



Control Number: 51811



Item Number: 1

Addendum StartPage: 0



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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

Sale, Transfer, or Merger (STM) Application Instructions

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

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

FAQ:

Who can use this form?

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

Who is required to use this form?

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

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility



Application Summary

Transferor: City of Georgetown

(selling entity)

CCN No.s: 12369

☐ Sale
 ☒ Transfer
 ☐ Merger
 ☐ Consolidation
 ☐ Lease/Rental

Transferee: Jarrell-Schwertner Water Supply Corporation

(acquiring entity)

CCN No.s: 10002

☒ Water
 ☐ Sewer
 ☐ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

County(ies): Williamson

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Please mark the items included in this filing

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

Part A: General Information

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

JSWSC (Transferee) and City of Georgetown (Transferor) have entered into an agreement titled "Texas Water Code Section 13.248- Retail Water Certificate of Convenience and Necessity Service Area Transfer Agreement" to transfer a portion of Georgetown's service area to JSWSC. This agreement allows both parties to efficiently plan for growth and service of the area. There is no effect on current service and will allow JSWSC to meet future water supply needs.

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

For **Transferee** (Purchaser) CCN:

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

For **Transferor** (Seller) CCN:

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

Part B: Transferor Information

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

3. A. Name: City of Georgetown
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☒ Other: Municipality

B. Mailing Address: 808 Martin Luther King, Jr. St. Georgetown, Texas 78626

Attn: City Manager

Phone: (512) 930-3652

Email: ms@georgetown.org

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

Name: Patricia Erlinger Carls

Title: Attorney

Mailing Address: Law Offices of Patricia Erlinger Carls 3100 Glenview Ave, Austin, TX 78703

Phone: (512) 567-0125

Email: tcarls@tcarlaw.com

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

A. Effective date for most recent rates: _____

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

☐ No ☐ Yes Application or Docket Number: _____

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

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

☒ There are no customers that will be transferred

☐ # of customers without deposits held by the transferor _____

☐ # of customers with deposits held by the transferor* _____

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

Part C: Transferee Information

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

6. A. Name: Jarrell-Schwertner Water Supply Corporation

(individual, corporation, or other legal entity)

☐ Individual ☐ Corporation ☒ WSC ☐ Other:

B. Mailing Address: P.O Box 40 Jarrell, Texas 76537

Phone: (512) 746-2114

Email: gm@jswatersupply.com

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

Name: Patricia Ferguson

Title: Attorney

Address: 815 West 5th Street Clifton, Texas 76634

Phone: (254) 675-8663

Email: pferguson@bosquelaw.com

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

☐ No ☒ Yes ☐ N/A

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

☐ No ☐ Yes ☒ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation

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

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

Charter number (as recorded with the Texas Secretary of State): 26719301

☒ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

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

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☐ Other (please explain): _____

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

Name: N/A

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

Name: Mark Harbin

Position: President

Ownership % (if applicable): 0.00%

Address: _____

Phone: (512) 746-2114

Email: _____

Name: Mike Dunnam

Position: Director

Ownership % (if applicable): 0.00%

Address: _____

Phone: (512) 746-2114

Email: _____

Name: Pam Oakes

Position: Secretary/Treasurer

Ownership % (if applicable): 0.00%

Address: _____

Phone: (512) 746-2114

Email: _____

Name: Mike Cowie

Position: Vice-President

Ownership % (if applicable): 0.00%

Address: _____

Phone: (512) 746-2114

Email: _____

10. **Financial Information**

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

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

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

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

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

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 0.00

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

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

☐ No ☐ Yes ☒ N/A

Total Original Cost of Plant in Service: \$ 0.00

Accumulated Depreciation: \$ 0.00

Net Book Value: \$ 0.00

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

☐ No ☐ Yes

Total Customer CIAC: \$

Accumulated Amortization: \$

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

☐ No ☐ Yes

Total developer CIAC: \$

Accumulated Amortization: \$

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

☒ No ☐ Yes

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

N/A

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

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

Utility Plant in Service:	\$	0 00
Accumulated Depreciation of Plant:	\$	0.00
Cash:	\$	0.00
Notes Payable:	\$	0.00
Mortgage Payable:	\$	0.00
(Proposed) Acquisition Adjustment*:	\$	0 00

* Acquisition Adjustments will be subject to review under 16 TAC § 24 41(d) and (e)

Other (NARUC account name & No.):

Other (NARUC account name & No.):

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

No billing change expected. The 14 existing customers in the proposed transfer area are already customers of JSWSC.

