment, you are encouraged to direct your questions to your immediate supervisor or the General Manager.

This policy extends to non-employees such as suppliers, District customers, sales representatives and job applicants. The General Manager shall enforce this policy by immediately notifying non-employees of any violations directed toward them.

19. ACCOMMODATION OF INDIVIDUALS WITH DISABILITIES

Discrimination against any qualified individual with a disability in violation of the American with Disabilities Act ("ADA"), Texas Commission on Human Rights Act ("TCHRA"), or any other federal, state or local ordinance is expressly prohibited. The District also provides reasonable accommodations to qualified individuals with a disability for as long as those accommodations do not create an undue hardship for the District in accordance with applicable law. Employees who need accommodation for a physical or mental impairment should request such an accommodation from the General Manager. When the District receives the request from an employee for accommodation of a disability, the request will be discussed with the employee to identify the precise limitations involved and the accommodations the District can make to overcome those limitations. A determination will be

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made as to whether the District can reasonably accommodate the condition, taking into account such factors as nature and cost of the accommodation and its impact on operations. Medical certification may be required in order to determine the full extent of the limitations resulting from the impairment and/or whether the employee is able to perform the essential functions of the job with or without reasonable accommodations. Medical certification may also help determine what reasonable accommodations would allow the employee to perform the essential functions or his or her job. All medical information and medical records are maintained in separate files.

20. ALCOHOL AND DRUG-FREE WORKPLACE

20.01 Possession or Sale of Alcohol or Drugs in the Workplace

The unlawful manufacture, distribution, dispensing, possession or use of alcohol or a controlled substance by employees is prohibited in the workplace. As a condition of employment, employees must abide by this policy.

20.02 Alcohol and Drug Abuse in and out of the Workplace

- (a) Alcohol or drug abuse in or out of the workplace has major adverse effects on the welfare of all citizens of the United States, and it results in lost productivity each year. Employees who use alcohol or illegal drugs have three or four times more accidents while at work.
- (b) Employees with alcohol or drug abuse problems are encouraged to seek help. Employees desiring more information on the dangers of alcohol or drug abuse in or out of the workplace and those employees needing alcohol or drug counseling, rehabilitation, or other employee assistance should contact the General Manager for assistance.
- (c) Employees will be referred to the appropriate resource for available counseling, rehabilitation or other assistance.

20.03 Penalties

Penalties may be imposed upon employees for alcohol or drug abuse violations:

- (a) Employees must notify the General Manager of any alcohol or criminal drug statute charge and/or conviction no later than five days after such charge and/or conviction.
- (b) Within thirty days of receiving notice of any alcohol or criminal drug statute charge and/or conviction, the District may take appropriate personnel action, up to and including discharge, or
- (c) Within thirty days of receiving notice of any alcohol or criminal drug statute charge and/or conviction, the District may require such employee to participate satisfactorily in an alcohol or drug assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

20.04 Drug and Alcohol Testing

- (a) The District will periodically require applicants and employees to take a drug test. All tests shall be performed at the District's expense and in accordance with state and federal laws. The General Manager

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may establish specific guidelines for testing, retesting and notification to the applicant or employee of the results of such test(s). Any employee refusing to take a drug test may be subject to being discharged.

- (b) In addition, an employee may be tested for alcohol if the employee's drinking is having a negative impact on their job performance; is creating a direct safety threat to herself/himself, a third party, or to property; or is necessary to determine an appropriate reasonable accommodation.

21. EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

21.01 EEO Policy

The District is an Equal Employment Opportunity Employer. It is the policy of the District to provide equal opportunity and employment to all employees and applicants for employment. No person will be discriminated against in employment because of race, religion, color, sex, age, national origin, disability, veteran status or any other legally protected status. This policy applies to all employment decisions including recruitment, selection, hiring, training, promotions, transfers, demotions, appraisals, pay, benefits, discipline, termination, District activities and other terms and conditions of employment. In the event you believe that you or anyone else has been discriminated against, harassed or treated unfairly in any way, you should contact the General Manager or your supervisor immediately. Please refer to Section 18 for more information on reporting suspected discrimination or harassment.

