

Double Diamond Properties Construction Company  
dba Rock Creek Resort

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## SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

### Section 2.06 - Customer Service Inspections

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

### Section 2.07 - Back Flow Prevention Devices

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

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

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

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

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers.

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

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

### Section 2.08 - Access to Customer's Premises

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

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

### Section 2.09 - Meter Requirements, Readings, and Testing

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

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

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

### Section 2.10 - Billing

#### (A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance.

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

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

**(B) Late Fees**

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

**(C) Information on Bill**

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

**(D) Prorated Bills**

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

**Section 2.11- Payments**

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

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

**Section 2.12 - Service Disconnection**

**(A) With Notice**

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

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

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

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

### B) Without Notice

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

### Section 2.13 - Reconnection of Service

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

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

### Section 2.14 - Service Interruptions

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

### Section 2.15 - Quality of Service

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

### Section 2.16 - Customer Complaints and Disputes

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

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

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

### Section 2.17 - Customer Liability

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

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## SECTION 3.0 -- EXTENSION POLICY

### Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges: No Contributions in Aid of Construction may be required of any customer except as provided for in the approved extension policy.

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

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

### Section 3.02 - Costs Utilities and Service Applicants Shall Bear

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

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

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

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

Exceptions may be granted by the PUC if:

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

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SECTION 3.0 -- EXTENSION POLICY (Continued)

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

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

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

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

Section 3.03 - Contributions in Aid of Construction

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

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

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.163(c). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.163(c)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

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**SECTION 3.0 -- EXTENSION POLICY (Continued)**

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

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

**Section 3.04 - Appealing Connection Costs**

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

**Section 3.05 - Applying for Service**

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

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request.

The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand.

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**SECTION 3.0 -- EXTENSION POLICY Continued)**

Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

**Section 3.06 - Qualified Service Applicant**

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

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

**Section 3.07 - Developer Requirements**

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

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**APPENDIX A – DROUGHT CONTINGENCY PLAN  
(Utility Must Attach TCEQ-Approved Plan)**



**Drought Contingency Plan  
for a Retail Public Water Supplier**  
Texas Commission on Environmental Quality

This form is provided as a model of a drought contingency plan for a retail public water supplier. If you need assistance in completing this form or in developing your plan, please contact the conservation staff of the Resource Protection Team in the Water Availability Division at (512) 239-4691. Submit completed plans to: Water Availability Division MC 160, TCEQ, P.O. Box 13087, Austin TX 78711-3087.

The Cliffs, PWS ID 1820061  
The Retreat, PWS ID 1260127  
Rock Creek, PWS ID 0910147  
White Bluff, PWS ID 1090073

**Drought Contingency Plans must be formally adopted by the governing body of the water provider and documentation of adoption must be submitted with the plan.**

Name: Double Diamond Utility Company

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Address: 5495 Beltline Road, Suite 200, Dallas, TX 75254

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Telephone Number: (214) 706-9800 Fax: (214) 706-7829

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Water Right No.(s): 12-13075, 12-1857, 12-12848, 12-13299, 12-3388, 17-GB800

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Regional Water Planning Group: Brazos Region G and Dallas Metroplex Region C

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Form Completed by: Victoria Richards Harkins, Ph.D., P.E.

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Title: Consultant

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Water Conservation Coordinator responsible for implementation: Mr. Randy Gracy Phone: (214) 706-9800

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Signature: *Randy Gracy* Date: 10/23/2018 submitted

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*TCEQ Approved 2-27-19*

**Section I: Declaration of Policy, Purpose, and Intent**

In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard for domestic water use, sanitation, and fire protection, and to protect and preserve public health, welfare, and safety and minimize the adverse impacts of water supply shortage or other water supply emergency conditions, the Double Diamond Utility Company hereby

adopts the following regulations and restrictions on the delivery and consumption of water. Water uses regulated or prohibited under this Drought Contingency Plan (the Plan) are considered to be non-essential and continuation of such uses during times of water shortage or other emergency water supply condition are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section X of this Plan.

**Section II: Public Involvement**

Opportunity for the public to provide input into the preparation of the Plan was provided by the Double Diamond Utility Company by means of providing opportunities for input at local annual meetings, regular office hours, and website interface comments.

**Section III: Public Education**

The Double Diamond Utility Company will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of public events, press releases and/or utility bill inserts.

**Section IV: Coordination with Regional Water Planning Groups**

The service area of the Double Diamond Utility Company is located within the Brazos Region G and Dallas Region C, and Double Diamond Utility Company has provided a copy of this Plan to the both Regions C and G regional water planning groups.

**Section V: Authorization**

The Utility Director, or his/her designee is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The Utility Director or his/her designee shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

**Section VI: Application**

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the Double Diamond Utility Company. The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

**Section VII: Definitions**

For the purposes of this Plan, the following definitions shall apply:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Commercial and institutional water use: water use which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants, and office buildings.

Conservation: those practices, techniques, and technologies that reduce the consumption of water,

reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses.

Customer: any person, company, or organization using water supplied by Double Diamond Utility Company.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Non-essential water use: water uses that are not essential nor required for the protection of public, health, safety, and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than fire fighting.

### **Section VIII: Criteria for Initiation and Termination of Drought Response Stages**

The Utility Director or his/her designee shall monitor water supply and/or demand conditions on a daily basis during high water use periods and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified “triggers” are reached.

The triggering criteria described below are based on known system capacity limits.

**Stage 1 Triggers -- MILD Water Shortage Conditions**

Requirements for initiation

Customers shall be requested to voluntarily conserve water and adhere to the prescribed restrictions on certain water uses, defined in Section VII Definitions.

Annually, beginning on May 1 through September 30.

Requirements for termination

Stage 1 of the Plan may be rescinded on September 30 of each year unless further triggers have been met as described below.

**Stage 1 Response -- MILD Water Shortage Conditions**

**Target: Achieve a voluntary five (5) percent reduction in daily water demand.**

Best Management Practices for Supply Management:

The Utility Director or his/her designee can order the implementation of any of the actions listed below, as deemed necessary:

- i. Request voluntary reductions in water use by the public and by commercial customers.
- ii. Increase public education efforts on ways to reduce water use.
- iii. Notify major water users and work with them to achieve voluntary water use reductions.
- iv. Intensify efforts on leak detection and repair.
- v. Ask the public to follow voluntary landscape watering schedules.

Voluntary Water Use Restrictions for Reducing Demand:

- (a) Water customers are requested to voluntarily limit the irrigation of landscaped areas to Sundays and Thursdays for customers with a street address ending in an even number (0, 2, 4, 6 or 8), and Saturdays and Wednesdays for water customers with a street address ending in an odd number (1, 3, 5, 7 or 9), and to irrigate landscapes only between the hours of midnight and 10:00 a.m. and 8:00 p.m. to midnight on designated watering days.
- (b) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

## **Stage 2 Triggers – MODERATE Water Shortage Conditions**

### Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses provided in Section VII of this Plan when the following criteria have been reached.

Falling treated water reservoir levels which do not refill above **90 percent overnight for four consecutive days**.

### Requirements for termination

Stage 2 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of **seven (7) consecutive days**. Upon termination of Stage 2, Stage 1 becomes operative.

## **Stage 2 Response – MODERATE Water Shortage Conditions**

**Target: Achieve a 15 percent reduction in daily water demand.**

### Best Management Practices for Supply Management:

Double Diamond Utility Company will continue to manage limited water supplies and/or reduce water demand by reducing flushing of water mains and reduce or discontinue irrigation of public landscaped areas.

The Utility Director or his/her designee can order the implementation of any of the actions listed below, as deemed necessary.

Measures described **requires notification to TCEQ** to impose mandatory requirements on retail customers. Double Diamond Utility Company must notify TCEQ within five (5) business days if these measures are implemented.

- i. Reduce non-essential neighborhood/subdivision water use. (Examples include street cleaning, vehicle washing, operation of ornamental fountains, etc.)
- ii. Reduce water use for landscape irrigation.
- iii. Continue or initiate any actions available under Stage 1.
- iv. Encourage the public to wait until the current drought or emergency situation has passed before establishing new landscaping.
- v. Use of water from hydrants shall be limited to firefighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special authorization from the Utility.

### Water Use Restrictions for Demand Reduction:

Under threat of penalty for violation, the following water use restrictions shall apply to all

persons:

- (a) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to **Tuesdays**, and irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rises. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
- (c) Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or Jacuzzi-type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) Use of water from hydrants shall be limited to firefighting, related activities, or other activities necessary to maintain public health, safety, and welfare, except that use of water from designated fire hydrants for construction purposes may be allowed under special authorization from the Double Diamond Utility Company.
- (f) Use of water for the irrigation of golf course greens, tees, and fairways is prohibited except on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight. However, if the golf course utilizes a water source other than that provided by the Double Diamond Utility Company, the facility shall not be subject to these regulations.
- (g) All restaurants are requested to limit serving water to patrons except upon request of the patron.
- (h) The following uses of water are defined as non-essential and are prohibited:
  1. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;

2. use of water to wash down buildings or structures for purposes other than immediate fire protection;
3. use of water for dust control;
4. flushing gutters or permitting water to run or accumulate in any gutter or street; and
5. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s).

### **Stage 3 Triggers – SEVERE Water Shortage Conditions**

#### Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 3 of this Plan when the following criteria have been reached.

Falling treated water reservoir levels which do not refill above **75 percent overnight for three consecutive days**.

#### Requirements for termination

Stage 3 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of **seven (7) consecutive days**. Upon termination of Stage 3, Stage 2 becomes operative.

### **Stage 3 Response – SEVERE Water Shortage Conditions**

**Target: Achieve a 25 percent reduction in daily water demand.**

#### Best Management Practices for Supply Management:

Double Diamond Utility Company will to continue manage limited water supplies and/or reduce water demand. Double Diamond will discontinue flushing of water mains and discontinue any irrigation of public landscaped areas.

The Utility Director or his/her designee can order the implementation of any of the actions listed below, as deemed necessary.

Measures described requires **notification to TCEQ** to impose mandatory requirements on retail customers. Double Diamond Utility Company must notify TCEQ within five business days if these measures are implemented.

#### Water Use Restrictions for Demand Reduction:

All requirements of Stage 2 shall remain in effect during Stage 3 except:

- (a) Prohibit landscape watering: automatic irrigation systems shall be turned off.



- (b) Irrigation of landscaped areas is permitted at any time if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- (c) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the Double Diamond Utility Company.
- (d) The use of water for construction purposes from designated fire hydrants under special authorization is to be discontinued.
- (e) Prohibit hosing of paved areas, buildings, or windows.
- (f) Prohibit operation of ornamental fountains.
- (g) Prohibit washing or rinsing of vehicles by hose.
- (h) Prohibit using water in such a manner as to allow runoff or other waste.

#### **Stage 4 Triggers -- EMERGENCY Water Shortage Conditions**

##### Requirements for initiation

Customers shall be required to comply with the requirements and restrictions on certain non-essential water uses for Stage 4 of this Plan when the following criteria have been reached.

- Supply source becomes contaminated.
- Water supply system is unable to deliver water due to the failure or damage of major water system components.
- Stage 3 conditions persist or worsen such that the system is unable to maintain sufficient ground storage tank levels with adequate recovery time, pressures in the system fall below 40 psi, and/or reservoir/aquifer levels drop that affect pump efficiencies and/or production capabilities.

##### Requirements for termination

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of seven (7) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

#### **Stage 4 Response -- EMERGENCY Water Shortage Conditions**

**Target: The goal for water use reduction under Stage 4, Critical, is maintenance of potable water supply. If the circumstances warrant, the Utility Director or his/her designee can set a goal for greater water use reduction.**

##### Best Management Practices for Supply Management:

Double Diamond Utility Company will to continue manage limited water supplies and/or reduce water demand. Double Diamond will continue actions from Stages 1-3, implement viable alternative water supply strategies, further accelerate public education efforts on ways to reduce water use, and aggressive monitoring for compliance.

The Utility Director or his/her designee can order the implementation of any of the actions listed

below, as deemed necessary.

Measures described requires **notification to TCEQ** to impose mandatory requirements on retail customers. Double Diamond Utility Company must notify TCEQ within five business days if these measures are implemented.

Water Use Restrictions for Reducing Demand: All requirements of Stage 2 and 3 shall remain in effect during Stage 4 except:

- (a) No outside watering of any kind.
- (b) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle not occurring on the premises of a commercial car wash and commercial service stations and not in the immediate interest of public health, safety, and welfare is prohibited. Further, such vehicle washing at commercial car washes and commercial service stations shall occur only between the hours of 6:00 a.m. and 10:00 a.m. and between 6:00 p.m. and 10 p.m.
- (c) The filling, refilling, or adding of water to swimming pools, wading pools, and Jacuzzi-type pools is prohibited.
- (d) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- (e) No application for new, additional, expanded, or increased-in-size water service connections, meters, service lines, pipeline extensions, mains, or water service facilities of any kind shall be approved, and time limits for approval of such applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

**Section IX: Drought Response Stages**

The Utility Director, or his/her designee, shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in Section VIII of this Plan, shall determine that a mild, moderate, severe, critical, emergency or water shortage condition exists and shall implement the following notification procedures:

**Notification**

Notification of the Public:

The Utility Director or his/ her designee shall notify the public by means of one or more of the following:

- i. publication in a newspaper of general circulation,
- ii. direct mail to each customer,
- iii. Door hangers,
- iv. public service announcements, and/or
- v. signs posted in public places.

Additional Notification:

The Utility Director or his/ her designee shall notify directly, or cause to be notified directly, the following individuals and entities:

- i. Utility Board
- ii. Fire Chief(s)
- iii. County Emergency Management Coordinator(s)
- iv. County Judge & Commissioner(s)
- v. State Disaster District / Department of Public Safety
- vi. TCEQ
- vii. Major water users
- viii. Critical water users, i.e. hospitals, schools, geriatric facilities
- ix. Parks / street superintendents & public facilities managers

**Section X: Enforcement**

- (a) No person shall knowingly or intentionally allow the use of water from the Double Diamond Utility Company for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Plan, or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by Utility Director, or his/her designee, in accordance with provisions of this Plan.
- (b) Any person, including a person classified as a water customer of the Double Diamond Utility Company, in apparent control of the property where a violation occurs or originates shall be presumed to be the violator, and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he/she did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on property within the parents' control shall constitute a rebuttable presumption that the parent committed the violation, but any such parent may be excused if he/she proves that he/she had previously directed the child not to use the water as it was used in violation of this Plan and that the parent could not have reasonably known of the violation.