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

N/A

Part E: CCN Obtain or Amend Criteria Considerations

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

There are currently no customers of Georgetown being transferred and no facilities owned by Georgetown in the proposed transfer area. JSWSC has water facilities available and currently serves 14 customers in the proposed transfer area and is planning to provide retail service in this area as the market demand develops. Please reference the attached "Part A- Exhibit A" showing JSWSC customers already served in the proposed transfer area.

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

JSWSC is a WSC formed in 1965 under Ch.67 of Texas Water Code. It currently serves approximately 4,550 connections in over 80,000 acres in portions of Bell & Williamson Counties. It maintains 7 wells and 4 water treatment plants with two surface water supplies in addition to its wells. It has professional staff and long history of providing safe and reliable water supply to its customers.

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



No



Yes

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

The proposed transaction should not disrupt or impact environmental integrity of the land.

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

The proposed transaction will allow JSWSC to utilize available water, plan for expansion and use capital to expand in the area. It allows future customers to have water service available from JSWSC.

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

Williamson County, Brazos River Authority, City of Florence, Bell County, West Bell County WSC, City of Jarrell and Bluebonnet Groundwater Conservation District. Please see attached list for details regarding these neighboring entities.

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

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

22. A. For Public Water System (PWS):TCEQ PWS Identification Number: 2460011 (7 digit ID)Name of PWS: Jarrell-Schwertner WSCDate of last TCEQ compliance inspection: December 18, 2018 (attach TCEQ letter)Subdivisions served: N/A**B. For Sewer service:**TCEQ Water Quality (WQ) Discharge Permit Number: WQ - N/A (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

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

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____**23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:**

Water				Sewer	
0	Non-metered	0	2"		Residential
14	5/8" or 3/4"	0	3"		Commercial
0	1"	0	4"		Industrial
0	1 1/2"	0	Other		Other
Total Water Connections:				14	Total Sewer Connections:

24. A. Are any improvements required to meet TCEQ or Commission standards?☒ No ☐ Yes**B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):**

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

C. Is there a moratorium on new connections?☒ No ☐ Yes:**25. Does the system being transferred operate within the corporate boundaries of a municipality?**☒ No ☐ Yes: _____ (name of municipality)

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

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☒ No ☐ Yes

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

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

D. Will the purchase agreement or contract be transferred to the Transferee?

☒ No ☐ Yes:

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

☐ No ☒ Yes:

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

Name (as it appears on license)	Class	License No.	Water or Sewer
AJ Hill	Operator B	WG0014265	Water
Jeff Davis	Operator C	WG0015169	Water
Joe Simmons	Operator A	WO0041470	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

- 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:

- 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
- 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
- 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

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

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

The total acreage of the requested area is approximately: 4,224.00

Number of customer connections in the requested area: 0

Affected subdivision :

The closest city or town:

Approximate mileage to closest city or town center: 1

Direction to closest city or town: City of Jarrell to the South

The requested area is generally bounded on the North by: FM 2843

on the East by: IH 35

on the South by: CR 344/CR 307/Solana Ranch Road

on the West by: Salado Creek

31. A copy of the proposed map will be available at: 2393 CR 311, Jarrell, Texas 76537

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

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

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

☐ higher monthly bill ☐ lower monthly bill

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

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Williamson

I, David Morgan being duly sworn, file this application for sale,
merger, consolidation, acquisition, lease, or transfer,
rental, as City Manager, City of Georgetown, TX

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

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.



AFFIANT

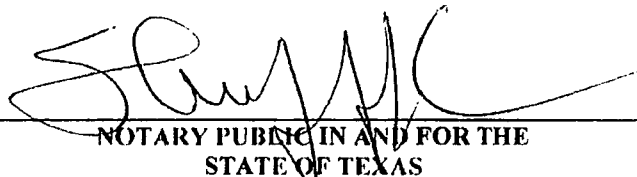
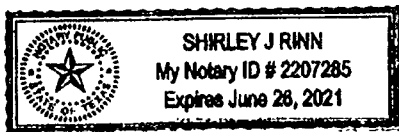
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas

this day the 2nd of February, 2021

SEAL



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Shirley J Rinn
PRINT OR TYPE NAME OF NOTARY

My commission expires:

June 26, 2021

Oath for Transferee (Acquiring Entity)

STATE OF Texas

COUNTY OF Williamson

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

I attest that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to Applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

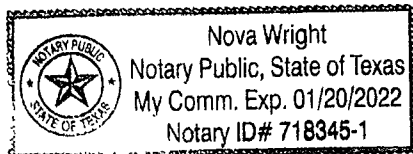
I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