22. BOARD APPROVAL

ATTEST; I CERTIFY THAT I WAS PRESENT AT THE BOARD OF DIRECTORS MEETING ON MAY 9, 2017 IN LAVON, TEXAS, AND THE FOREGOING PERSONNEL POLICIES WERE AMENDED BY A MAJORITY VOTE OF THE BOARD.

PRESIDENT

SECRETARY/TREASURER

DATED THIS _____ DAY OF _____ 20__.

ACKNOWLEDGMENT BY EMPLOYEE

I understand that the policies in this employee handbook are intended for a general guide only and that the provisions may be amended, deleted or withdrawn by the District's Board of Directors at any time. I have agreed to read and follow the policies, procedures and guidelines contained in this handbook. I specifically understand that the handbook does not create a contract of employment or alter my status as an at-will employee. I further understand that no employee has the authority to make oral promises or contracts with regard to my employment other than the General Manager or the Board of Directors, and then only when such promises are reduced in writing.

EMPLOYEE'S SIGNATURE

DATE

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APPENDIX 1 Employee Benefits Package May 9, 2017

The Board of Directors of the District have adopted the following Insurance and Retirement Package for the benefit of all District employees. This section of the Personnel Policies highlights some features of the District's benefits programs. The District's Group Health, Dental, Life Insurance and Retirement Plans are described more fully in Summary Plan Descriptions booklets, copies of which employees will receive when they are eligible to participate in these programs. Complete descriptions of these programs are contained in the master plan document or contracts, copies of which are kept at the District Office. If information in these Personnel Policies or a Summary Plan Description contradicts information in the master plan documents or contracts, the terms of the master plan documents or contracts shall govern in all cases.

The District reserves the right to change or terminate any of these programs, or increase the employee's premium contribution, at any time at its sole discretion. The procedures for amending the District's benefits programs and the persons with the authority to do so are discussed in the Summary Plan Descriptions and the master plan documents for each program.

GROUP HEALTH AND DENTAL INSURANCE – Employees should refer to the Policy Booklet for specific details of coverages and eligibility. The District pays 90% of monthly premiums for employee coverage and 90% of monthly premium for dependent coverage.

LIFE INSURANCE – Employees should refer to the Policy Booklet for specific details of coverages and eligibility. The District pays 100% of monthly premium for employee coverage.

SHORT AND LONG TERM DISABILITY INSURANCE – Employees should refer to the Policy Booklet for specific details of coverages and eligibility. The Corporation/District pays 100% of monthly premium for employee coverage for short term disability and 90% of monthly premium for employee coverage for long term disability. Dependent coverage is optional and is paid for by the employee.

RETIREMENT PLAN – On January 1, 2004, the District established a 401(K) Retirement Plan⁶ for all full-time employees who have been employed by the District for a period of 6 months or longer. After completing the 6 month waiting period, the District contributes 3% of a qualified employee's monthly salary to the Retirement Plan. Employees are eligible to make elective deferrals to the plan six months from the date of employment. Employee contributions are always 100% vested. Employees should refer to the Plan Description for further information.

⁶ For public employers, an employee retirement plan must be either a public retirement system complying with Chapter 810, Government Code, or a deferred compensation plan under Section 457 of the Internal Revenue Code.

BEAR CREEK SPECIAL UTILITY DISTRICT

JOB TITLE: GENERAL MANAGER

EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

Under minimal direction, the General Manager manages District operations to provide customers with a safe and reliable water supply, provides professional and technical staff support, and assistance to the Board; coordinates all District activities with Federal , State, County, local and private agencies. Plans, directs and oversees District programs, services and resources in accordance with short and long-range goals, policy statements and directives, to interpret and administer policies of the Board. Performs additional duties as required.