**These mandatory water use restrictions will be enforced by warnings and penalties as follows:**

- i. On the first violation, customers will be given a written warning that they have violated the mandatory water use restriction.**
- ii. On the second and any subsequent violations, a written notice of violation will be issued to customers with fines not less than \$50 per incident. Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense.**
- iii. After three violations have occurred, the Utility may cut off water service to the customer. Services discontinued under such circumstances shall be restored only upon payment of an approved re-connection charge. In addition, suitable assurance must be given to the Utility Director that the same action shall not be repeated while the Plan is in effect. Compliance with this plan may also be sought through injunctive relief in the district court.**

**Section XI: Variances**

The Utility Director, or his/her designee, may, in writing, grant temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance and if one or more of the following conditions are met:

- (a) Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with the Double Diamond Utility Company within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the Utility Director, or his/her designee, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Purpose of water use.
- (c) Specific provision(s) of the Plan from which the petitioner is requesting relief.
- (d) Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- (e) Description of the relief requested.
- (f) Period of time for which the variance is sought.
- (g) Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (h) Other pertinent information.

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

**Double Diamond Utilities Co.**

**APPLICATION AND CONTRACT FOR WATER SERVICE**

Date \_\_\_\_\_, 20\_\_\_\_

Name \_\_\_\_\_ Telephone (\_\_\_\_) \_\_\_\_\_

Physical Address: \_\_\_\_\_ Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Hereinafter referred to as the "Applicant") requests sewer service be made available by Double Diamond Utilities Co. (Hereinafter referred to as the "Supplier") to:

- White Bluff Lot \_\_\_\_\_ WB \_\_\_\_\_ Subdivision
- The Cliffs Lot \_\_\_\_\_ Phase \_\_\_\_\_
- The Retreat Lot \_\_\_\_\_ Block \_\_\_\_\_ Phase \_\_\_\_\_
- Rock Creek Lot \_\_\_\_\_ Block \_\_\_\_\_ Phase \_\_\_\_\_

Applicant agrees to pay Supplier a non-refundable water tap-on fee as approved by the Texas Commission on Environmental Quality (TCEQ) prior to commencement of water service. Applicant further agrees to pay the Supplier a monthly usage fee according to the rates in the tariff on file and approved by the TCEQ. Usage fee must be paid upon receipt of the monthly statement.

Supplier agrees to install saddle tap corporation stop, curb stop, 5/8 inch water meter and meter box ("Equipment") at the front of Applicant's lot within 30 days of the date of this Application (construction progress permitting). Applicant agrees to have a licensed plumber install a service line from that point to Applicant's residence. The Equipment is and remains the property of Supplier, and any abuse of, or tampering with the Equipment, may result in immediate termination of water service.

Applicant grants Supplier access to the water tap and all supply lines for purpose of repair and readings. Supplier shall have the express right of inspecting, during reasonable hours, with or without notice, all plumbing or other connections located on Applicant's lot and Applicant agrees to allow such inspection and acknowledges that Supplier may disconnect immediately, any connection or apparatus which, in Supplier's opinion, creates any unsafe or unsanitary condition or potentially creates such a condition. Unsafe and prohibited activities or conditions include, without limitation, (i) cross-connection between Supplier's water system and any private water well or system, (ii) pipe or pipe fittings installed by Applicant's plumber which contains more than .25% lead, (iii) use of solder or flux at any pipe connection which contains more than 0.2% lead, or (iv) any other activity prohibited by statute or ordinance and any abuse of, or tampering with the Equipment. If Applicant fails to disconnect such connection or to correct such conditions immediately, Supplier shall have the right to immediately terminate this Contract and discontinue service to Applicant until such connection is corrected. Upon reconnection, Applicant shall be required to pay Supplier's reconnection fee as approved by the TCEQ, plus payment of any delinquent bills.

Applicant may not transfer any rights under this Contract without written consent of Supplier and payment of Supplier's transfer fee as approved by the TCEQ, payment of all previously accrued charges and execution by such transferee of an agreement to assume this Contract or execution of a new Application and Contract.

The Supplier hereby retains the right to cancel this Contract for failure to pay usage or transfer fees in accordance with its tariff on file with the TCEQ, currently ten (10) days after Supplier places in the U.S. mail, postage prepaid, addressed to the applicant at the above stated address, written notice of such cancellation. The rate and fees are subject to change to meet changes in cost of services. Any notice or other requirements of any applicable governmental authority will be complied with in case of any rate or fee change.

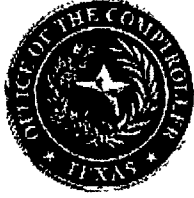
This Contract supersedes, voids, cancels and nullifies any prior understandings, correspondence, representations and/or agreements, written or oral, between Applicant and Supplier or any representative of Supplier.

Date Service Desired: \_\_\_\_\_ Signature of Applicant - Owner \_\_\_\_\_

Tap-On Payment/Transfer Fee Paid: \_\_\_\_\_

Amount \$ \_\_\_\_\_

Date: \_\_\_\_\_ Double Diamond Utilities Co. - Authorized Agent \_\_\_\_\_



## Franchise Tax Account Status

As of : 09/20/2019 10:04:54

**This page is valid for most business transactions but is not sufficient for filings with the Secretary of State**

### DOUBLE DIAMOND UTILITIES CO.

**Texas Taxpayer Number** 17526845999

**Mailing Address** 5495 BELT LINE RD STE 200 DALLAS, TX  
75254-7658

**Right to Transact Business in Texas** ACTIVE

**State of Formation** TX

**Effective SOS Registration Date** 12/30/1996

**Texas SOS File Number** 0142717100

**Registered Agent Name** R. JEFFREY SCHMIDT

**Registered Office Street Address** 5495 BELTLINE RD. STE. 200 DALLAS, TX  
75254





## Franchise Tax Account Status

As of : 09/20/2019 09:58:04

**This page is valid for most business transactions but is not sufficient for filings with the Secretary of State**

### **DOUBLE DIAMOND PROPERTIES CONSTRUCTION CO.**

**Texas Taxpayer Number** 17526845783

**Mailing Address** 5495 BELT LINE RD STE 200 DALLAS, TX  
75254-7658

**Right to Transact Business in Texas** ACTIVE

**State of Formation** TX

**Effective SOS Registration Date** 12/30/1996

**Texas SOS File Number** 0142738600

**Registered Agent Name** R. JEFFREY SCHMIDT

**Registered Office Street Address** 5495 BELTLINE RD., STE. 200 DALLAS, TX  
75254



## Franchise Tax Account Status

As of : 09/11/2019 11:26:06

**This page is valid for most business transactions but is not sufficient for filings with the Secretary of State**

### MIDWAY WATER UTILITIES, INC.

**Texas Taxpayer Number** 17522810682

**Mailing Address** 12535 REED RD ATTN: TAX DEPT (FSC)  
SUGAR LAND, TX 77478-2837

**Right to Transact Business in Texas** ACTIVE

**State of Formation** TX

**Effective SOS Registration Date** 05/11/1989

**Texas SOS File Number** 0111387200

**Registered Agent Name** CORPORATION SERVICE COMPANY D/B/A  
CSC LAWYERS INCO

**Registered Office Street Address** 211 E. 7TH STREET SUITE 620 AUSTIN, TX  
78701

**Attachment 4  
is Confidential and being  
provided under seal.**

Sale, Transfer, Merger Application  
 Double Diamond Utility Company, Inc. to Midway Water Utilities  
 List of Midway Affiliates

<u>Affiliate</u>	<u>Address</u>	<u>State</u>
SouthWest Water Company	1325 N. Grand Ave, Suite 100, Covina, CA 91724	CA, OR, TX, AL, OK, SC
SWWC Utilities, Inc.	12535 Reed Road, Sugar Land, TX 77478	TX, AL, OK
North County Water Reclamation, Inc.	150 South Perry St Montgomery, AL 36104	AL
Southeast Utility Systems, Inc.	12535 Reed Road, Sugar Land, TX 77478	AL
KIU Holdings LLC	12535 Reed Road, Sugar Land, TX 77478	SC
Kiawah Island Utility, Inc.	31 Sora Rail Road, Kiawah Island, SC 29455	SC
New Mexico Utilities, Inc.	12535 Reed Road, Sugar Land, TX 77478	TX
Monarch Utilities, Inc.	12535 Reed Road, Sugar Land, TX 77478	TX
Ni America Texas, LLC	12535 Reed Road, Sugar Land, TX 77478	TX
Texas Water Services Group, LLC	12535 Reed Road, Sugar Land, TX 77478	TX
Monarch Utilities I, LP	12535 Reed Road, Sugar Land, TX 77478	TX
TWC Utility Company, LLC	12535 Reed Road, Sugar Land, TX 77478	TX
Metro - H2O Utilities, Inc.	12535 Reed Road, Sugar Land, TX 77478	TX
Metro - H2O Ltd.	12535 Reed Road, Sugar Land, TX 77478	TX
Northwest Utility Systems	1325 N. Grand Ave, Suite 100, Covina, CA 91724	OR
Oregon Water Utilities - Mountain Lakes, Inc.	5115 Running Y Road, Klamath Falls, OR 97601	OR
Oregon Water Utilities - Cline Butte, Inc.	1230 Golden Pheasant Dr., Redmond, OR 97756	OR
Oregon Water Utilities, Inc.	1230 Golden Pheasant Dr., Redmond, OR 97756	OR
Suburban Water Systems	1325 N. Grand Ave, Suite 100, Covina, CA 91724	CA

Sale, Transfer, Merger Application  
 Double Diamond Utility Company, Inc to Midway Water Utilities  
 Capital Improvement Plan

<b>Rock Creek</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
- Bleach Conversion	\$15,000				
- Meter Upgrade	\$36,000				
- General Upgrade					
GST rehab		\$75,000			
<b>Total</b>	<b>\$51,000</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>The Retreat</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Wastewater</b>					
- Separate Irrigation from Blowers		\$50,000			
- Plot for New Blower Room					
- Scada for Sewer Plant		\$20,000			
- Extra Land for Expansion of WWTP					
- Conversion to Bleach	\$15,000				
walkway grates	\$5,000				
<b>Water</b>					
- Well Meter for Well #2	\$6,000				
- Meters		\$30,000			
- Replumb Tie in before GST	\$2,000				
- 2 Well Sites					
- General Upgrades					
<b>Total</b>	<b>\$28,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>White Bluff</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Wastewater</b>					
- CC Chamber Chlorination	\$10,000				
- Repainting and Re floor of Sewer plant	\$60,000				
- New EQ upgrade	\$40,000				
<b>Water</b>					
- Pressure tank paint (Replace with Constant Pressure)				\$20,000	
- GST paint at Plant 1	\$70,000				
- Microwave Tower Network Contract Renewal					
- Bleach Conversion	\$15,000				
- Meters at Well 3&4	\$4,000				
- Scada Upgrade at Plant			\$20,000		
- Meters	\$200,000				
- General Upgrade		\$50,000			
<b>Total</b>	<b>\$399,000</b>	<b>\$50,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$0</b>

<b>Cliffs</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Wastewater</b>					
- Change Electric line from Water plant to Sewer plant (Safety Issue)	\$30,000				
- Lift Station Lid	\$5,000				
- Sewer Scada				\$20,000	
- Digester and wasting capability	\$100,000				
- CL system for CC Chamber	\$10,000				
<b>Water</b>					
- Clarifier	\$100,000				
- Clean Site	\$25,000				
- Bury Line To Intake			\$100,000		
- Investigate Intake Pumps	\$5,000				
- GST Leak Repair and Painting	\$40,000				
- Address safety issues with electrical service	\$10,000				
- Barge for intake work					\$30,000
- RO CIP system	\$20,000				
- Blend system for RO	\$15,000				
- General Upgrades	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
- Flush Valve work, Fire Hydrant		\$30,000			
- 90% water loss, Pipe Repair	\$200,000				
- Meters	\$90,000				
- RO and Wastewater Permit Study					
- 3 Log Removal system for surface water (Sand Filter, etc)	\$200,000				
- Drive or Cycle stop for Distribution			\$50,000		
- Possible GST/Plant at top of the hill, Need lot	\$200,000				
- Remove Storage Tank				\$20,000	
- Chemical Containment	\$5,000				
support brackets for RO, building repairs, membranes	\$50,000				
<b>Total</b>	<b>\$1,125,000</b>	<b>\$50,000</b>	<b>\$170,000</b>	<b>\$60,000</b>	<b>\$50,000</b>

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

Rock Creek  
water

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

November 28, 2017

Mr. Randy Gracy, President  
Double Diamond, Incorporated  
5495 Belt Line Rd., Suite 200  
Dallas, Texas 75254-7658

RECEIVED NOV 30 2017

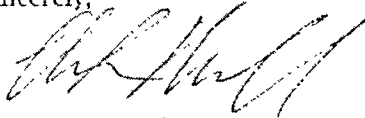
Re: Public Water Supply Comprehensive Compliance Investigation at:  
Rock Creek Resort PWS, Rock Creek Rd., Gordonville, Grayson County, Texas  
RN 105247597, PWS ID No. 0910147, Investigation No. 1447101

Dear Mr. Gracy:

On October 25, 2017, Mr. Steve Zawrotny of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Zawrotny in the D/FW Regional Office at (817) 588-5859.

Sincerely,



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

CM/sz

cc: Mr. Ron Cannon, 21400 FM 901, Gordonville, TX 76245

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

Rock Creek  
6/17/12

RECEIVED JAN 27 2017

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution  
January 26, 2017

E-SIGNATURE CONFIRMATION Signature Confirmation # 9134 9690 0935 0018 1643 18

Mr. Randy Gracy, President  
Double Diamond Utilities Co.  
5495 Belt Line Rd Ste 200  
Dallas, Texas 75254-7658

Re: Notice of Violation and Resolution for Comprehensive Compliance Investigation at:  
Rock Creek Wastewater Treatment Plant, Gordonville (Grayson County), TX  
Regulated Entity No.: RN105132401, TCEQ ID No.: WQ0014783-001, EPA ID No.: TX012924j

Dear Mr. Gracy:

On December 21, 2016, Mr. Imran Khawaja of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (DFW) Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for wastewater treatment. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified. Based on the information you have provided, the TCEQ have adequate documentation to resolve the alleged violations. Therefore, no further action is required.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the DFW Region Office at (817) 588-5800 or the Central Office Publications Ordering Team at 512-239-0028.

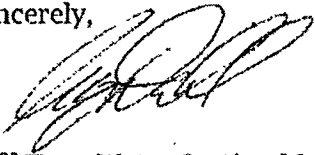
The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the DFW Region Office within 10 days from the date of this letter.

Mr. Randy Gracy  
Page 2  
January 26, 2017

At that time, Mr. Jeff Tate, Water Section Manager, will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Mr. Khawaja in the DFW Region Office at (817) 588-5806.