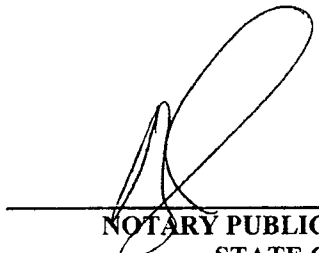

AFFIANT
(Utility's Authorized Representative)

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

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 5th of February, 20 21

SEAL




NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Nova Wright
PRINT OR TYPE NAME OF NOTARY

My commission expires: 1/20/22

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

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

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A – D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (E / G)						

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

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

[illegible]

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (- -)	A-1 YEAR (- -)	A-2 YEAR (- -)	A-3 YEAR (- -)	A-4 YEAR (- -)	A-5 YEAR (- -)
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
A. Total Current Assets						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
B. Total Fixed Assets						
C. TOTAL Assets (A + B)						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
D. Total Current Liabilities						
LONG TERM LIABILITIES						
Notes Payable, Long-term						
Other						
E. Total Long Term Liabilities						
F. TOTAL LIABILITIES (D + E)						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
G. TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES+EQUITY (F + G) = C						
WORKING CAPITAL (A - D)						
CURRENT RATIO (A / D)						
DEBT TO EQUITY RATIO (F / G)						

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

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office						
Computer						
Auto						
Insurance						
Telephone						
Utilities						
Depreciation						
Property Taxes						
Professional Fees						
Interest						
Other						
Total						
% Increase Per projected Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto						
Utilities						
Depreciation						
Repair & Maintenance						
Supplies						
Interest						
Other						
Total						

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

PART A

TEXAS WATER CODE SECTION 13.24 - RETAIL WATER CERTIFICATE OF CONVENIENCE AND NECESSITY SERVICE AREA TRANSFER AGREEMENT

This TEXAS WATER CODE SECTION 13.248 - RETAIL WATER CERTIFICATE OF CONVENIENCE AND NECESSITY SERVICE AREA TRANSFER AGREEMENT (this "**Agreement**") is made to be effective on the latest date accompanying the signature lines below (the "**Effective Date**"), and is by and between CITY OF GEORGETOWN, TEXAS ("**Georgetown**"), a home rule municipality organized and existing under the laws of the State of Texas, and JARRELL-SCHWERTNER WATER SUPPLY CORPORATION ("**JSWSC**"), a nonprofit rural water supply corporation organized under Chapter 67 of the Texas Water Code for the purposes stated in Texas Water Code § 67.002 (individually a "**Party**," collectively, the "**Parties**"), in connection with the boundary lines of the Certificates of Convenience and Necessity ("**CCNs**") held by Georgetown and JSWSC for the provision of retail water services to users pursuant to the Texas Water Code.

RECITALS

WHEREAS, Georgetown is the holder of retail water Certificate of Convenience and Necessity Number 12369 ("**Georgetown CCN**"), authorizing Georgetown to provide retail water service to certain areas in Williamson, Burnet, and Bell Counties; and

WHEREAS, JSWSC is the holder of retail water CCN Number 10002 ("**JSWSC CCN**"), authorizing JSWSC to provide retail water service to certain areas in Williamson and Bell Counties; and

WHEREAS, the Georgetown CCN borders the JSWSC CCN along the northwest corner of JSWSC; and

WHEREAS, JSWSC desires to become the sole retail water service provider to customers within the approximately 4,288 acre area (approximately 6.7 square miles) shown on the maps attached as **Exhibit A** and incorporated herein by this reference (the "**Transfer Area**"), and has existing facilities near the Transfer Area; and

WHEREAS, as of the Effective Date, there are no retail water customers in the Transfer Area, nor does Georgetown have any facilities in or near the Transfer Area; and

WHEREAS, because there are no customers in the Transfer Area as of the Effective Date, there will be no rate change associated with this Agreement; and

WHEREAS, on November 2, 2020, Georgetown sent, and JSWSC hereby acknowledges receipt of, a copy of 16. Tex. Admin. Code § 24.239; and

WHEREAS, the Georgetown City Council and the JSWSC Board of Directors each considered and approved this Agreement at meetings conducted in compliance with the Texas Open Meetings Act; and

PART A

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the Parties hereto agree as follows:

AGREEMENT

TRANSFER OF THE TRANSFER AREA

1.01 **Recitals.** The recitals herein set forth above are incorporated into the Agreement for all purposes and are found to be true and correct.

1.02 **Exclusive Agreement.** This Agreement is an exclusive, one-time Agreement between Georgetown and JSWSC and the intent of the Agreement is to commence the regulatory process to transfer a portion of the Georgetown CCN to the JSWSC CCN in order for JSWSC to provide retail water service to customers in the Transfer Area for the Consideration.