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ESSENTIAL JOB FUNCTIONS:

- Plans, directs and coordinates services, activities and operations of all facilities, equipment and projects;
- Manages the selection, training, and supervision of entire staff;
- Coordinates District activities with all regulatory agencies; ensures compliance with all state, local, and federal agencies;
- Prepares, evaluates, and implements District budget; develops short and long term financial strategies; prepares Capital Improvement Program;
- Provides legislative direction/advice to Board; works with Board in developing District priorities;
- Implements Board policies and directives and communicates them to the public;
- Serves as the principal spokesperson for the District; represents District at public and professional functions; oversees public information and public education program, and coordinates media relations;
- Monitors District infrastructure and rehabilitation; ensures District records are maintained;
- Develops, implements, and monitors programs/projects for District, benchmarking studies, and disaster recovery;
- Works with staff to resolve customer complaints;
- Secures water supply contracts; serves as principal purchasing agent;
- Confers with District Counsel and developers;
- Manages contractors and consultants ensuring District standards, policies, and directives are maintained.

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REQUIRED EDUCATIONS, DEGREES, CERTIFICATES, AND/OR LICENSES:

Associate Degree or equivalent training hours in operation and maintenance of water, utility system. Ten years of experience in a water district or similar agency. A minimum of five years must be in supervision. Texas Drivers License, Class C, required. Texas Class C Water License.

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EXPERIENCE, TRAINING, KNOWLEDGE, AND SKILLS:

Knowledge of day-to-day maintenance, operations, structure, and function of water distribution systems. Knowledge of budget development, analysis, and financial strategies; long-range planning. Knowledge of regulatory and legal requirements of a water district. Ability to establish and maintain effective working relationships with Board members, employees, officials and the general public. Ability to supervise, motivate, inspect and evaluate the work of employees and outside contractors.

BEAR CREEK SPECIAL UTILITY DISTRICT

JOB TITLE: OFFICE MANAGER

NON-EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

Under general supervision, manages, organizes, and evaluates the District's business operations; performs responsible secretarial, administrative, and general office work to ensure the proper functioning of the office; performs or supervises accounts receivable, accounts payable, and payroll; responds to customer complaints and concerns. Performs additional work as required.

DISTINGUISHING CHARACTERISTICS

This position reports directly to the General Manager. Scope of work is difficult in nature and incumbent handles most non-routine problems or questions with little or no immediate supervision. This position provides direction and supervision to the Office Assistants I and II.

ESSENTIAL JOB FUNCTIONS:

Duties may include, but are not necessarily limited to:

- Performs or supervises all office work regarding customer accounts including billing, processing payments, applications for service, final notices to discontinued customers, computer system updating, inquiries and complaints, etc.;
- Performs or supervises bookkeeping work related to processing of accounts receivables invoicing, accounts payable, and payroll including reviewing for accuracy, and filing of required reports to State and Federal government;
- Performs confidential administrative tasks for the General Manager when requested; keeps the General Manager fully informed regarding all office activities and problems;
- Supervises, schedules, plans, monitors, and evaluates work of clerical staff; responsible for accounting, customer services, and billing; recommends corrective actions as necessary;
- Plans, prepares, reviews and monitors operational budgets for office supplies and expenses, benefit insurance, employee retirement, and payroll taxes;
- Prepares, creates, and files reports such as capital expenditures, statistics, capital projects, and payroll distribution;
- Assists with IRA plan administration; carries out related banking functions such as deposits, transfers, and record keeping;
- Processes general ledger; inputs into computer, calculates monthly journal entries, performs trial balance, creates income statements;
- Organizes and maintains office filing system including general, financial, personnel, and payroll files;
- Prepares financial and other reports as directed by the General Manager; prepares

BEAR CREEK SPECIAL UTILITY DISTRICT

- final reports drafted by the General Manager and other staff members;
- Coordinates follow-up on resolutions and other Board of Directors action documents as directed; provides clerical support for Board members, and assists with election procedures and filing of forms;
- Oversees functioning of the computer system; administers computer software and hardware maintenance agreements; schedules training of other employees in the use of the computer system;
- Calculates, reports, and updates retirement plan, and credit unions for all employees; attends necessary seminars throughout the year;
- Processes paperwork for new water service connections and collection of fees; supervises or performs bi-monthly billing of portable meters used for new construction, roadwork, etc.;
- Coordinates with water conservation staff in the mailout of water conservation bill stuffers;
- Provides staff support for District newsletter, customer service surveys, benchmarking studies, and disaster plan;
- Oversees the general condition and appearance of the office;inventories and orders office supplies.