Sincerely,



Jeff Tate, Water Section Manager  
Dallas/Fort Worth Region Office  
Texas Commission on Environmental Quality

JT/ik

Enclosures: Summary of Investigation Findings No. 1381739



## Summary of Investigation Findings

<b>ROCK CREEK WWTP</b> 2401 ROCK CREEK RD GORDONVILLE, GRAYSON COUNTY, TX 76245	Investigation # <b>1381739</b> Investigation Date: 12/21/2016
Additional ID(s): WQ0014783001 TX0129241	

### ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 629334

30 TAC Chapter 305.125(1)

PERMIT WQ0014783-001

Monitoring and Reporting Requirements, No. 7 Noncompliance Notification, Item b & c, Page 7.

**Alleged Violation:**

Investigation: 1381739

Comment Date: 01/11/2017

Failure to provide notification of any effluent violation which deviates from the permitted effluent limitation by more than 40%. Specifically, the permittee reported the following number of effluent permit exceedances of greater than 40 percent at Outfall 001: TSS mg/l (daily avg.) 3. Noncompliance notification shall be reported by the permittee in writing to the Region Office and the Enforcement Division (MC 224) within five working days of becoming aware of the noncompliance.

**Recommended Corrective Action:** Submit noncompliance notification forms for the three TSS effluent violation events to the Region Office and Enforcement Division (MC224).

**Resolution:** Noncompliance notification forms were received in the region office for the TSS violations on December 27, 2016.

Track No: 629749

30 TAC Chapter 305.125(1)

PERMIT WQ0014783-001

Effluent Limitations and Monitoring Requirements, Item 2, page 2

**Alleged Violation:**

Investigation: 1381739

Comment Date: 01/17/2017

Failure to maintain compliance with the permitted effluent limits for total chlorine residual. Specifically, the grab sample collected during the investigation was not compliant with the single grab minimum limit of 1.0 mg/L for total chlorine residual. The result of the total chlorine residual analysis was 0.69 mg/L. Compliance with the permitted effluent limits must be maintained.

**Recommended Corrective Action:** Submit to the Region Office documentation describing the action taken to prevent the recurrence of total chlorine residual violations and a compliant sample result.

**Resolution:** Documentation received on December 27, 2016, indicating the final chlorine residual sample results for the one week ending December 25, 2016 were compliant.

### ADDITIONAL ISSUES

Description

Additional Comments

**ROCK CREEK WWTP**

**Investigation # 1381739**

Was the permittee compliant with the self-monitored effluent limits?

The permittee reported the following number of effluent permit exceedances at Outfall 001 during the period of February 2015 to December 2016: BOD5 mg/l (daily avg. concentration) 6; TSS mg/l (daily avg. concentration) 10. Self reported effluent violations may be subject to formal enforcement, including penalties, upon review by the Enforcement Division.

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Stephanie Bergeron Perdue, *Interim Executive Director*



*The Retreat  
Water*

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

June 26, 2018

Mr. Randy Gracy, President  
Double Diamond Utilities Company  
5495 Belt Line Rd Ste 200  
Dallas, TX 75254

RECEIVED 06/26/18

Re: Public Water Supply Comprehensive Compliance Investigation at:  
The Retreat Water Supply, 7725 FM 1434, Cleburne, Johnson County, Texas  
RN 102952322, PWS ID No. 1260127, Investigation No. 1493494

Dear Mr. Gracy:

On April 26, 2018, Mr. Daniel Hernandez of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Hernandez in the D/FW Regional Office at (817) 588-5844.

Sincerely,

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

CM/dh

Bryan W. Shaw, Ph.D., P.E., *Chairman*  
Toby Baker, *Commissioner*  
Jon Niermann, *Commissioner*  
Stephanie Bergeron Perdue, *Interim Executive Director*



*The Retreat  
WWTP*

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

*Protecting Texas by Reducing and Preventing Pollution*

April 4, 2019

Mr. Randy Gracy, Vice President  
Double Diamond Utilities Co.  
7725 Farm-to-Market Road 1434  
Cleburne, Texas 76033-8368

Re: Notice of Compliance with Notice of Violation (NOV) dated January 10, 2019:  
Retreat Wastewater Treatment Plant, 7237 Retreat Boulevard, Cleburne (Johnson  
County), Texas  
Regulated Entity No.: RN103913919, TCEQ ID No.: WQ0014373-001, Investigation No.  
1526105

Dear Mr. Gracy:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (DFW) Regional Office has received adequate compliance documentation on March 14, 2019 to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on November 7, 2018. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Jenna Howell at the DFW Regional Office at 817-588-5874.

Sincerely,

Brent Candler, Interim Water Section Manager  
DFW Region Office  
Texas Commission on Environmental Quality

BC/jh

✓ cc: Phillip Ellis, Operator, via email

## Summary of Investigation Findings

<p><b>THE RETREAT WWTP</b></p> <p>, JOHNSON COUNTY,</p> <p>Additional ID(s): TX0125270 WQ0014373001</p>	<p>Investigation # <b>1553811</b> Investigation Date: 03/29/2019</p>
---	--

### ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 700065

30 TAC Chapter 305.125(1)

PERMIT WQ0014373-001

Operational Requirements, No. 4, page 13

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/10/2018

Failure to provide and maintain adequate safeguards to prevent the discharge of untreated or inadequately treated wastes during electric power failures. Specifically, there is a portable generator onsite, but the wastewater treatment plant does not have the correct hookups to use the generator. This was cited as an additional issue during the previous CCI.

Investigation: 1553811

Comment Date: 03/29/2019

Failure to provide and maintain adequate safeguards to prevent the discharge of untreated or inadequately treated wastes during electric power failures.

**Recommended Corrective Action:** The permittee is responsible for installing prior to plant start up, and subsequently monitoring, adequate safeguards to prevent the discharge of untreated or inadequately treated wastes during electrical power failures by means of alternate power sources, standby generators, and/or retention of inadequately treated wastewater. Submit documentation to the DFW Region Office indicating that an auxiliary power source or an acceptable alternative has been installed at the wastewater treatment plant.

**Resolution:** On February 8, 2019, the DFW Region Office received a photograph indicating an auxiliary power source has been installed at the WWTP.

Track No: 700067

30 TAC Chapter 305.125(5)

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/10/2018

Failure to properly maintain the treatment units. Specifically, during the investigation, the weirs of the clarifier were uneven, potentially causing short circuiting.

Investigation: 1553811

Comment Date: 03/29/2019

Failure to properly maintain the treatment units.

**Recommended Corrective Action:** Submit documentation to the DFW Region Office that there is even flow over the clarifier effluent weirs.

**Resolution:** On February 8, 2019, the DFW Region Office received a video indicating even flow over the weirs of the clarifier.

Track No: 700068

30 TAC Chapter 305.125(1)

PERMIT WQ0014373-001

Sludge Provisions, Section II (F), page 28

**THE RETREAT WWTP**

Investigation # 1553811

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/21/2018

Failure to submit the annual sludge summary. The sludge summary which includes the items listed under Permit WQ0010341-001, Sludge Provisions, Section II, Reporting Requirements, Item F has not been submitted since the previous investigation. This information must be submitted as hard copies to the Water Quality Compliance Monitoring Team and the Region 4 Office by September 1 of each year.

Investigation: 1553811

Comment Date: 03/29/2019

Failure to submit the annual sludge summary. The sludge summaries, which includes the items listed under Sludge Provisions Section IV, C: Reporting Requirements, page 33 of the permit, have not been submitted since the previous investigation. This information must be submitted as hard copies to the Water Quality Compliance Monitoring Team and the DFW Region Office by September 1 of each year.

**Recommended Corrective Action:** The sludge summary should be submitted annually. Submit the 2014-2018 sludge summaries to the DFW Region Office and the Compliance Monitoring Team (MC 224).

**Resolution:** On March 5, 2019, the DFW Region Office received the 2014-2018 sludge summaries.

Track No: 700070

30 TAC Chapter 217.33(a)

30 TAC Chapter 305.125(1)

PERMIT WQ0014373-001

Monitoring and Reporting Requirements, No. 5

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/10/2018

Failure to ensure flow measurement accuracy. Specifically, the flow measurement accuracy check performed during the investigation revealed that the staff gauge measured 0.19 feet and the flow meter measured 0.12 feet. Additionally, the flow measuring device was not calibrated in 2016 or 2017.

Investigation: 1553811

Comment Date: 03/29/2019

Failure to ensure flow measurement accuracy.

**Recommended Corrective Action:** All automatic flow measuring or recording devices and all totalizing meters for measuring flows shall be accurately calibrated by a trained person at plant start-up and as often thereafter as necessary to ensure accuracy, but not less often than annually. Copies of the verification shall be retained at the facility site and/or shall be readily available for review by TCEQ representatives for a period of three years. Submit documentation to the DFW Region Office indicating that the flow meter has been accurately calibrated. Also, submit a standard operating procedures document detailing when the facility will conduct the annual flow meter calibrations.

**Resolution:** On February 11, 2019, the DFW Region Office received a standard operating procedures document detailing when the facility will conduct annual flow meter calibrations. Additionally, during the investigation, the facility documented that the flow meter was calibrated in 2018 which is adequate to resolve the violation.

Track No: 700077

30 TAC Chapter 319.11(a)

30 TAC Chapter 319.11(b)

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/21/2018

Failure to analyze the effluent samples within the required holding time. Specifically, the operator has been sending pH and Dissolved Oxygen (DO) samples to the lab for testing so the samples are exceeding the 15-minute holding times.

**THE RETREAT WWTP**

Investigation # 1553811

Investigation: 1553811

Comment Date: 03/29/2019

Failure to analyze the effluent samples within the required holding time.

**Recommended Corrective Action:** PH and DO samples must be analyzed within the maximum holding time of 15 minutes. Submit documentation to the DFW Region Office indicating that effluent samples are being analyzed within the holding times. On November 27, 2018, Mr. Ellis stated that he had ordered pH and DO meters for the facility and was waiting for them to arrive.

**Resolution:** On February 8, 20, 21, and 27, 2019 the DFW Region Office received documentation indicating the pH and DO samples are being analyzed within the required hold times.

---

**Track No:** 701395

**30 TAC Chapter 305.125(1)**

**30 TAC Chapter 312.143**

**Alleged Violation:**

Investigation: 1526105

Comment Date: 12/21/2018

Failed to properly dispose of sewage sludge. Specifically, sludge was being disposed of by land application at the Brannon Sludge Septage Application Site, which is not authorized to receive this type of sludge.

Investigation: 1553811

Comment Date: 03/29/2019

Failed to properly dispose of sewage sludge. Specifically, the facility was using Brannon Sewer Service Inc. to transport sludge for disposal and Brannon Sewer Service Inc. was land applying the sludge at the Brannon Sludge Septage Application Site. Brannon Sewer Service Inc. is authorized to transport wastewater treatment plant sludge; however, the Brannon Sludge Septage Application Site is not authorized to accept wastewater treatment plant sludge. Additionally, the facility incorrectly labeled the wastewater treatment plant sludge as septic tank sludge on the November 2, 2018 sludge manifest.

**Recommended Corrective Action:** Sludge must be disposed of at a properly authorized site. Submit documentation to the DFW Region Office that sludge is being disposed of at a properly registered site.

**Resolution:** The requested 2014-2018 sludge tickets were received by the DFW Region Office on March 4, 2019. Most were either missing the final signature or mislabeled the sludge as "septic tank". On March 5, 12, and 14, 2019, Mr. Phillip Ellis indicated via email that Bowman Environmental, transporter #23623, will haul sludge from this facility to the City of Maypearl WWTP, permit #TX0053571, for further processing. Both Bowman Environmental and the City of Maypearl WWTP have the required authorizations to transport or process wastewater treatment plant sludge.

Jon Niermann, *Chairman*  
 Emily Lindley, *Commissioner*  
 Toby Baker, *Executive Director*

White Bluff  
 Water

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

January 18, 2019

**CERTIFIED MAIL #7018 1130 0002 1990 7423**  
**RETURN RECEIPT REQUESTED**

RECEIVED JAN 23 2019

Mr. Randy Gracy, President  
 Double Diamond Utility Company  
 5495 Belt Line Road Suite 200  
 Dallas, Texas 75254-7658

Re: Notice of Violation for the Comprehensive Compliance Investigation at:  
 White Bluff Community Water System, Hill County, Texas  
 Regulated Entity No.: 101233120; PWS ID No.: 1090073

Dear Mr. Gracy:

On December 13, 2018, Mr. Stephen Julian of the Texas Commission on Environmental Quality (TCEQ) Waco Regional Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for a public water supply. Enclosed is a summary which lists the investigation findings. During the investigation, some concerns were noted which were alleged noncompliances that have resolved as an Areas of Concern based on subsequent corrective action. In addition, a certain outstanding alleged violation was identified for which compliance documentation is required. Please submit to this office by March 18, 2019 a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violation.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled Obtaining TCEQ Rules (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Waco Regional Office at 254-751-0335 or the Central Office Publications Ordering Team at 512-239-0028. Copies of applicable federal regulations may be obtained by calling Environmental Protection Agency's Publications at 800-490-9198.

The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Waco Region Office within 10 days from the date of this letter. At that time, I will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the enclosed Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

TCEQ Region 9 • 6801 Sanger Ave., Ste. 2500 • Waco, Texas 76710-7826 • 254-751-0335 • Fax 254-772-0241

Austin Headquarters • 512-239-1000 • [tceq.texas.gov](http://tceq.texas.gov) • How is our customer service? [tceq.texas.gov/customer/survey](http://tceq.texas.gov/customer/survey)



Mr. Randy Gracy  
Page 2  
January 18, 2019

If you or members of your staff have any questions, please feel free to Mr. Stephen Julian in the Waco Regional Office at (254) 751-0335.

Sincerely,



Richard Monreal  
Water Section Manager  
Waco Regional Office  
Texas Commission on Environmental Quality

RM/SJ/gb

Enclosure: Summary of Investigation Findings

## Summary of Investigation Findings

<b>WHITE BLUFF COMMUNITY WATER SYSTEM</b>	<b>Investigation #</b> 1533363
, HILL COUNTY,	<b>Investigation Date:</b> 12/13/2018
<b>Additional ID(s):</b> 1090073	

## OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

**Track No:** 701942      **Compliance Due Date:** 03/18/2019  
**30 TAC Chapter 290.43(c)(8)**

**Alleged Violation:**

**Investigation:** 1533363

**Comment Date:** 01/08/2019

Failure to maintain the ground storage tank according to AWWA standards.

All clearwells, ground storage tanks, standpipes, and elevated tanks shall be painted, disinfected, and maintained in strict accordance with current AWWA standards.

During the December 13, 2018, compliance investigation, the ground storage tank at Plant 1 was observed to have multiple areas of rust and metal deterioration.