1.03 **Transfer of the Transfer Area.** In accordance with Section 13.248 of the Texas Water Code, but at all times subject to the terms and conditions of this Agreement and approval of the Public Utility Commission of Texas (the "**PUC**"), Georgetown hereby agrees to the reduction and modification of the boundaries of the Georgetown CCN to transfer or cancel the Transfer Area portion of the Georgetown CCN shown in **Exhibit A**. In accordance with Section 13.248 of the Texas Water Code, but at all times subject to the terms and conditions of this Agreement and the approval of the PUC, JSWSC hereby agrees to the expansion and modification of the boundaries of the JSWSC CCN to include the Transfer Area shown in **Exhibit A**. Other than the transfer of the Transfer Area from the Georgetown CCN to the JSWSC CCN, no other changes to the Georgetown CCN or the JSWSC CCN shall result from this Agreement.

1.04 **Sale, Transfer, Merger Application.** JSWSC and Georgetown agree to take all necessary steps to prepare, file, and advance an application at the PUC to sell, transfer and merge the Transfer Area from the Georgetown CCN to the JSWSC CCN (the "**Joint STM Application**") prepared in compliance with Texas Water Code §§ 13.242(a), 13.301 and 16 Tex. Admin Code §§ 24.225(a), 24.239 and any other applicable laws, rules or policies and obtain all other necessary regulatory approvals, if any. JSWSC shall take the lead on preparing, filing, and advancing the Joint STM Application. Georgetown will cooperate with JSWSC regarding the preparation and filing of the Joint STM Application, subject to JSWSC's obligation to reimburse Georgetown when and as required by **Section 1.05** of this Agreement. Within thirty (30) days after the Effective Date of this Agreement, JSWSC shall file the Joint STM Application with the PUC. If the Joint STM Application is contested, then: (a) if JSWSC and Georgetown mutually agree to pursue approval of the Joint STM Application by participating in the administrative hearing process, JSWSC shall take the lead in the litigation and Georgetown will cooperate with JSWSC in pursuing approval of the Joint STM Application with each Party bearing its own litigation costs, but neither Party is authorized to enter into any settlement agreement or agreed order, amend the Joint STM Application, or alter the Transfer Area without the written consent of the other Party; or (b) if one Party provides Notice to the other Party of its desire to withdraw the Joint STM Application (the "**Termination Notice**") rather than participate in the administrative hearing process, this Agreement will be deemed

PART A

terminated effective on the date that the Termination Notice was received, except that JSWSC's obligation to pay Georgetown as and when required by **Section 1.05** of this Agreement shall survive termination. If on its own motion or after a contested case hearing the PUC does not issue an order approving the Joint STM Application, JSWSC may, at its sole option, cost and expense, appeal the PUC determination or terminate this Agreement. Notwithstanding anything in this Section to the contrary, JSWSC's obligation to reimburse Georgetown for fees, costs and expenses associated with the Joint STM Application shall survive termination.

1.05 Consideration.

1.05.01 **Reimbursement of Georgetown's Direct Costs.** JSWSC agrees that Georgetown shall not be required to incur any costs associated with efforts to transfer the Transfer Area from the Georgetown CCN to the JSWSC CCN. As partial compensation for Georgetown's consent to transfer the Transfer Area from Georgetown's CCN to JSWSC's CCN, JSWSC agrees to reimburse Georgetown for all fees, costs and expenses incurred by Georgetown related to negotiating and drafting of this Agreement, the Joint STM Application, and any other related or required submittals and obtaining PUC approval of same including, without limitation, staff time for mapping and other technical services billed at the rate of \$34.00 per hour, reasonable attorney's fees, and any other reasonable professional, administrative, or technical fees, costs and expenses related to same ("**Georgetown's Direct Costs**"). On or before the close of business on the day that is 45 calendar days after receipt by JSWSC of a statement or invoice for Georgetown's Direct Costs (the "**Cost Reimbursement Due Date**") JSWSC shall pay Georgetown the amount invoiced in readily available funds received via bank wire. JSWSC shall contact Georgetown to obtain bank wiring instructions at least seven (7) business days before the Cost Reimbursement Due Date. Invoices or statements for Georgetown's Direct Costs will be sent by Georgetown to JSWSC on a monthly or other semi-regular basis as work progresses and continue until the transaction contemplated by this Agreement are completed.