MINIMUM OUALIFICATIONS

Any combination of education and experience that would provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Training and Experience:

High School diploma or equivalent. Requires ten years of progressively responsible office administration, including three years in a supervisory role. Requires three years of experience in advanced accounting work including an understanding of general ledger, accounts receivable and payroll systems. Experience with a water district is preferred.

Knowledge of:

- District rules, regulations, policies and activities
- Policies, procedures and functions related to water districts
- Financial accounting and management of budgets
- Principles and practices of supervision

Ability to:

- Supervise, schedule, train and direct the work of assigned personnel
- Exercise good judgment, keep calm, and make appropriate decisions in emergency situations and under pressure
- Establish and maintain effective, pleasant, and cooperative working relationships with employees, officials and the general public
- Communicate well orally and in writing

BEAR CREEK SPECIAL UTILITY DISTRICT

Skill In:

- Computer applications
- Accounting functions such as general ledger, accounts receivable/payable, payroll

Licenses/Certificates:

Possession of a valid Texas Class B drivers license with a driving record acceptable to the District.

This job specification should not be construed to imply that these requirements are the exclusive standards of the position. Not all duties are necessarily performed by each incumbent.

JOB TITLE: OFFICE ASSISTANT

NON-EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

The Office Assistant position for the Bear Creek SUD is a professional position involving the responsible, effective and efficient operation of the District's office. The Office Assistant may be required to perform duties beyond a 40-hour workweek on occasion. The individual must be self-motivated, have a cooperative team spirit and is to be safety oriented. The office Assistant shall perform his or her duties in a professional manner, foster good morale among co-workers and maintain good housekeeping procedures.

GENERAL RESPONSIBILITIES:

Performs: billing, collection and customer service, accounts receivable, accounts payable, clerical, bookkeeping and other office functions.

Duties:

1. Ensure billing and collections are done in a timely, accurate manner and in conformance with District requirements.
2. Coordinates work orders for field operations. Reviews and distributes related paperwork as appropriate.
3. Create and maintain customers' account records and information.
4. Perform billing procedures, including radio read data, importing to billing software and prepare bills for outsourcing.
5. Perform collection procedures by correspondence, notices and telephone.
6. Receive and post payments to customer accounts and prepare deposits on a daily basis. Maintain accounts receivable and reconcile to the general ledger.
7. Receive customer inquiries and complaints, both by telephone and in person, answer questions, explain District policies and practices. Assist customer in initiating and terminating water service by providing information and assisting in completion of forms. Ensures required forms are completed for new services. Receive and receipt customer payments for bills, disconnection notices, deposits and related charges.
8. Receive and prepare invoices and statements from vendors, supplies, etc. for payment.
9. Serve as a backup to the Office Manager as needed or directed.
10. Perform other duties as assigned.
11. Perform duties with a high degree of accuracy & attention to detail in all aspects of the position.

Performs a variety of duties, operating within established practices and procedures of the District, exercising discretion and independent judgment in selecting the appropriate approaches and methods to achieve desired results.

Operates under general guidelines and instructions and performs majority of tasks according to standard District practices and procedures, with work reviewed both during critical phases and upon completion for accuracy and conformance with direction.

Essential Job Requirements:

Ability to speak with customers, members of the public, staff and others in person and by telephone; note, input, retrieve and manipulate data accurately; operate basic office equipment; comprehend mathematical calculations and regulatory standards.