**Recommended Corrective Action:** Submit to the TCEQ Waco Regional Office compliance documentation showing the ground storage tank at Plant 1 has been repaired and is being maintained according to AWWA standards.

## AREA OF CONCERN

**Track No:** 701939  
**30 TAC Chapter 290.46(s)(1)**

**Alleged Violation:**

**Investigation:** 1533363

**Comment Date:** 01/08/2019

Failure to have the well flow meter calibrated at least once every three years.

Well meters required by §290.41(c)(3)(N) of this title shall be calibrated at least once every three years.

During the December 13, 2018, compliance investigation, it was noted that the well flow meter on Wells 1, 2, 3, and 4, were last calibrated in August of 2015.

**Resolution:** On December 17, 2018, compliance documentation consisting of well flow meter calibration records for Wells 1, 2, 3, and 4, conducted on December 14, 2018, were received.

**Track No:** 701941  
**30 TAC Chapter 290.46(f)(3)(A)(I)(II)**

**Alleged Violation:**

**Investigation:** 1533363

**Comment Date:** 01/08/2019

Failure to record the amount of gaseous chlorine used each day.

Systems that serve 250 or more connections or serve 750 or more people shall maintain a record of the amount of each chemical used each day.

**WHITE BLUFF COMMUNITY WATER SYSTEM**

**Investigation # 1533363**

During the December 13, 2018, compliance investigation, it was observed that the amount of gaseous chlorine being used each day was not being recorded.

**Resolution:** On January 8, 2019, compliance documentation consisting of daily gaseous chlorine usage logs were received.

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

Regulated Entity/Site Name	White Bluff Community Water System		TCEQ Add. ID No. RN No. (optional)	1090073
Investigation Type	PWS	Contact Made In-House (Y/N)	X	Purpose of Investigation Routine Compliance
Regulated Entity Contact	Todd Dilworth		Telephone No.	Date Contacted 12/13/18
Title	Utilities manager		Fax No.	Date Faxed

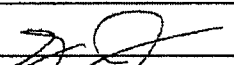
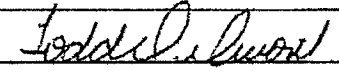
NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and *does not represent final TCEQ findings related to violations*. Any potential or alleged violations discovered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

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type <sup>1</sup>	Rule Citation (if known)	Description of Issue
1	AV	290.46(F)(3)(i)(1)	Failure to record amount of gaseous chlorine used each day
X 2	AV	290.46(S)(1)	Failure to have well flow meter calibrated at least every 3 years
3	AV	290.43(2)(8)	Failure to maintain storage tank at plant 1 according to AWWA standards

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

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

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

Stephen Julian 	12/13/18	Todd Dilworth  TODD DILWORTH	12-13-18
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

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

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

**Rotramel, Christie**

---

**From:** Western, Burnie  
**Sent:** Thursday, June 13, 2019 4:12 PM  
**To:** Harless, Kevin; Ellis, Phillip; Dilworth, Todd; Davis, Jerry; Rotramel, Christie  
**Cc:** Cannon, Ron; Gracy, Randy  
**Subject:** Re: STM Application--PLEASE READ

It's usually once every 3 years I believe. 1 for ww and 1 for w.

Get [Outlook for Android](#)

On Thu, Jun 13, 2019 at 4:09 PM -0500, "Rotramel, Christie" <[crotramel@ddresorts.com](mailto:crotramel@ddresorts.com)> wrote:

Gentlemen,

See attached—I need the last TCEQ Compliance Inspection Letter for Water And Sewer for your location.

I don't know if these are yearly or not.

I found one for Rock Creek Water for 11/28/17 no Violations but I have not found one since then.

I found one for The Retreat for Water for 6/26/18 no violations.

I found one for The Retreat for sewer dated 11/7/2018 but all the NOV's were corrected and provided adequate documentation 3/14/19—letter dated 4/4/19.

I need All of you to look for these last TCEQ Compliance Inspection and Letters and get back with me.

I only got Rock Creek's serial numbers for the tanks —I need everyone please.

Christie Rotramel



5495 Beltline Road, Suite 200

Dallas, TX 75254

214-706-7857 fax 214-706-7829

**From:** Christopher Heinrich [mailto:[cheinrich@swwc.com](mailto:cheinrich@swwc.com)]

**Sent:** Thursday, June 13, 2019 3:25 PM

**To:** Rotramel, Christie <[crotramel@ddresorts.com](mailto:crotramel@ddresorts.com)>

**Subject:** STM Application

Christie,

Our regulatory group has put together the attached file that outlines the information that will need to be included in our acquisition application with the PUCT. The open items are highlighted in blue. Perhaps we can add this to our Dropbox discussion because this information may already be available to us.

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



White Bluff  
sewer

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

February 27, 2015

Mr. Randy Gracy, Vice-President  
White Bluff Resorts  
20022 Misty Valley Circle  
Whitney, Texas 76692

Re: Comprehensive Compliance Investigation at:  
White Bluff Resorts, Whitney (Hill County), Texas  
Regulated Entity No.: RN102329802, TCEQ ID No.: WQ0013786002

Dear Mr. Gracy:

On February 12, 2015, Brian Spry of the Texas Commission on Environmental Quality (TCEQ) Waco Regional Office conducted an investigation of the above-referenced operation to evaluate compliance with applicable requirements for wastewater treatment. No violations are being alleged as a result of the investigation; however, please see the enclosed Areas of Concern

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Mr. Brian Spry in the Waco Regional Office at (254) 751-0335.

Sincerely,

Matthew Vaughn  
Water Section Work Leader  
Waco Regional Office

MV/BS/gb

Enclosure: Summary of Investigation Findings

## Summary of Investigation Findings

<p><b>WHITE BLUFF</b></p> <p>, HILL COUNTY,</p> <p>Additional ID(s): TX0113913 WQ0013786002</p>	<p>Investigation # <b>1228334</b></p> <p>Investigation Date: 02/12/2015</p>
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### AREA OF CONCERN

Track No: 562382  
30 TAC Chapter 317.4(a)(8)  
30 TAC Chapter 317.7(i)

**Alleged Violation:**

Investigation: 1228334

Comment Date: 02/23/2015

Failure to provide Atmospheric Vacuum Breakers on the potable water faucet at the plant.

Specifically, at the time of the investigation, the wash-down hose located above the aeration basin was not equipped with an Atmospheric Vacuum Breaker.

**Resolution:** On February 18, 2015, the Waco Regional Office received compliance documentation in the form of a photograph depicting an Atmospheric Vacuum Breaker placed on the wash-down hose above the aeration basin. This documentation was sufficient to resolve the alleged noncompliance.

Track No: 562386  
30 TAC Chapter 305.125(1)  
30 TAC Chapter 305.125(11)(C)(ii)

**PERMIT Monitoring and Reporting Reqs, No. 3c**

Failure to comply with Monitoring and Reporting Requirements, No. 3c.

**Alleged Violation:**

Investigation: 1228334

Comment Date: 02/23/2015

Failure to maintain complete records of activities on the operator's daily logs.

Specifically, at the time of the investigation, it was noted that the operator's log did not include the identity of the operator conducting the maintenance.

**Resolution:** On February 19, 2015, The Waco Regional Office received compliance documentation in the form of a photograph of a current operator's log that included the operator's identity. This documentation was sufficient to resolve the alleged noncompliance.

The Cliffs

S. Kirby

**Rotramel, Christie**

**From:** Thomas Kirby <Thomas.Kirby@tceq.texas.gov>  
**Sent:** Friday, June 14, 2019 4:02 PM  
**To:** Harless, Kevin  
**Subject:** Follow up on TCEQ Waste investigation on 6-13-2019  
**Attachments:** exit interview form.pdf

Good afternoon,

The **TCEQ Exit Interview Form: Potential Violations and/or Records Request** is being provided as an attachment to this email to ensure that the issues were communicated clearly during our on-site investigation on 6/13/2019. If there are questions about the information contained in the form, or if a meeting at the TCEQ Regional Office is requested to discuss the contents of the Exit Interview Form, contact me as soon as possible. Please reply to this email, with the attachment, to indicate your receipt. Your signature is requested on the Exit Interview Form as acknowledgement of receipt only. Your signature on the Exit Interview Form does not signify agreement with the issues listed. A formal investigation report will follow upon completion.

The exit interview form documents what was identified at the time of the investigation and does not acknowledge any changes made since the investigation. These are preliminary findings, and you will be made aware of any changes to our findings ASAP.

The alleged violation is for failure to prevent an unauthorized discharge of a municipal hazardous waste. Based on the stained soil surrounding the overturned drums located adjacent to the boat on the western portion of the water treatment plant, it was determined that material from the drums had leaked onto the surrounding soil. The area contained three full drums, one containing 48% aluminum sulfate (a product which is no longer used in the facility's water treatment process). Based on the chemicals stored throughout the facility, full drums may contain corrosive liquids such as bleach or acids used for water treatment. In order to properly dispose of the soil and drums, you will first need to conduct a hazardous waste determination to find out what is in the drums and the soil. If the contents of the drum and soil are non-hazardous, then they can be disposed of like your normal municipal waste.

As we discussed during our investigation, you may reach out to our Small Business and Local Government Assistance team if you need support in achieving compliance. To reach them, please call 817-588-5800 and ask for small business. Additionally, I can provide some assistance, so feel free to contact me via phone or email, listed below.

Kind regards,

Thomas Kirby  
 Environmental Investigator  
 Texas Commission on Environmental Quality  
 DFW Region Office  
 2309 Gravel Drive, Fort Worth, Texas  
 Office: 817-588-5855  
[thomas.kirby@tceq.texas.gov](mailto:thomas.kirby@tceq.texas.gov)



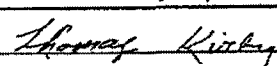
TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Request					
Regulated Entity/Site Name	Double Diamond Utilities DBA The Cliffs Resort			TCEQ Add. ID No. RN No (optional)	RN102328515
Investigation Type	MSW	Contact Made In-House (Y/N)	N	Purpose of Investigation	Complaint Investigation
Regulated Entity Contact	Mr. Kevin Harless		Telephone No.	940-779-2734	Date Contacted
			FAX #/Email address	utilities@thec cliffsresort.com	FAX/Email date 6/14/2019

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

Issue		For Records Request, identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues, include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type <sup>1</sup>	Rule Citation (if known)	Description of Issue
1	AV	Title 30 Texas Administrative Code 335.4	Failure to prevent a discharge of municipal hazardous waste into or adjacent to waters in the state without obtaining specific authorization for such a discharge from the Texas Commission on Environmental Quality.

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

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

Document Acknowledgment. Signature on this document establishes only that the regulated entity (RE) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, the document will be sent via FAX or Email to RE; therefore, the RE signature is not required.			
	6/14/19		
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office.  
Please contact the agency's public information officer with any requests, questions, or comments on access to records or information at 512-239-0800.

White Copy: Regulated Entity Representative  
TCEQ 20085 (01/2019)

Yellow Copy: TCEQ

(Note: use additional pages as necessary) Page \_\_\_\_ of \_\_\_\_

The Cliffs  
water

**Rotramel, Christie**

---

**From:** Merissa Green <merissa.Green@tceq.texas.gov>  
**Sent:** Friday, June 14, 2019 12:39 PM  
**To:** Harless, Kevin  
**Subject:** Revised Exit Interview Form - The Cliffs PWS ID# 1820061  
**Attachments:** DOC061419-06142019123054.pdf; DOC061419-06142019123110.pdf

Hi Kevin,

I've attached a revised Exit Interview Form to supplement the Form from yesterday's visit (which is also attached). Item 1 covers the discussion we had on the phone this morning modifying the requirement to lift the boil water notice, which is that the turbidity level below 1 NTU must consistently be maintained and documented on a properly calibrated device. Item 2 covers the operator licensing issue. TCEQ is requiring that the system comply with the operator licensing requirements **by 5pm Wednesday, June 19<sup>th</sup>**.

If you will review and return a signed copy of the revised form I would appreciate it.

I'd like to also provide this information to the Utility President, Mr. Randy Gracy. Can you share his phone number and email address?

Thank you,

Merissa Green  
Environmental Investigator  
Texas Commission on Environmental Quality  
Region 4 – DFW  
Office: (817) 588-5800  
Direct: (817) 588-5846  
Fax: (817) 588-5701

If you would like to comment on my customer service, you can use the following link:

<http://www.tceq.texas.gov/customersurvey>, or you can contact my supervisor directly at: [Charles.L.Marshall@tceq.texas.gov](mailto:Charles.L.Marshall@tceq.texas.gov)

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Request					
Regulated Entity/Site Name	The Cliffs			TCEQ Add. ID No. RN No (optional)	1820061
Investigation Type	CCI	Contact Made In-House (Y/N)	N	Purpose of Investigation	Compliance Investigation – Revised Exit Interview
Regulated Entity Contact	Kevin Harless			Telephone No.	940-779-2734
Title	Plant Manager			FAX #/Email address	
				Date Contacted	6/14/19
				FAX/Email date	

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

Issue		For Records Request, identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues, include the rule in question with the clearly described potential problem. Other type of issues: fully describe.			
No.	Type <sup>1</sup>	Rule Citation (if known)	Description of Issue		
1	O	30 TAC 290.46(q)(4)	A boil water notice must be issued within 24 hours due to elevated turbidity levels as noted on the finished water online turbidimeter. The notice must stay in place until a turbidity level below 1 NTU is consistently maintained as documented on a properly calibrated turbidimeter, and bacteriological sampling results show the water has no coliform organisms present.		
2	AV	30 TAC 290.46(e)(6)(A), 30 TAC 290.46(e)(2)(D)	Failure to use an appropriately licensed operator. During the investigation, it was noted that the water system employs a full-time Class "D" Operator and a part-time Class "B" Surface Water Operator, however the number of hours that the Class "B" operator has been onsite could not be verified. <b>By no later than 5PM on June 19, 2019, the water system must provide documentation confirming that the operator licensing requirements are met.</b> The water system may use at least one full-time Class "B" or higher surface water operator or use an additional Class "C" surface water operator with the current part-time "B" operator. If a part-time Class "B" operator is used, then documentation must be maintained that this operator is spending at least 4 consecutive hours at the plant at least once every 14 days. At least one of the operators must have completed the Surface Water Production I and II courses as well as an approved course specific to reverse osmosis operations and maintenance.		

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

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

<b>Document Acknowledgment.</b> Signature on this document establishes only that the regulated entity (RE) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, the document will be sent via FAX or Email to RE; therefore, the RE signature is not required.			
<i>Merissa Green</i>	<i>Merissa Green</i>	6/14/19	
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512/239-3282.