1.05.02 **Statutory Compensation Analysis.** The Parties acknowledge receipt of a compensation analysis dated September 30, 2020 prepared by NewGen Strategies & Solutions, 275 W. Campbell Road, Suite 440, Richardson, TX 75080, relating to the value of the Transfer Area calculated using the factors set forth in Texas water Code Section 13.254(g) and finding that no additional consideration is due for the decertification of the Transfer Area other than payment by JSWSC of Georgetown's Direct Costs.

1.06 **Future Water Transmission Line and Water Supply.** Georgetown has notified JSWSC that it may construct one or more water transmission lines through the Transfer Area, and/or may seek to obtain a water supply from JSWSC and/or Bell County Water Control and Improvement District #1 on a long-term or emergency-interconnect basis, and JSWSC agrees to cooperate with and not to oppose those efforts directly or indirectly, provided that JSWSC shall not be obligated to pay Georgetown's fees or costs for same or allow uncompensated use of JSWSC's easements, and provided further that any easements, licenses, water supply contracts or other arrangement between JSWSC and

PART A

Georgetown must be memorialized in writing and approved by the governing bodies of both JSWSC and Georgetown. JSWSC's obligation under this **Section 1.06** shall survive the termination of this Agreement.

1.07 JSWSC's Obligation to Serve. Upon PUC approval of the transfer of the Transfer Area to the JSWSC CCN, JSWSC shall be responsible for providing retail water service to the Transfer Area under such terms and condition as are allowed under the JSWSC CCN and any applicable governmental statutes and regulations.

1.08 No Georgetown Obligation to Serve. Upon PUC approval of the revisions to its CCN boundary removing the Transfer Area from the Georgetown CCN, Georgetown shall have no obligation to provide retail water service to the Transfer Area.

NOTICES

2.01 Notice. The Parties contemplate that they will engage in informal communications with respect to the subject matter of this Agreement. However, any formal notices or other communications ("**Notice**") required to be given by one Party to another by this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below for such Party by: (i) delivering the same in person, (ii) depositing the same in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, (iii) depositing the same with FedEx or another nationally recognized courier service guaranteeing "next day delivery," addressed to the Party to be notified, or (iv) if an email address is provided in this Section, sending the same by electronic mail with confirming copy sent by mail. Notice deposited in the United States mail in the manner herein above described shall be deemed effective from and after the date reflected on the return receipt. Notice given in any other manner shall be effective only if and when received by the Party to be notified as reflected by a written receipt or confirmation. For the purposes of notice, the addresses of the Parties, until changed as provided in **Section 2.20** of this Agreement, shall be as follows: .

Georgetown:

City of Georgetown
808 Martin Luther King, Jr. St.
Georgetown, Texas 78626
Attention: City Manager

With required copy to:

City of Georgetown
809 Martin Luther King, Jr. St.
Georgetown, Texas 78626
Attention: City Attorney

Jarrel-Schwertner Water Supply Corporation:

Jarrell-Schwertner Water Supply Corporation
P.O. Box 40
2393 CR 311
Jarrell, Texas 76537

PART A

Attention: General Manager
gm@jswatersupply.com

With required copy to:

Patricia Ferguson
Patricia Ferguson & Associates, LLC
815 West 5th Street
Clifton, Texas 76634
pferguson@bosquelaw.com

2.02 Change of Address for Notice. A Party may change its address for Notice by giving Notice of such change to the other Party in the same manner as described in **Section 2.01** of this Agreement.

MISCELLANEOUS

3.01 Governing Law. This Agreement shall be governed, construed, and interpreted in accordance with the laws of the State of Texas. All acts required or permitted to be performed hereunder are performable in Williamson County, Texas, and it is agreed that any civil action brought to enforce or construe the terms or provisions hereof or to enjoin or require the performance of any act in connection herewith, shall be brought in a court of competent jurisdiction sitting in Williamson County, Texas. It is agreed that any administrative law action brought to enforce or construe the terms or provisions hereof or to enjoin or require the performance of any act in connection herewith, shall be brought at the PUC or its successor agency.

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

3.03 Unintended Omission. If any punctuation, word, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision in this Agreement is omitted, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence, or provision shall be supplied by inference.

3.04 Limitation of Liability. In no event shall either Party or any of its respective officers, directors, members, partners, shareholders, employees, agents or affiliates be liable for any special, indirect, non-compensatory, consequential, incidental, punitive or exemplary damages of any type, including lost profits, loss of business opportunity or business interruptions irrespective of whether such damages are reasonably foreseeable or whether such claims arise in contract, tort (including negligence, whether sole, joint, or concurrent or strict liability) or otherwise, arising out of this Agreement.

PART A

3.05 Effect of State and Federal Laws. Notwithstanding any other provision of this Agreement, the Parties shall comply with all applicable statutes or regulations of the PUC, the United States, and the State of Texas, and any rules implementing such statutes or regulations.