Training and Experience:

Considerable experience in bookkeeping and accounting, billing and contact with the public. Graduation from high school including or supplemented by courses in bookkeeping and general commercial subjects; or any equivalent combination of experience and training.

Desirable Experience and training:

1. Knowledge of office administration and clerical requirements.
2. Knowledge and experience in bookkeeping and accounting work.
3. Knowledge of standard office practices and ability to use modern office equipment, including, but not limited to, computer, printer, Microsoft Word, and Excel, calculator, copier and telephone.
4. Knowledge of English grammar, spelling and punctuation, and ability to type with speed and accuracy.
5. Knowledge of standard filing systems and ability to create and maintain accurate records and files.
6. Ability to deal with co-workers, customers, and members of the general public in a courteous, effective and tactful manner.

Competencies:

An employee's performance will be based upon five competencies:

- 1) Job Knowledge 2) Teamwork 3) Customer Service 4) Flexibility 5) Work Ethic

Disclaimers:

The job description is:

1. Intended to describe the general nature and level of work being performed by employees assigned to this job title. It is not intended to be construed as an exhaustive list of all responsibilities, duties skills, and behaviors of employees in this job.
2. Not an employment agreement or contract. The District has the exclusive right to alter this description at any time without notice.
3. Intended to describe the essential function of the position that a qualified individual must be able to perform, either with or without a reasonable accommodation.

BEAR CREEK SPECIAL UTILITY DISTRICT

JOB TITLE: FIELD SUPERVISOR

NON-EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

This position is directly responsible to the General Manager for the supervision of all field employees in the operation and maintenance of the utility's storage and pumping facilities and water distribution system; construction, maintenance, and replacement of water mains and service lines within the district. Ensures compliance with Texas and federal EPA water quality standards. Performs mechanical tasks in the repair, adjustment and maintenance of the water system. Supervise operation of all equipment used in and on the water distribution system during repairs or in normal operation. Install and repair fire hydrants and valves. Must be able to communicate effectively with the public, other employees and officials. Must keep accurate daily records of time, material, and equipment. Perform daily inspections and preventive maintenance on the distribution system equipment as well as vehicles and construction equipment. Maintain and inventory tools, equipment and materials on vehicle's and in storage. Work in trenches and confined spaces, using appropriate safety gear and precautions. Climb, sit, stand, crawl, stoop and squat for extended periods of time. Work indoors and outdoors in extreme temperatures. Serve on-call as required and all other assigned duties.

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ESSENTIAL JOB FUNCTIONS:

Duties will include supervision of all field employees, repairing water lines and leaks, general maintenance, and maintain inventory. Both scheduled and emergency after hours may be required without prior notice. Knowledge to use a variety of tools and test equipment appropriate for the assigned work and all other assigned duties.

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OTHER JOB FUNCTIONS:

Required On-Call Duty. Keep assigned work areas neat and clean and all other duties as assigned.

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REQUIRED EDUCATIONS, DEGREES, CERTIFICATES, AND/OR LICENSES:

High School Diploma or GED. Class B Texas Vehicle Drivers License obtainable within 6 months. Texas Class "C" Water License.

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EXPERIENCE, TRAINING, KNOWLEDGE, AND SKILLS:

Minimum of two or more years Supervisory experience required. Five or more years experience working on a water system. Extensive knowledge of methods, tools and materials used in the operation and repair of water distribution system and equipment. Knowledge of safety regulations for employees. Ability to prepare accurate records and reports (TCEQ). Physical stamina and no physical limitations on lifting. Must have good interpersonal skills and be able to supervise effectively the work of subordinates and communicate effectively with customers. Must be able to communicate and coordinate effectively with coworkers and contractors.