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

Regulated Entity/Site Name	The Cliffs			TCEQ Add. ID No. RN No. (optional)	18200F1
Investigation Type	CCI	Contact Made In-House (Y/N)	N	Purpose of Investigation	Routine Compliance
Regulated Entity Contact	Kevin Harless			Telephone No.	Date Contacted 6/13/19
Title	Plant Manager			Fax No.	Date Faxed

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

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type <sup>1</sup>	Rule Citation (if known)	Description of Issue within 24 hours
1	O		A Viol water notice must be issued due to a turbidity above 5 NTU noted on the finished water online turbidimeter. The notice must stay in place until a turbidity below 5 NTU as found on a calibrated device is consistently maintained and special bacteriological samples are found to be absent coliform organisms.
2	AV	30 TAC 2-10	Failure to use an appropriately licensed surface water treatment operator

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

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

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

Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date
Morgan Green Morgan Green	6/13/19		6/13/19

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-239-3282.



TPDES PERMIT NO.  
WQ0014373001  
[For TCEQ office use only - EPA I.D.  
No. TX0125270]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

This is a renewal that replaces TPDES  
Permit No. WQ0014373001 issued on  
July 30, 2012.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

RECEIVED JUN 30 2016

*The Retreat*

whose mailing address is

5495 Belt Line Road, Suite 200  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the The Retreat Wastewater Treatment Facility, SIC  
Code 4952

located at 7237 Retreat Boulevard, Cleburne, in Johnson County, Texas 76033

to an unnamed tributary of Ham Creek; thence to Ham Creek; thence to Whitney Lake in Segment No.  
1203 of the Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the  
State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the  
permittee the right to use private or public property for conveyance of wastewater along the discharge  
route described in this permit. This includes, but is not limited to, property belonging to any individual,  
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal  
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **July 1, 2019**.

ISSUED DATE: June 22, 2016

For the Commission



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

P.O. Box 13087  
Austin, Texas 78711-3087

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

TPDES PERMIT NO.  
WQ0002789000  
*[For TCEQ office use only -  
EPA I.D. No. TX0099015]*

This renewal replaces TPDES Permit  
No. WQ0002789000, issued on  
May 5, 2014.

Double Diamond Utilities Co.

whose mailing address is  
5495 Beltline Road, Suite 200  
Dallas, Texas 75254

is authorized to treat and discharge wastes from The Cliffs Wastewater Treatment Facility, a facility consisting of a reverse osmosis water treatment plant and a domestic wastewater treatment plant (SIC 4952 4941)

located at 922 State Highway 16 South, in the City of Graford in Palo Pinto County, Texas 76449

to an unnamed drainage ditch, thence to Brazos River Below Possum Kingdom Lake in Segment No. 1206 of the Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation, or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, five years from the date of permit issuance.

ISSUED DATE:

July 25, 2019

A handwritten signature in black ink, appearing to read "T. G. Baker", written over a horizontal line.

For the Commission



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

TPDES PERMIT NO.  
WQ0014783001  
[For TCEQ office use only - EPA I.D.  
No. TX0129241]

This is a renewal that replaces TPDES  
Permit No. WQ0014783001 issued on  
December 3, 2010.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

RECEIVED APR 14 2016

*Rock  
Creek*

whose mailing address is

5495 Belt Line Road  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the Rock Creek Wastewater Treatment Facility, SIC  
Code 4952

located approximately 1.35 miles north and 0.14 mile west of the intersection of State Highway 901 and  
Rock Creek Road, in Grayson County, Texas 76245

to an unnamed tributary; thence to Rock Creek; thence to Lake Texoma in Segment No. 0203 of the  
Red River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the  
State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the  
permittee the right to use private or public property for conveyance of wastewater along the discharge  
route described in this permit. This includes, but is not limited to, property belonging to any individual,  
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal  
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **December 1, 2020.**

ISSUED DATE: March 24, 2016

*R. Q. A. Hyle*  
\_\_\_\_\_  
For the Commission



TPDES PERMIT NO.  
WQ0013786002  
[For TCEQ office use only - EPA I.D.  
No. TX0113913]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

This is a renewal that replaces TPDES  
Permit No. WQ0013786002 issued on  
June 13, 2016.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

*White Bluff*

whose mailing address is

5495 Belt Line Road, Suite 200  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the White Bluff Wastewater Treatment Facility, SIC  
Code 4952

located on Misty Valley Circle, off White Bluff Drive, approximately 2.4 miles west of the intersection of  
Farm-to-Market Road 933 and White Bluff Drive, in Hill County, Texas 76692

to an unnamed tributary, thence to Bear Creek, thence to Lake Whitney in Segment No. 1203 of the  
Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the  
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partnership, corporation or other entity. Neither does this permit authorize any invasion of personal  
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **five years from the date of issuance.**

ISSUED DATE: May 29, 2019

A handwritten signature in cursive script, appearing to read "T. G. Baker".

For the Commission





TPDES PERMIT NO.  
WQ0014373001  
[For TCEQ office use only - EPA I.D.  
No. TX0125270]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

This is a renewal that replaces TPDES  
Permit No. WQ0014373001 issued on  
July 30, 2012.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

whose mailing address is

5495 Belt Line Road, Suite 200  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the The Retreat Wastewater Treatment Facility, SIC  
Code 4952

located at 7237 Retreat Boulevard, Cleburne, in Johnson County, Texas 76033

to an unnamed tributary of Ham Creek; thence to Ham Creek; thence to Whitney Lake in Segment No.  
1203 of the Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
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rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **July 1, 2019**.

ISSUED DATE: June 22, 2016

For the Commission

RECEIVED JUN 30 2016  
*The Retreat*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

TPDES PERMIT NO.  
WQ0002789000  
*[For TCEQ office use only -  
EPA I.D. No. TX0099015]*

This renewal replaces TPDES Permit  
No. WQ0002789000, issued on  
May 5, 2014.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

whose mailing address is  
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Dallas, Texas 75254

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located at 922 State Highway 16 South, in the City of Graford in Palo Pinto County, Texas 76449

to an unnamed drainage ditch, thence to Brazos River Below Possum Kingdom Lake in Segment No. 1206 of the Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation, or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, five years from the date of permit issuance.

ISSUED DATE:

July 25, 2019

A handwritten signature in black ink, appearing to read "T. G. Baker".

\_\_\_\_\_  
For the Commission



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

TPDES PERMIT NO.  
WQ0014783001  
[For TCEQ office use only - EPA I.D.  
No. TX0129241]

This is a renewal that replaces TPDES  
Permit No. WQ0014783001 issued on  
December 3, 2010.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

RECEIVED APR 04 2016

*Rock  
Creek*

whose mailing address is

5495 Belt Line Road  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the Rock Creek Wastewater Treatment Facility, SIC  
Code 4952

located approximately 1.35 miles north and 0.14 mile west of the intersection of State Highway 901 and  
Rock Creek Road, in Grayson County, Texas 76245

to an unnamed tributary; thence to Rock Creek; thence to Lake Texoma in Segment No. 0203 of the  
Red River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the  
State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the  
permittee the right to use private or public property for conveyance of wastewater along the discharge  
route described in this permit. This includes, but is not limited to, property belonging to any individual,  
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal  
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **December 1, 2020.**

ISSUED DATE: March 24, 2016

*R. Q. A. Hyde*  
\_\_\_\_\_  
For the Commission



TPDES PERMIT NO.  
WQ0013786002  
[For TCEQ office use only - EPA I.D.  
No. TX0113913]

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
P.O. Box 13087  
Austin, Texas 78711-3087

This is a renewal that replaces TPDES  
Permit No. WQ0013786002 issued on  
June 13, 2016.

PERMIT TO DISCHARGE WASTES  
under provisions of  
Section 402 of the Clean Water Act  
and Chapter 26 of the Texas Water Code

Double Diamond Utilities Co.

*White Bluff*

whose mailing address is

5495 Belt Line Road, Suite 200  
Dallas, Texas 75254

is authorized to treat and discharge wastes from the White Bluff Wastewater Treatment Facility, SIC  
Code 4952

located on Misty Valley Circle, off White Bluff Drive, approximately 2.4 miles west of the intersection of  
Farm-to-Market Road 933 and White Bluff Drive, in Hill County, Texas 76692

to an unnamed tributary, thence to Bear Creek, thence to Lake Whitney in Segment No. 1203 of the  
Brazos River Basin

only according to effluent limitations, monitoring requirements, and other conditions set forth in this  
permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the  
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route described in this permit. This includes, but is not limited to, property belonging to any individual,  
partnership, corporation or other entity. Neither does this permit authorize any invasion of personal  
rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the  
permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, **five years from the date of issuance.**

ISSUED DATE: May 29, 2019

For the Commission

**WHOLESALE TREATED WATER SUPPLY AGREEMENT**

This Wholesale Treated Water Supply Agreement (the "Agreement") is made and entered into this 14 day of April, 2015 (the "Effective Date") by and between Northwest Grayson County Water Control and Improvement District No. 1 ("District") and Double Diamond Properties Construction Co., a Texas corporation. Collectively, the District and DDPC are sometimes referred to herein as the "Parties," and individually as a "Party."

**RECITALS**

**WHEREAS**, DDPC owns, operates and maintains a distribution system to furnish water service to the customers within its service area and desires to have a long term water supply source to provide potable water to its customers; and

**WHEREAS**, the District has available a supply of Treated Water, and owns, operates, and maintains facilities for storing, treating, and transmitting Treated Water; and

**WHEREAS**, it is deemed to be in the best interest of both DDPC and the District that said Parties enter into a mutually satisfactory agreement by means for which DDPC may obtain Treated Water from the District; and

**NOW, THEREFORE**, in consideration for the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

**ARTICLE I**  
**Definitions**

**1.1 Definitions.** The following terms and expressions used in this Agreement shall mean:

"Delivery Point(s)" means the point(s) at which the District agrees to deliver, and DDPC agrees to receive, Treated Water under this Agreement, which points are established as provided in Section 2.3 of this Agreement.

"Force Majeure" means acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals or other structures, partial or entire failure of water supply, or any other causes not reasonably within the control of the party claiming an inability to act by reason of force majeure.

"Meter(s)" means the metering facility or devices installed or to be installed at the Delivery Point(s) to measure the amount of Treated Water delivered to DDPC by the District as provided in this Agreement.

"Treated Water" means surface water or groundwater treated by the District so that it is potable water meeting the minimum quality requirements for human consumption as prescribed by the Texas Commission on Environmental Quality or other appropriate regulatory agency.

"Water Year" means the period of January 1 through December 31.

**ARTICLE 2**  
**Water Supply**

**2.1 Quantity.** Except as limited in this Agreement, the District agrees to furnish and make available for sale Four Million and Six Hundred Thousand (4,600,000) gallons per year and Twelve Thousand Six Hundred (12,600) gallons per day of Treated Water in Water Year 1 to be delivered at the Delivery Point, or the prorated amount if delivery occurs after January 1 of Water Year 1. On September 1 of every Water Year, DDPC shall submit to the District the volume of Treated Water that shall be furnished for the ensuing Water Year, to be calculated as follows: seventy-five percent (75%) of the prior Water Year's residential consumption. The supply of water shall first commence on July 1, 2015, if the following conditions have been met: (a) a final and non-appealable Public Utility Commission ("PUC") Order or approval transferring the District's Certificate of Convenience and Necessity ("CCN") for the property subject to the Settlement Agreement, attached hereto as Exhibit A and incorporated herein for all intents and purposes has been issued; (b) DDPC has submitted an application to charge certain rates for the provision of water services and diligently prosecutes the application; and (c) a final and non-appealable Public Utility Commission ("PUC") Order or approval authorizing DDPC to charge any rate for the provision of water service, has been issued. If, however, a final and non-appealable PUC Order or authorization has not been issued by the above date, then supply of water shall first commence within fourteen (14) days after a final and non-appealable PUC Order or authorization transferring the District's CCN and authorizing certain rates for the provision of water service has been issued.

**2.2 Interruption of Service or Maintenance.** Notwithstanding anything in this Agreement to the contrary or any statutory or regulatory requirement that may be applicable to DDPC'S delivery of water to DDPC'S retail customers, the District shall be entitled at any and all times to install, repair, maintain, and replace such equipment or devices or to take any other action under emergency conditions (including reduction or cessation of water service to DDPC) as necessary or appropriate to allow the District at all times to maintain a minimum pressure as required by law at all retail service locations directly served by the District. The District may install at the metering location appropriate devices to monitor and enforce all or any of these limitations. The District agrees, to the extent reasonable under the circumstances of the interruption of service, that it will provide advance notice to DDPC of such interruption so that DDPC may better make allowance within its storage and delivery system to accommodate the interruption and that the District will use due diligence to restore service pursuant to this

Agreement. Nothing in this Agreement provides DDPC a guaranteed service pressure at the Delivery Point by the District.

**2.3 Delivery Point.** The District agrees to deliver Treated Water to DDPC at the Delivery Point specified in Exhibit B attached hereto and incorporated herein for all intents and purposes. The location of the Delivery Point specified in Exhibit B is mutually agreed upon by and between the Parties.

**2.4 Valves at Delivery Point.** All valves releasing water from the District's water system to DDPC shall be operated by the District. DDPC shall not obstruct or block access to those valves.

**2.5 Back Flow Prevention.** Installation of any metering facility by the District shall include a back flow device in order to prevent back flow of water into the District's system.

**2.6 Pressure.** The District shall furnish water delivered incident to this Agreement to a Delivery Point that contains an air gap. The District does not guarantee any water pressure at the Delivery Point.

**2.7 Failure to Deliver.** The District will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish DDPC with quantities of water up to the maximums provided in Section 2.1. Temporary or partial failures to deliver water shall be remedied with due diligence.

### **ARTICLE 3**

#### **System Improvements and Metering**

**3.1 Delivery of Water to the Point of Delivery.** The District shall undertake, either by its employees or by qualified contractors, to construct any necessary transmission line improvements necessary to supply treated water to the Point of Delivery as generally described in Exhibit B attached hereto and incorporated herein for all intents and purposes, and sufficient to supply to DDPC the quantity of water set forth herein. The District shall be responsible for the design, construction, installation, and operation of the equipment and transmission facilities up to the Point of Delivery. In performance of these activities, the District shall obtain bids from two qualified contractors recommended by DDPC. However, if required by law, the District shall comply with procurement laws as required by Texas law. DDPC shall compensate the District for the satisfactory performance of these activities, as described in the scope of work attached hereto and incorporated herein as Exhibit C, in an amount equal to the lowest bid. DDPC agrees to pay said costs to the District within fifteen (15) days of being billed by the District.

**3.2 Easement.** The District shall be responsible for obtaining necessary easements, or other interests in property, for the location of the transmission facilities necessary to transfer treated water to the Point of Delivery.