3.06 Amendment. This Agreement shall not be amended except by written instrument signed by all Parties to this Agreement.

3.07 Time. Time is of the essence in all things pertaining to the performance of this Agreement.

3.08 Authority for Execution. Georgetown hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the laws, regulations, and ordinances applicable to the city. JSWSC hereby certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the laws, regulations and orders applicable to JSWSC. Information pertaining to public notice per 16 Tex. Admin. Code Section 24.253(c)(2) and (3) is attached hereto under **Exhibit B**, incorporated herein by this reference, consisting of a copy of the meeting agenda and minutes for the meeting during which this Agreement was discussed and affidavits attesting to the date of those meetings.

3.09 Foreign Terrorist Organizations. Pursuant to Chapter 2252, Texas Government Code, JSWSC represents and certifies that, at the time of execution of this Agreement neither JSWSC, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. Pursuant to Chapter 2252, Texas Government Code, Georgetown represents and certifies that, at the time of execution of this Agreement neither Georgetown, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

3.10 Prohibition Against Boycotting Israel. As required by Chapter 2270, Texas Government Code, JSWSC hereby verifies that JSWSC does not boycott Israel and will not boycott Israel through the term of this Agreement, and Georgetown hereby verifies that Georgetown does not boycott Israel and will not boycott Israel through the terms of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

PART A

3.11 Entire Agreement. This Agreement and the attached Exhibits, which are incorporated into this Agreement by reference, reflects the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the Parties in the connection herewith.

3.12 Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and which may be transmitted electronically, and all of which together shall be construed as one and the same instrument.

3.13 Assignment. This Agreement may not be assigned by any Party, except by the prior written consent of the other Party.

IN WITNESS WHEREOF, the Parties approved and executed this Agreement to be effective on the Effective Date.

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION, a Texas non-profit water supply corporation

Attest:

Pam Oakes

Pam Oakes
Secretary, Board of Directors

By:

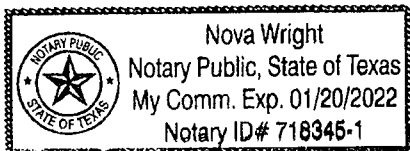
Mark Harbin

Mark Harbin,
President, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me the 11 day of November, 2020, by Mark Harbin, President of the Board of Directors of Jarrell-Schwertner Water Supply Corporation, a Texas non-profit corporation, on behalf of said corporation.

(seal)



[Signature]
Notary Public State of Texas

PART A

CITY OF GEORGETOWN, TEXAS
a Texas Home Rule Municipal Corporation

Attest:

Robyn Densmore
Robyn Densmore
Title: City Secretary

By: [Signature]
Printed Name: Josh Schroeder
Title: Mayor

Approved as to form:

[Signature]
Skye Masson, City Attorney

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me, the 24 day of November, 2020, by Josh Schroeder, Mayor of the City of Georgetown, Texas, a home-rule city, on behalf of the City

(seal)