BEAR CREEK SPECIAL UTILITY DISTRICT

JOB TITLE: CREW CHIEF

NON-EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

Supervise small crew in construction, maintenance, and replacement of water mains and service lines. Inspect, diagnose, and repair failures in the system. Supervise operation of all equipment used in and on the water distribution system during repairs or in normal operation. Install and repair fire hydrants and valves. Must be able to communicate effectively with the public, other employees and officials. Must keep accurate daily records of time, material, and equipment. Perform daily inspections and preventive maintenance on the distribution system equipment as well as vehicles and construction equipment. Maintain and inventory tools, equipment and materials on vehicle's and in storage. Work in trenches and confined spaces, using appropriate safety gear and precautions. Climb, sit, stand, crawl, stoop and squat for extended periods of time. Work indoors and outdoors in extreme temperatures. Serve on standby call as required and all other assigned duties.

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ESSENTIAL JOB FUNCTIONS:

Duties will include reading and installing meters, repairing water lines and leaks, general maintenance, and maintain inventory. Both scheduled and emergency after hours may be required without prior notice. Knowledge to use a variety of tools and test equipment appropriate for the assigned work and all other assigned duties.

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OTHER JOB FUNCTIONS:

Required On-Call Duty. Keep assigned work areas neat and clean and all other duties as assigned.

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REQUIRED EDUCATIONS, DEGREES, CERTIFICATES, AND/OR LICENSES:

High School Diploma or GED. Experience in operation and maintenance of water, utility system. Class B Texas Vehicle Drivers License obtainable within 6 months. Texas Class "C" Water License.

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EXPERIENCE, TRAINING, KNOWLEDGE, AND SKILLS:

Minimum of one (1) year Supervisory experience required. General knowledge required of water distribution systems and control systems designed for operation of these systems. Must have good interpersonal skills and be able to work effectively with the public. Must be able to communicate and coordinate effectively with coworkers and contractors.

BEAR CREEK SPECIAL UTILITY DISTRICT

JOB TITLE: OPERATOR

NON-EXEMPT: X

FULL TIME: X

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JOB SUMMARY:

Under direct supervision, the operator repairs, maintains, and monitors all of Bear Creek SUD infrastructure. Provides customer service and ensures functionality and operational efficiency of all meters.

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ESSENTIAL JOB FUNCTIONS:

Employees are required to be in attendance and prepared to begin work at their assigned work location on the specified days and hours. Factors such as regular attendance at the job are not routinely listed in job descriptions, but are an essential function.

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OTHER JOB FUNCTIONS:

Performs all of the repair and maintenance for Bear Creek SUD's infrastructure, cleans, restores, and maintains utilities in compliance with all regulations. Operates and uses various heavy machinery and vehicles required to complete repair or maintenance jobs for utilities; adheres to safety protocols and potential hazards. Performs general repair and maintenance work for all infrastructure, directs traffic, keeps the public safe, and ensures that all repair work is done. Maintains equipment and vehicles used in maintenance and repair projects; identifies issues, addresses repair needs, and keeps all equipment and vehicles in operational use. Assist with the collection of bacteriological samples to ensure the safe drinking water for the customers of Bear Creek SUD. Checks and evaluates inventory for parts and equipment needed. Read, reports, and maintains water meters to ensure functionality and accuracy of meters, responds to customers inquiries or concerns regarding meters. Performs related duties as required or assigned.

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REQUIRED EDUCATIONS, DEGREES, CERTIFICATES, AND/OR LICENSES:

High School Diploma/GED, Prefer (6) months of maintenance experience; or and equivalent combination of education, training, and experience.

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EXPERIENCE, TRAINING, KNOWLEDGE, AND SKILLS:

Maintenance and repair supplies and equipment. Safe operations of various vehicles and equipment. Customer service practices and methods. Basic computer skills and ability to operate meter reading software.

Exhibit CR-24

Wages and Salaries

	Rate/Hour	Annual Amount
General Manager		
Office Manager		
Office Assistant		
Field Supervisor		
Crew Lead		
Operator		

Total Projected Payroll Costs

	Annual Amount
General Manager	
Office Manager	
Office Assistant	
Field Supervisor	
Crew Lead	
Operator	

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