**3.3 Metering.** The volume of Treated Water purchased by DDPC shall be measured at the Point of Delivery. The District shall furnish and install any necessary metering equipment at the Point of Delivery for properly measuring the quantity of water delivered to DDPC. The District shall operate and maintain at its own expense at the Point of Delivery said metering equipment.

**3.4 Calibration of Meters and Flow Control Devices.**

(a) **Annual Testing.** Meters and flow control devices will be serviced and calibrated as necessary. Copies of the results of such calibration and all related information shall be provided to DDPC within ten (10) business days. DDPC shall have access to the Meter(s) and flow control devices at all reasonable times; provided, however, that any reading, calibration or adjustment to such Meter(s) and flow control devices shall be done by employees or agents of the District, or other mutually approved third party calibration agent, in the presence of representatives of DDPC and the District, if so requested by DDPC. Notification of any proposed test shall be provided to DDPC at least seventy-two (72) hours prior to such test being conducted and DDPC may observe such test, if so desired.

(b) **Inaccuracy.** Upon any calibration of a Meter, if it is determined that the accuracy envelope of such Meter(s) is found to be lower than ninety-five percent (95%) or higher than one hundred five percent (105%) expressed as a percentage of the full scale of the Meter(s), or Meter(s) fail to perform to American Water Works Association water metering standards, the registration of such Meter(s) shall be corrected according to this subsection. The registration of the flow as determined by such defective (Meter(s)) shall be corrected for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration, but in no event further back than a period of six (6) months. All Meter(s) will be properly sealed, and the seals shall not be broken unless representatives of both DDPC and the District have been notified and given a reasonable opportunity to be present.

(c) **Meter Out of Service – No Readings.** If any meter used to determine the flow of Treated Water to DDPC is out of service or out of repair so that the amount of Treated Water metered cannot be ascertained or computed from the reading thereof, the Treated Water delivered during the period such Meter is out of service or out of repair shall be estimated and agreed upon by DDPC and the District upon the basis of the best data available. The basis for estimating such flow includes, but is not limited to, extrapolation of past patterns of flow for said Meter under similar conditions. In the event that DDPC and the District cannot agree on the extrapolated estimate of Treated Water volume delivered before the payment due date, DDPC will make payment to the District based on the same month in the previous year on or before the payment due date. Notwithstanding anything in this Agreement to the contrary, only after making such payment, may DDPC request that a dispute under this Section be submitted to non-binding mediation. The District's acceptance of such payment does not waive the District's right to request that any remaining dispute regarding the amount of payment due be submitted at any time to non-binding mediation.



### 3.5 Meter Reading.

(a) The District will read all Meter(s) provided for herein at monthly intervals, and DDPC and the District shall have free access to read these respective Meter(s) daily, if either party so desires. It shall be the duty of both DDPC and the District to give immediate notice, each to the other should any Meter(s) be found to not be functioning properly. Upon such notice, the District shall make repairs to such Meter(s) promptly. The expense of such repairs shall be borne by the District.

(b) DDPC shall have access to records on the Meter(s) readings during reasonable business hours and shall be furnished a copy of readings upon request.

### ARTICLE 4 Fees, Billing and Payment

4.1 **Take or Pay Minimum Volume.** In Water Year 1, DDPC will take or pay for Three Million One Hundred and Ninety Thousand (3,190,000) gallons of water at the Point of Delivery at the rate for Treated Water as set forth herein, or the prorated amount if delivery occurs after January 1 of Water Year 1. The annual volume of water subject to the take or pay minimum during each ensuing Water Year shall be seventy five percent (75%) of the prior Water Year's residential consumption. DDPC will submit documentation related to residential consumption to the District within twenty (20) days after the end of each Water Year. However, in no event shall DDPC ever purchase less than Three Million One Hundred and Ninety Thousand (3,190,000) gallons of water in any ensuing year.

4.2 **Water Rate.** DDPC agrees to pay the District for water metered to DDPC at the Point of Delivery at the initial rate of Seventy-Five Percent (75%) of the lowest volumetric rate charged by the District to its residential customers per one thousand (1000) gallons.

4.3 **Adjustment of Rate.** Beginning upon the expiration of the second Water Year, the District may adjust the Water Rate, to be effective sixty (60) days after each anniversary of the Effective Date of this Agreement, to be an amount such that the Water Rate does not exceed Seventy-Five Percent (75%) of the lowest volumetric rate charged by the District to its residential customers, but in no event shall any such increase result in a Water Rate that exceeds the rate charged by the District to any other wholesale water customer.

4.4 **Billing and Payment.** The District shall, on a monthly basis, upon reading the Meter in accordance with Section 3.5, submit an invoice to DDPC regarding the quantity of water metered to DDPC. DDPC's monthly payment shall be calculated by multiplying the metered volume times the Water Rate set out in Sections 4.2 or 4.3, if applicable. The take or pay minimum described in Section 4.1 shall be billed in equal monthly installments to DDPC. In addition to the volumetric rate described above, DDPC shall be billed a meter charge for the size meter at the Delivery Point, or its equivalent, based on the District's relevant tariffed rate. Subject to any provisions in this Agreement that render payment unnecessary, DDPC agrees to pay the District within twenty (20) days after delivery of the monthly billing. In the event DDPC's water usage is below the annual take or pay amount for the particular Water Year, then

DDPC shall pay the remainder amount to the District within twenty (20) days after receiving the last invoice of that Water Year.

**ARTICLE 5**  
**Terms of Agreement and Extension**

5.1 **Term.** Unless otherwise terminated as provided in this Agreement, this Agreement shall extend for a term of twenty-five (25) years from the Effective Date and thereafter may be extended as provided in this Agreement. The parties agree that the terms and conditions of this Agreement are expressly conditioned upon the parties' performances under the Settlement Agreement, attached hereto as Exhibit A.

5.2 **Extension of Agreement.** DDPC may request an extension of this Agreement by providing notice to the District ninety (90) days prior to the termination of the initial twenty-five (25) year period. DDPC may request two extensions not to exceed ten (10) years each.

**ARTICLE 6**  
**Termination**

6.1 **Termination by Mutual Consent.** This Agreement may be terminated in whole or in part, but only by the mutual written consent of both DDPC and the District. In the event of termination of this Agreement by mutual consent, all rights, powers, and privileges of DDPC hereunder shall cease and terminate without necessity of further action. Upon termination of this Agreement by mutual consent, DDPC shall have no right to receive Treated Water from the District and the District is permanently released from any and all obligations to make Treated Water available to DDPC.

**ARTICLE 7**  
**Notice and Delivery**

7.1 **Manner of Giving Notice.** Unless the context requires immediate notice, which may be provided by telephone, any notice required under this Agreement shall be given to the respective parties at the following addresses by certified mail, return receipt requested, or by delivering the same to an officer of such party. Any such matter deposited in the mail in the manner hereinabove described shall become exclusively deemed to be effective, unless otherwise stated in this Agreement, from and after the earlier of actual receipt of notice or the expiration of four (4) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified.

7.2 **Notice to the District.** Notice may be given to the District at:

Board President  
Northwest Grayson County WCID No. 1  
PO Box 715  
Gordonville, Texas 76245

**7.3 Notice to DDP.** Notice may be given to DDP at:

Mr. Randy Gracy  
President  
Double Diamond Properties Construction, Co.  
5495 Belt Line Rd., Suite 200  
Dallas, Texas 75254

**7.4 Delivery of Billing Statements.** Delivery of a billing statement pursuant to Article 4 of this Agreement shall be considered effective on the earlier of the date that the District deposits such statement in the United States regular mail or the date such statement is actually delivered to DDP by other means.

**7.5 Change of Address.** The Parties shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least five (5) days written notice to the other Party.

**ARTICLE 8**  
**General Terms and Conditions**

**8.1 Goods and Services.** The Parties agree that this Agreement constitutes the legal, valid and binding obligation of each Party hereto, enforceable in accordance with its terms, and that each Party is entering into this Agreement in reliance upon the enforceability of this Agreement. DDP acknowledges that the District is providing goods and services to DDP under this Agreement pursuant to Section 271.151, Texas Local Government Code.

**8.2 Governing Law.** This Agreement shall be governed by the applicable law of the State of Texas and due performance by each party or any action arising under this Agreement shall lie in Grayson County, Texas. Jurisdiction and venue shall be in Grayson County, Texas, and each of the Parties submit to personal jurisdiction in the state district courts in such county.

**8.3 Third Parties.** The Parties agree that there are no third party beneficiaries to this Agreement. This Agreement shall not be construed as creating any rights in any third party or any duty to any third party. Affiliates of DDP do not constitute a third party.

**8.4 Regulatory Authorities.** This Agreement is subject to all applicable laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

**8.5 Force Majeure.** If by reason of Force Majeure either party shall be rendered in whole or in part unable to carry out its obligations under this Agreement, then if such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, 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 party shall endeavor to remove or overcome such inability with all reasonable dispatch.

**8.6 Title to Water.** Title to all Treated Water supplied hereunder shall be in the District up to the Point of Delivery, at which point title shall pass to DDPC if such water is used. The Parties shall save and hold each other harmless from all claims, demands, and causes of action that may be asserted by anyone on account of the transportation and delivery of said Treated Water while title remains in such party.

**8.7 Remedies Upon Default.** It is recognized that the Parties' undertaking as provided in this Agreement are obligations, the failure and performances of which cannot be adequately compensated in money damages. The Parties agree that, in the event of any default, the other party shall have available to it the equitable remedy of specific performance in addition to any other legal or equitable remedies (other than termination) which may be available to such party.

**8.8 Entire Agreement; Supersedes All Others.** This Agreement and any Exhibits hereto embody the entire Agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements, and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any amendment, waiver or consent is sought. This Agreement may not be amended or modified except in writing executed by all Parties and authorized by their respective governing bodies.

**8.9 Successors and Assigns.** This Agreement shall be binding upon the Parties hereto and their respective successors, heirs, representatives, and assigns. This Agreement may be assigned by any Party to any other entity upon written notice to the other Party.

**8.10 Partial Invalidity.** If any term of this Agreement is held to be invalid in any judicial action, the remaining terms will be unaffected.

**8.11 Survival.** Any provision that by its terms survives the termination of this contract shall bind the Parties, and their legal representatives and any successors or assigns.

**8.12 Approvals or Consents.** Whenever an approval or consent is referenced herein or such term is used in the Agreement, such approval or consent shall not be unreasonably withheld.

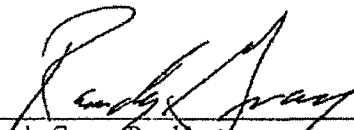
**8.13 Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**8.14 Authority.** The respective signatories to this Agreement covenant that they are fully authorized to sign and execute this Agreement on behalf of their respective Party, and by such signature each such person represents that they have obtained all the necessary authority and approval, including the actual approval of their Board, to execute the Agreement.

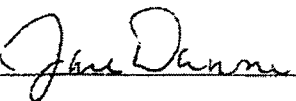
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in multiple counterparts, each of which shall constitute an original.

[Signature Pages Follow]

DOUBLE DIAMOND PROPERTIES  
CONSTRUCTION CO.

  
\_\_\_\_\_  
Randy Gracy, President

Attest:

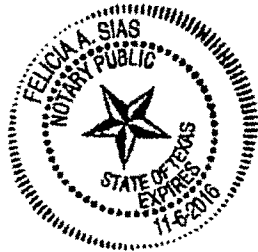
By: \_\_\_\_\_

THE STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the 10<sup>th</sup> day of April, 2015,  
by Randy Gracy, President of DOUBLE DIAMOND PROPERTIES  
CONSTRUCTION CO., on behalf of said corporation.

  
\_\_\_\_\_  
Notary Public – State of Texas



NORTHWEST GRAYSON COUNTY  
WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 1

Name: Carol B. Anderson  
Title: President BOD

Attest:

By: Ronald Chambers

THE STATE OF TEXAS  
COUNTY OF GRAYSON

This instrument was acknowledged before me on the 14 day of April, 2015,  
by Carol B. Anderson, on behalf of Northwest Grayson County  
Water Control and Improvement District No. 1.

Karen B. Bomar  
Notary Public - State of Texas

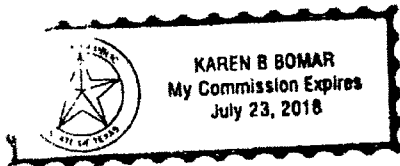


EXHIBIT "A"

SETTLEMENT AGREEMENT BETWEEN  
DOUBLE DIAMOND PROPERTIES CONSTRUCTION CO. AND NORTHWEST  
GRAYSON COUNTY WCID NO. 1



**SETTLEMENT AGREEMENT**

This Settlement Agreement is made and entered into on the 14th day of April, 2015 (the "Effective Date") by and between Northwest Grayson County Water Control and Improvement District No. 1 ("District"), and Double Diamond, Inc. ("DDI") and Double Diamond Properties Construction Co. ("DDPC"), a Texas corporation.

**RECITALS**

**WHEREAS**, Rock Creek Development, located near FM 901 and Rock Creek Boulevard in Grayson County, consists of approximately 1,350 acres (the "Property");

**WHEREAS**, the District currently holds retail water Certificate of Convenience and Necessity ("CCN") No. 12362 (the "District's CCN");

**WHEREAS**, the Property is within the District's CCN;

**WHEREAS**, DDI may acquire additional acreage within the District's CCN to be included as part of the Rock Creek Development ("Future Property");

**WHEREAS**, the District does not intend to provide retail water service to the Property or Future Property;

**WHEREAS**, the District agrees to the decertification and transfer of its CCN for the area that encompasses the Property;

**WHEREAS**, the District utilizes groundwater and has a surface water allocation in order to provide continuous and adequate service to its customers; and

**WHEREAS**, DDPC and the District desire for DDPC to obtain wholesale treated water service from the District in sufficient quantities to enable DDPC to provide water service to the Property.

**NOW THEREFORE**, in consideration of the mutual promises expressed herein and other good and valuable consideration, the sufficiency of which is acknowledged by the Parties, the following is agreed to:

1. **Transfer Area**. The District hereby agrees to transfer the CCN covering the Property to DDPC (the "Transfer Area"). Exhibit A attached hereto and incorporated herein for all intents and purposes depicts the Transfer Area. The area identified as "Project Acreage" encompasses the Transfer Area.

2. **Support of Transfer of District's CCN**. The District agrees to support DDPC's application for obtaining a CCN for the Property and to transfer the District's CCN for the area included within the Transfer Area to DDPC. DDPC shall file the application to obtain the CCN for the property and to transfer the Transfer Area to DDPC at its sole cost and expense.