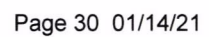


Karen Frost
Notary Public State of Texas

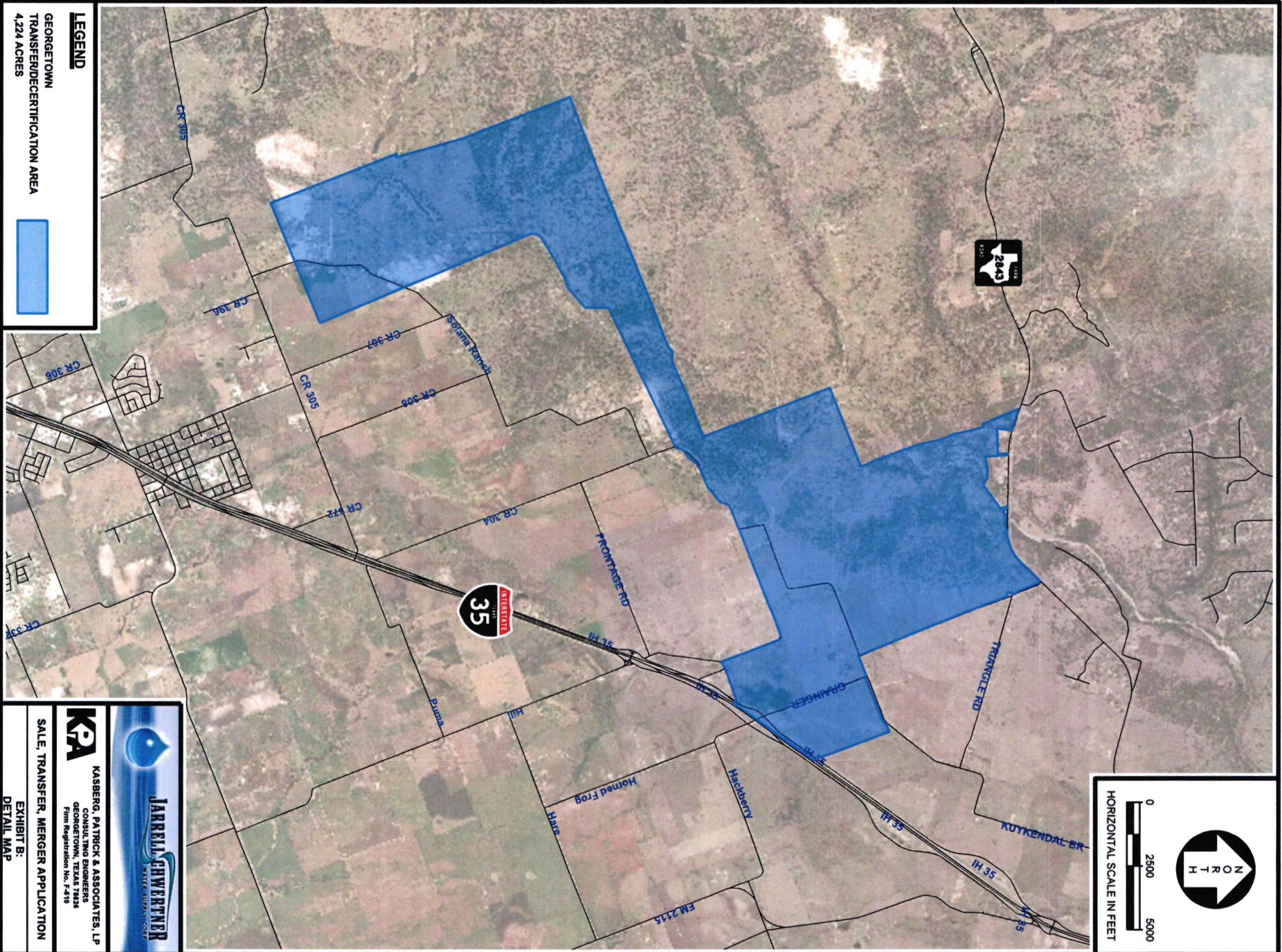
PART A

EXHIBIT A TRANSFER AREA MAPS

© 2016 Kasberg, Patrick & Associates, LP KPA Firm Registration Number F-510
 FILE: P:\JWSWC\2014\2014-137\2020\CHISHOLM TR CCN SWAP\GEORGETOWN CCN SWAP.dwg LAST SAVED: 12/11/2020 2:52:19 PM LAYOUT: SALE AREA EXHIBIT A - LOCATION MAP 8.5X11