3. Support of Transfer for Future Property. The District agrees to take all steps necessary to transfer the District's CCN for the area included within any Future Property to DDPC, and to support DDPC's application for obtaining a CCN for the Future Property. For the purposes of this Agreement, Future Property includes any property within the District's CCN that is acquired by DDI after the Effective Date of this Agreement, and that is located within the area depicted as "Possible Expansion Area" on Exhibit B, attached hereto and incorporated herein for all intents and purposes.

4. Cooperation to Obtain Public Utility Commission ("PUC") Approvals. The Parties agree to cooperate to implement the terms of this Settlement Agreement, and all the agreements which are attached hereto. Concurrently with seeking the Transfer Area, DDPC agrees that it shall submit an application to charge certain rates for the provision of water services within the Transfer Area and shall diligently prosecute said application.

5. Compensation to District. To compensate the District for the decertification of its CCN for the Transfer Area, the service rights in the District CCN, its cooperation to allow DDPC to obtain a CCN and to provide retail water service to the Transfer Area, and other valuable goods and services, the Parties agree that Two Hundred Nineteen Thousand Dollars (\$219,000) is just, adequate, and reasonable compensation to the District.

6. Payment. Within thirty (30) days from the execution of this Agreement, DDPC shall fund an escrow account to be established by the District that contains the amount of compensation set forth in Section 5. Upon receipt of the final and non-appealable PUC Order transferring the CCN for the Transfer Area to DDPC, the District may receive the escrow funds. DDPC shall bear the cost of any escrow fees, escrow agent fees, or other fees associated with the escrow account.

7. Transfer to DDPC. Upon obtaining approval from PUC for the decertification of the Transfer Area from the District's CCN, and inclusion of the Transfer Area in DDPC's CCN, DDPC shall have the sole right to provide retail water service within the Transfer Area and the District will have no further obligation or right to provide water service to any existing or future customers located within the Transfer Area.

8. Adjustment of the Transfer Area. In the event DDI acquires Future Property, the District shall comply with the requirements set forth above upon receiving notice of an adjustment to the Transfer Area. DDPC shall have the sole right to provide retail water service within the Transfer Area, as adjusted, and the District will have no further obligation or right to provide water service to any existing or future customers located within the adjusted Transfer Area.

9. Compensation to District for Future Property. To compensate the District for the decertification of its CCN for the Future Property, the service rights in the District CCN, and its cooperation to allow DDPC to obtain a CCN amendment and to provide retail water service to the Future Property, the Parties agree that \$150 per acre is just, adequate, and reasonable compensation to the District.

10. Dismissal of Lawsuit. Within three (3) business days after the payment by DDPC pursuant to Paragraph 6, DDI and the District will file in the Lawsuit and present to the Court a Joint Motion and Agreed Order of Dismissal of Claims with Prejudice, in the form attached hereto as Exhibit C, and will promptly take all other necessary steps to have the Lawsuit dismissed by the Court with prejudice. "Lawsuit" means Cause No. 08-1118-059, Double Diamond, Inc. v. Northwest Grayson County Water Control and Improvement District No. 1, pending in the 59th Judicial District Court of Grayson County, Texas. DDI and the District will bear their own court costs, expenses, and attorneys' fees in the Lawsuit.

11. Facilities and Waterlines. Except for the CCN, no facilities, water lines, equipment, or other property of the District are transferred to DDPC by this Settlement Agreement.

12. Wholesale Raw Water and Treated Water. Contemporaneous with the execution of this Settlement Agreement, DDPC and the District agree to execute the Wholesale Treated Water Contract, attached hereto as Exhibit D.

13. Applicable Texas Law. This Settlement Agreement shall be governed by and construed and enforced under the laws of the State of Texas.

14. Entire Agreement. This Settlement Agreement contains the entire agreement of the Parties with respect to the subject matter of the Settlement Agreement. No Agreement, statement, or promise made by any Party or to any employee, agent, or officer of any Party, that is not contained in this Settlement Agreement shall be valid, binding, or of any force or effect. Any amendments to this Settlement Agreement must be in writing.

15. Successors and Assigns. This Settlement Agreement shall be binding upon the Parties hereto and their respective successors, heirs, representatives, and assigns. This Agreement may be assigned by any Party to any other entity upon written notice to the other Party.

16. Agreement Drafted Equally. This Settlement Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this Settlement Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against any other Party shall not apply.

17. Severability. Should any provision of this Settlement Agreement be declared void by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

18. Attorney's Fees. In the event that the terms and conditions of this Settlement Agreement are breached by any of the Parties, and the Parties participate in a proceeding before any state or federal tribunal because the terms and conditions of this Settlement Agreement are not being complied with by one of the Parties, the prevailing Party(ies) shall recover fees, damages, costs, attorney fees, and such other and further relief from the nonprevailing Party(ies), general or special, at law or in equity, to which the prevailing Party may show itself justly entitled.

19. Counterparts. This Settlement Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

20. Authority of Parties. Each Party hereby represents and warrants to the other that to the best of their knowledge and belief: (a) each has full legal right and authority to enter into, execute and deliver this Agreement; and (b) this Settlement Agreement constitutes a legal, valid and binding obligation enforceable against such party in accordance with its terms.

21. Resolution. The District shall provide DDI and DDPC a true and correct copy of a resolution of the Board of Directors approving this Settlement Agreement and authorizing the execution of the Settlement Agreement and attachments thereto.

22. Unless otherwise terminated, this Agreement shall extend for a term concurrent with the Wholesale Water Agreement contained in Exhibit D.

IN WITNESS WHEREOF, the Parties have executed this Agreement and caused this Agreement to be effective on the date first written above as reflected by the signatures below.

*[Signature Pages Follow]*

DOUBLE DIAMOND, INC.

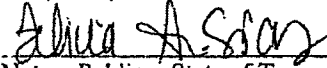
  
\_\_\_\_\_  
Kevin Shea, Vice President

Attest:

By: \_\_\_\_\_

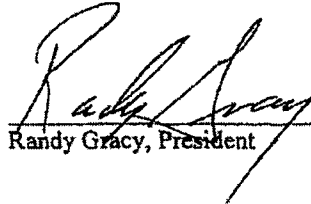
THE STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me on the 10<sup>th</sup> day of April, 2015,  
by Kevin Shea, Vice President of DOUBLE DIAMOND, INC., on behalf of said corporation.

  
\_\_\_\_\_  
Notary Public - State of Texas



**DOUBLE DIAMOND PROPERTIES  
CONSTRUCTION CO.**

  
Randy Gracy, President

Attest:

By: 

THE STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on the 10<sup>th</sup> day of April, 2015,  
by Randy Gracy, President of DOUBLE DIAMOND PROPERTIES CONSTRUCTION CO., on  
behalf of said corporation.

  
Notary Public - State of Texas



NORTHWEST GRAYSON COUNTY  
WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 1

Name: Carol B. Anderson  
Title: President BOB

Attest:

By: Ronald D. Chambers

THE STATE OF TEXAS

COUNTY OF GRAYSON

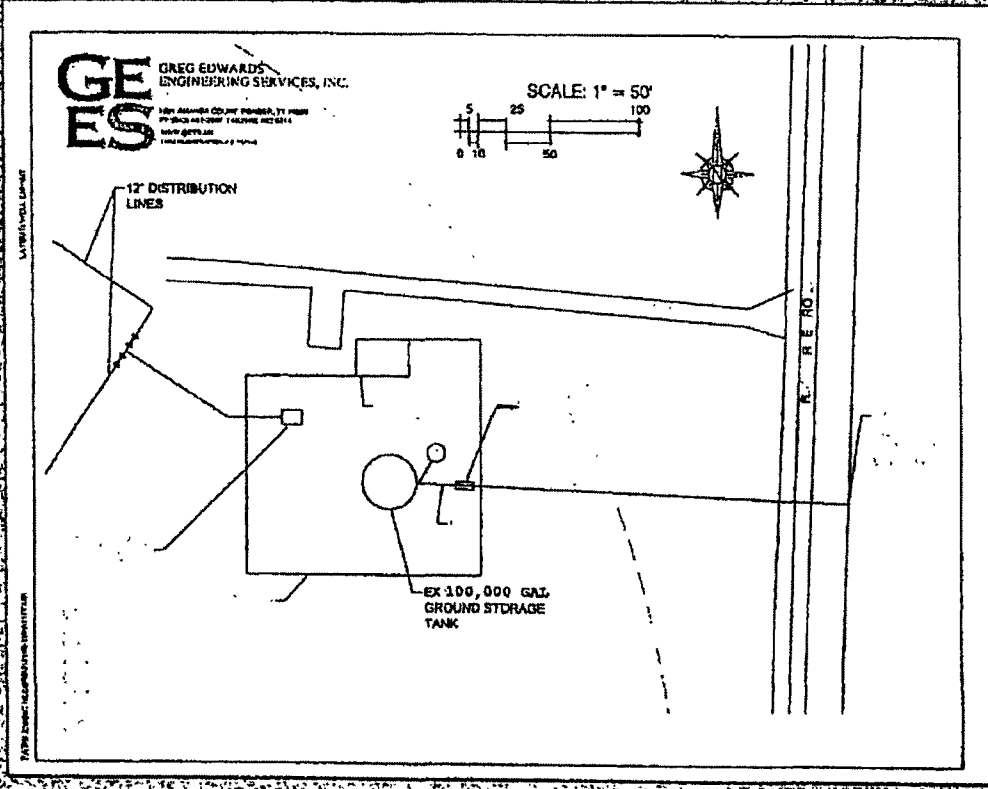
This instrument was acknowledged before me on the 14 day of April, 2015,  
by Carol B. Anderson, on behalf of Northwest Grayson County  
Water Control and Improvement District No. 1.

Karen B. Bomar  
Notary Public - State of Texas



EXHIBIT "B"  
DELIVERY POINT





**EXHIBIT "C"**  
**GENERAL SCOPE OF WORK**

This scope of work will include a water line extension to be paid for by DDPC, and shall include furnishing and installing approximately 6000 linear feet of 6" PVC (SDR 21-200 PSI) water line and water valves in compliance with plans and specifications prepared by Biggs & Mathews, Inc. on behalf of the District. The plans and specifications prepared by Biggs & Mathews, Inc. shall include features, standards, components, and requirements only to the extent that they are required to satisfy state regulations. The parties further agree that the specifications for this water line shall be consistent with the District's specifications for extensions of previous water lines. Also, included in this project is the construction of a metering vault to be installed at the existing DDPC pump station site located on Rock Creek Road. It is the intent to solicit competitive bids from qualified utility contractors with DDPC paying for all construction costs and design fees. Preparation of plans, specifications, and construction contract documents by Biggs & Mathews and paid for by DDPC shall be a lump sum of \$15,500. The actual length of line may vary from the estimate. DDPC shall be responsible for the actual cost of said line installation.

In addition, it should be understood that the District shall provide at no cost to DDPC, all the surveying, right-of way acquisitions and easements for the water line installation. DDPC shall provide all necessary easements free of charge across its property to provide the necessary water line installations.

**ASSIGNMENT OF WATER SUPPLY AGREEMENT  
BETWEEN BRAZOS RIVER AUTHORITY  
AND FRANKLIN FEDERAL BANCORP.**

WHEREAS, Brazos River Authority (Authority), a river authority of the State of Texas, and Franklin Federal Bancorp., a federal savings bank ("FFB") entered into a System Water Supply Agreement ("System Agreement") dated April 15, 1993, under which Authority agreed to sell 1,000 acre-feet of raw water per year to FFB; and

WHEREAS, FFB has conveyed the real property described in System Agreement as "The Cliffs" to Double Diamond, Inc. ("DDI"), a Texas Corporation, and in connection therewith desires to assign to DDI all of its rights and obligations under the System Agreement; and

WHEREAS, Brazos River Authority has no objection to such assignment.

NOW, THEREFORE, in consideration of the agreement of all parties, each of the parties agrees that as of the effective date set forth below, System Agreement, with all of the rights and obligations thereunder, shall be held by DDI, which hereby agrees to assume FFB's obligations accruing under System Agreement on or after the effective date, and FFB shall be released from all obligations thereunder accruing on or after the effective date.

DATED to be effective as of OCTOBER 29, 1993.

BRAZOS RIVER AUTHORITY

FRANKLIN FEDERAL BANCORP.

By: Roy A. Roberts  
Roy A. Roberts, P.E.  
General Manager

BY: Terri Talley Nassouk  
Name: TERRI TALLEY NASSOUK  
Title: ASST. VICE PRESIDENT

ATTEST:

Michael S. Pugh  
Secretary (Assistant)

ATTEST:

Judy Osborn  
Title: attorney

DOUBLE DIAMOND, INC.

By: Patrick J. Ramsier  
Name: PATRICK J. RAMSIER  
Title: EXECUTIVE VICE PRESIDENT

ATTEST:  
Willie Fahn  
Title: General Counsel

(6/3/103)

**SYSTEM WATER SUPPLY AGREEMENT  
BETWEEN  
BRAZOS RIVER AUTHORITY  
AND  
FRANKLIN FEDERAL BANCORP.**

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**SYSTEM WATER SUPPLY AGREEMENT  
BETWEEN  
BRAZOS RIVER AUTHORITY  
AND  
FRANKLIN FEDERAL BANCORP.**

AGREEMENT made and entered into this the 15 day of April, 1993, by and between BRAZOS RIVER AUTHORITY ("Authority"), a river authority of the State of Texas, and FRANKLIN FEDERAL BANCORP., federal savings bank ("FFB") of Travis County, Texas.

1. **RECITALS.** Authority is authorized by the State of Texas to store State waters in Authority owned and operated Possum Kingdom Lake (Lake) and to make such waters available for beneficial use. As a result of its authorization from the State of Texas, the Authority has water in Lake which can be made available for use by FFB. FFB has need of water from Lake to supply the needs of its service area more commonly known as "The Cliffs." Under the "Water Supply Contract By and Between Brazos River Authority And Duwe Properties Company", ("1984 Contract"), entered into on January 16, 1984 and subsequently assigned to Cliffs Development Ltd., Authority made available to Cliffs Development, Ltd. and Cliffs Development, Ltd. agreed to purchase 1,000 acre-feet of water per Calendar Year. Subsequent to such assignment Cliffs Development, Ltd. assigned all of its right, title and interest in The Cliffs, including but not limited to the 1984 Contract, to Franklin Federal Savings Association. Pursuant to a resolution of the Federal Home Loan Bank Board, the Federal Savings and Loan Corporation ("FSLIC") was duly appointed



receiver for Franklin Savings Association on September 30, 1988. Subsequently, FFB acquired from FSLIC certain assets previously owned by Franklin Federal Savings Association, including but not limited to The Cliffs and the 1984 Contract.

Authority is also authorized to operate certain reservoirs, including Lake, in the Brazos River Basin as a System pursuant to an order of the Texas Water Commission issued on July 23, 1964 ("System Operation Order"). The Final Determination Of All Claims Of Water Rights In The Brazos River Basin And The San Jacinto-Brazos Coastal Basin Maintained By The Brazos River Authority, Fort Bend County W.C.I.D. No. 1 And Galveston County Water Authority ("Final Determination") issued on June 26, 1985 by the Texas Water Commission clarified and amplified the System Operation Order. Under the System Operation Order as adjudicated by the Final Determination, Authority is authorized to operate Possum Kingdom Reservoir, Lake Granbury, Somerville Reservoir, Stillhouse Hollow Reservoir, Lake Belton, Lake Proctor, Lake Granger, Lake Georgetown, Lake Limestone, Lake Aquilla and Lake Whitney as a System to more efficiently utilize the reservoirs in the System to meet the water supply needs of Authority.

Authority has now implemented a system-wide pricing methodology using a cash basis cost-of-service consistent with accepted ratemaking practices of the water industry. FFB wishes to contract for 1,000 acre-feet of water per Calendar Year under the terms of this Agreement pursuant to the new system-wide pricing methodology and to provide for cancellation of the 1984 Contract. Upon cancellation of the 1984 Contract as provided

herein, Authority agrees to make water available to FFB pursuant to the terms and conditions herein provided.

2. DEFINITIONS.

A. The term "Agreement" means this agreement.

B. The term "Annual Capital Related Costs" shall mean, for any Fiscal Year, the just and reasonable amounts prudently incurred by Authority for the construction, reconstruction, acquisition or replacement of the System including, without limitation, the principal, interest, reserve requirements, paying agent-registrar fees, debt service coverage requirement and other expenses related to any bonds or other obligations issued and outstanding and used for the purpose of financing or refinancing the capital related costs of the System and cash expenditures therefor to the extent said cash expenditures are reasonable and prudent and not otherwise made available from monies received as coverage on bonds allocable to the System.

C. The term "Annual System Operation and Maintenance Expenses" shall mean, for any Fiscal Year, all just and reasonable and prudently incurred costs of operating and maintaining, and for repairs and replacement of, the System including (for greater certainty but without limiting the generality of the foregoing) costs incurred for labor, supervision, engineering, accounting, auditing, legal services, energy, supplies, insurance, payments made by Authority in satisfaction of judgments resulting from claims not covered by Authority's insurance, and services and equipment necessary for the proper operation and maintenance of the System. Operation

and maintenance of the System shall include (for greater certainty, but not by way of limitation) activities related to water supply, streamgaging, water quality monitoring, efforts to control salt pollution, planning related to water supply and water quality, all payments made by Authority to the United States of America or others pursuant to the Federal Contracts, all expenditures made by Authority to generally protect the quality of water in the Brazos River or its tributaries, cost of improvements required by the State of Texas, the United States of America or any State or Federal agency, amounts to cover Authority's general and administrative expense allocable to the System and amounts required to prudently maintain appropriate reserves for insuring continuous, reliable and adequate operation, maintenance, repair and replacement of the System.

D. The term "Authority" shall mean Brazos River Authority.

E. The term "Board" shall mean the Board of Directors of Brazos River Authority.

F. The term "Calendar Year " shall mean the period from January 1 through December 31 of any particular year.

G. The term "FFB" shall mean Franklin Federal Bancorp. or any management agent duly authorized to act on its behalf, including but not limited to P.K. Development Company, Inc.

H. The term "Federal Contracts" shall mean those contracts with the United States of America whereby Authority has acquired, is acquiring, or may acquire conservation storage capacity in Federal Reservoirs.

I. The term "Federal Reservoirs" shall include the following:

Aquilla Dam and Reservoir  
Belton Dam and Reservoir  
Georgetown Dam and Reservoir  
Granger Dam and Reservoir  
Proctor Dam and Reservoir  
Somerville Dam and Reservoir  
Stillhouse Hollow Dam and Reservoir  
Whitney Dam and Reservoir

J. The term "Fiscal Year" shall mean Authority's fiscal year from September 1 through August 31, or such other annual fiscal year period as Authority may later determine.

K. The term "System" shall mean Authority's Water Supply System and shall include certain of Authority's facilities and properties insofar as they are related to water supply, to wit, as follows: Morris Sheppard Dam and Possum Kingdom Reservoir, DeCordova Bend Dam and Lake Granbury, Sterling C. Robertson Dam and Lake Limestone, and Authority's conservation storage in the Federal Reservoirs, together with all future extensions, improvements, enlargements and additions to and replacements of the System, and all replacements thereof, specifically added to the System by resolution of the Board; provided that, notwithstanding the foregoing, the term System shall not include (i) any of Authority's facilities and properties not specifically included in the System by the terms of this Agreement or not added by a subsequent resolution of the Board adopted pursuant to Section 13, below, and (ii) any water supply, wastewater or other facilities which have been or are declared not to be a part of

the System and which are acquired or constructed by Authority with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being special revenue obligations of Authority which are not secured by or payable from the revenues of the System but which are secured by and payable solely from special contract revenues or payments received from any persons or other legal entity or entities in connection with such special facilities.

L. The term "System Operation Order" shall mean that certain order of the Texas Water Commission (or its predecessor) dated July 23, 1964, as adjudicated by order of the Texas Water Commission (or its predecessor) on June 26, 1985, in the Final Determination Of All Claims Of Water Rights In The Brazos River Basin And The San Jacinto-Brazos Coastal Basin Maintained By The Brazos River Authority, Fort Bend County W.C.I.D. No. 1 And Galveston County Water Authority.

M. The term "System Rate" shall mean the rate per acre-foot of water established by Authority from time to time under the system-wide pricing methodology for water made available to FFB from the System under this Agreement.

N. The term "Total Annual Budgeted System Costs" shall mean the amounts approved by Authority as estimated costs of the System in the annual budgets adopted by Authority for a given Fiscal Year including, without limitation, amounts budgeted to meet Annual System Operation and Maintenance Expenses and Annual System Capital Related Costs.

O. The term "Total System Billing Units" shall mean the total amount of water (expressed in acre-feet per Calendar Year)

determined by Authority under accepted engineering practice as necessary to be reserved from firm yield produced by storage in the System to fulfill its commitments for which Authority receives payment under long term (in excess of five years) water sales contracts with FFB and Authority's other customers; provided, however, such term shall not include amounts of water required by appropriate governmental authority to be reserved in the System for use for bay and estuary purposes, in-stream uses, or for other similar environmental, public or beneficial uses to the extent Authority is not adequately compensated for any such requirement.

3. **EFFECTIVE DATE, CANCELLATION, AND PAYMENT CREDITS.** The 1984 Contract is cancelled as of the date of this Agreement. Any payment made by FFB under the 1984 Contract after January 1, 1992, but prior to execution of this Agreement at rates in excess of the initial System Rate provided in this Agreement under the new system-wide methodology shall be rebated or credited to FFB against payments owed pursuant to this Agreement after execution hereof.

4. **AVAILABILITY OF WATER.** While this Agreement remains in force, Authority agrees to make available to FFB for withdrawal from Lake an amount of water not to exceed 1,000 acre-feet of water per Calendar Year. While such water will be withdrawn from Lake, it may be accounted for by Authority as provided by the System Operation Order, as modified by the Final Determination. FFB represents, and Authority relies on such representation, that

all water to be made available by Authority under this Agreement to, and diverted and used by FFB shall be used solely for municipal and irrigation purposes as classified by Texas Water Commission for water use reporting.

5. **DATE AND PLACE OF PAYMENTS.** Payments to be made hereunder shall be made at Authority's office in Waco, McLennan County, Texas. Authority contemplates that by September 1 of each Fiscal Year it will have adopted budgets for Authority for said Fiscal Year and established the System Rate for said Fiscal Year. Payments for each Fiscal Year may be made under one of three payment options from which FFB will select at the beginning of each Fiscal Year. Annual payments shall be made on or before September 15 each Fiscal Year. Quarterly payments shall be made on or before September 15, December 15, March 15, and June 15 each Fiscal Year. Monthly payments shall be made on or before the fifteenth of each month each Fiscal Year. Quarterly payments or monthly payments shall include a multiplier to be applied to the annual payment to allow the Authority to recover interest lost on any unpaid balance plus a service charge for administrative costs, including but not limited to costs involving the billing, accounting and collecting for the quarterly or monthly payments. The multiplier to recover lost interest revenue and the service charge for administrative costs shall be determined on an annual basis by the Board at the time the Board sets the System Rate and shall be just and reasonable.

If the Authority increases the payment due from FFB during a Fiscal Year, it shall notify FFB of any increased amount of payment due for the remainder of the Fiscal Year and the increased amount shall be paid by FFB (i) within thirty days after receipt of notice of the increase if FFB has already paid all amounts otherwise due to the Authority for such Fiscal Year, or (ii) in approximately equal installments added to any further installment amounts owed by FFB for the remainder of such Fiscal Year if FFB has selected a payment option which resulted in FFB still having payments due to Authority during the remainder of such Fiscal Year.

**6. UNCONDITIONAL NATURE OF PAYMENT OBLIGATION; PRICE.**

A. Except as modified by Section 3, above, for each Fiscal Year, FFB unconditionally agrees to pay Authority annually for the water made available to FFB hereunder at a price equal to the product of multiplying the System Rate times 1,000 acre-feet of water per Calendar Year agreed to be made available to FFB by Authority from the System pursuant to this Agreement regardless of whether, or how much of, said water is diverted and used by FFB.

B. The System Rate has been initially established by the Board at a rate of \$19.15 per acre-foot of water made available annually to FFB from the System. The Authority may, and it specifically reserves the right to, revise the System Rate from time to time (usually prior to the start of each Fiscal Year) to reflect changes in Authority's cost of service to make water available from the System and to reflect changes in the number of



Total System Billing Units. Authority shall not increase the System Rate other than on a Fiscal Year basis except for reasons sufficiently unforeseeable and of such a magnitude so as to make such mid-Fiscal Year increase necessary in order to avoid jeopardizing the viability of Authority's System operations. Such reasons include Force Majeure, government legislation or regulation, or permit requirements.

C. The System Rate shall be calculated from time to time (usually prior to the start of each Fiscal Year) by the Board using accepted rate-making principles; shall be ascertained by utilizing the cash basis to determine an annual revenue requirement considering the Total Annual Budgeted System Costs and the Total System Billing Units as of the date the System Rate is adopted by the Board; shall be based on Authority's cost of service as evidenced by Authority's approved budgets; and shall be just, reasonable and non-discriminatory.

7. **INTEREST ON PAST DUE PAYMENT; COLLECTION.** In the event of failure of FFB to make any payment to Authority provided to be made in this Agreement at the time when same shall be due, the past due payment shall bear interest at the lesser of the highest rate allowed by applicable law or 10% per year.

8. **REMEDIES FOR NONPAYMENT OR DEFAULT.** Should FFB fail to make any payment to Authority when due hereunder or otherwise be in default under this Agreement, Authority at its sole option and in addition to and without impairing any other remedy available to it on account of the default, may elect to either (i)

terminate the supply of water to FFB under this Agreement until the nonpayment or other default is fully cured in accordance with the terms of this Agreement or (ii) terminate this Agreement by providing written notice of such nonpayment or other default and a statement of Authority's election to either terminate the supply of water to FFB or terminate this Agreement by reason thereof delivered to FFB on or before 30 days before the date specified in said notice for cancellation, provided that the nonpayment or other default with respect to which notice of termination of water supply or of this Agreement has been given, shall not be cured by the date thus specified in such notice. Nothing in this Agreement shall be construed in any manner so as to abridge, limit or deprive either party hereunto of any means which it would otherwise have of enforcing any right or remedy either in law or in equity for breach of any of the provisions hereof.

9. **DIVERSION RATE.** See Section 28. **SPECIAL PROVISION.**

10. **WITHDRAWAL FACILITIES.** The provision of facilities for diversion from Lake of the water agreed to be made available by Authority to FFB hereunder shall be solely the responsibility of FFB. Authority has granted to FFB an easement or right-of-way for FFB's diversion facilities on Authority lands at Lake at no cost to FFB subject to the conditions that the design and location for such facilities be approved by Authority; that FFB prepare and furnish all documentation necessary for FFB to retain the easement or right-of-way, including a map of convenient size

locating the point of diversion by course and distance from a survey corner or other identifiable points, which map shall at that time be made a part of this Agreement as Appendix II; and that FFB shall operate and maintain the facilities located on Authority lands in a manner acceptable to Authority.

11. **METERING.** FFB agrees that, at its sole cost and expense, it shall install, operate and maintain meters for the accurate measuring of all water diverted by FFB from Lake in order to aid Authority in accurately reporting actual water usage to the Texas Water Commission as required by applicable law or regulation. Such meter or meters shall be tested and calibrated for accuracy by and at the expense of FFB once each Calendar Year at intervals of approximately 12 months, and a report of such test and calibration shall be furnished to Authority. Authority shall be given at least two days prior notice of the time of any test and calibration of FFB's meters, or any of them, and Authority shall have the right to have a representative present at each test to observe the test and any adjustments found thereby to be necessary. Authority shall have the right to inspect and check the accuracy of FFB's meter or meters at any time during usual business hours after not less than one nor more than five days notice. In the event any question arises at any time as to the accuracy of any such meter, such meter shall be tested promptly upon demand of Authority, the expense of such test to be borne by Authority if the meter is found to be correct and by FFB if it is found to be incorrect. Readings within 2% of accuracy, plus or minus, shall be considered correct. If, as a

result of any test, any meter is found to be registering inaccurately (i.e., in excess of 2% of accuracy, plus or minus), the readings of such meter shall be corrected at the rate of its inaccuracy for any period which is definitely known and agreed upon, but in case the period is not definitely known and agreed upon, then the shorter of the following periods shall be used as the basis for correction:

- (a) a period extending back either 60 days from the date of demand for the test or, if no demand for the test was made, 60 days from the date of the test; or
- (b) a period extending back half of the time elapsed since the last previous test;

and the records of readings shall be adjusted accordingly. Following each test of a meter, FFB shall cause the same to be calibrated to register accurately.

12. **REPORTING.** FFB agrees that it will keep accurate records of the daily readings from the meter or meters installed pursuant to Section 11, above. These records shall be subject to inspection by Authority at reasonable times and places. FFB shall submit reports to Authority by the 10th day of each month showing the amount of water withdrawn from Lake each day during the preceding month (with daily diversions shown, if possible).

13. **SYSTEM EXPANSION.** FFB and Authority understand that Authority may be requested to supply water to other future customers in a manner or in an amount which may necessitate expansion or enlargement of or additions to the System and that