PART A



KASBERG, PATRICK & ASSOCIATES, LP
 CONSULTING ENGINEERS
 GEORGETOWN, TEXAS 77626
 Firm Registration No. F-510



SALE, TRANSFER, MERGER APPLICATION
 EXHIBIT B:
 DETAIL MAP

CUSTOMERS ALREADY SERVED

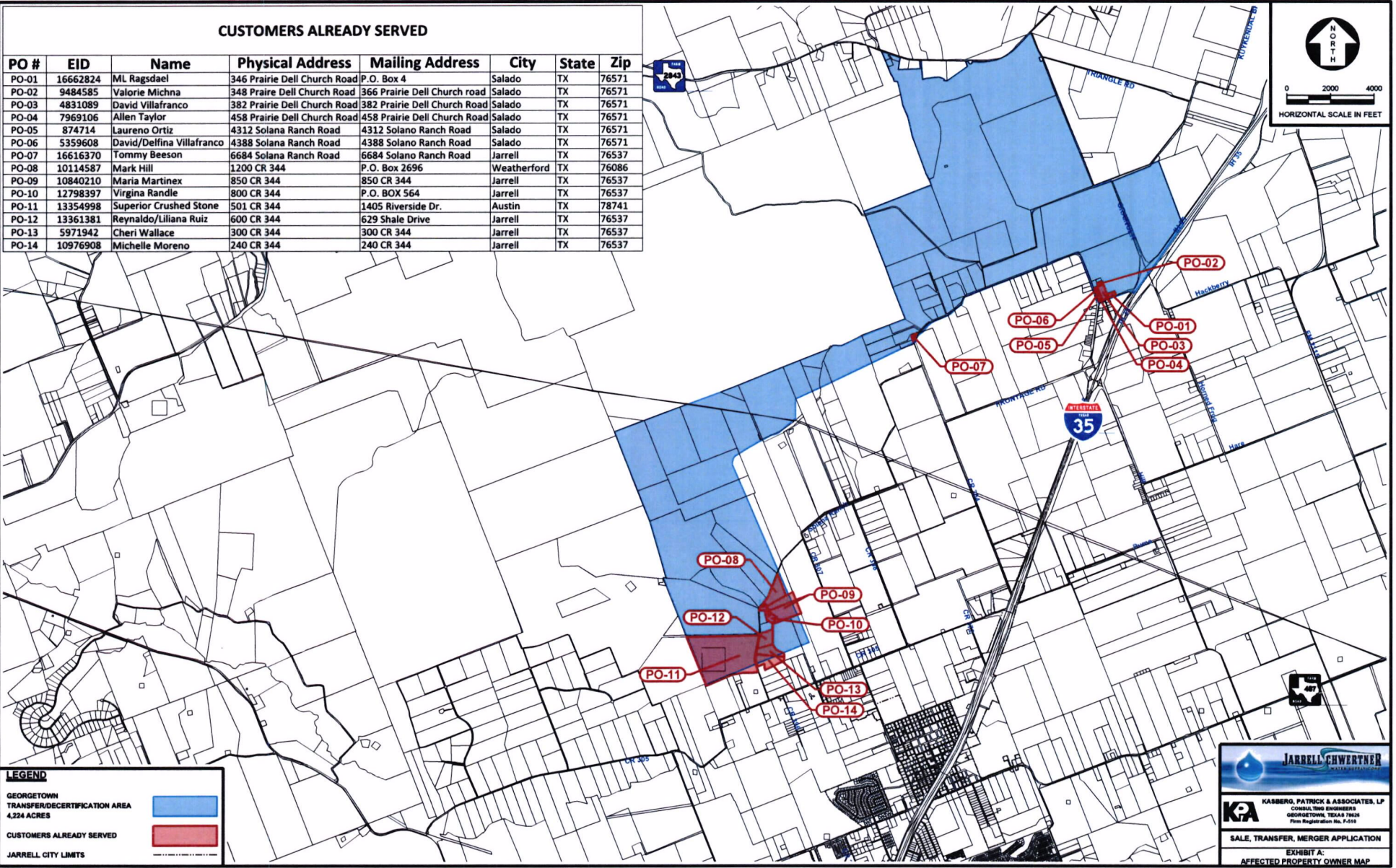
PO #	EID	Name	Physical Address	Mailing Address	City	State	Zip
PO-01	16662824	ML Ragsdael	346 Prairie Dell Church Road	P.O. Box 4	Salado	TX	76571
PO-02	9484585	Valorie Michna	348 Prairie Dell Church Road	366 Prairie Dell Church road	Salado	TX	76571
PO-03	4831089	David Villafranco	382 Prairie Dell Church Road	382 Prairie Dell Church Road	Salado	TX	76571
PO-04	7969106	Allen Taylor	458 Prairie Dell Church Road	458 Prairie Dell Church Road	Salado	TX	76571
PO-05	874714	Laureno Ortiz	4312 Solano Ranch Road	4312 Solano Ranch Road	Salado	TX	76571
PO-06	5359608	David/Delfina Villafranco	4388 Solana Ranch Road	4388 Solano Ranch Road	Salado	TX	76571
PO-07	16616370	Tommy Beeson	6684 Solana Ranch Road	6684 Solano Ranch Road	Jarrell	TX	76537
PO-08	10114587	Mark Hill	1200 CR 344	P.O. Box 2696	Weatherford	TX	76086
PO-09	10840210	Maria Martinex	850 CR 344	850 CR 344	Jarrell	TX	76537
PO-10	12798397	Virginia Randle	800 CR 344	P.O. BOX 564	Jarrell	TX	76537
PO-11	13354998	Superior Crushed Stone	501 CR 344	1405 Riverside Dr.	Austin	TX	78741
PO-12	13361381	Reynaldo/Liliana Ruiz	600 CR 344	629 Shale Drive	Jarrell	TX	76537
PO-13	5971942	Cheri Wallace	300 CR 344	300 CR 344	Jarrell	TX	76537
PO-14	10976908	Michelle Moreno	240 CR 344	240 CR 344	Jarrell	TX	76537

LEGEND

GEORGETOWN
TRANSFER/DECERTIFICATION AREA
4,224 ACRES

CUSTOMERS ALREADY SERVED

JARRELL CITY LIMITS



JARRELL CHWERTNER
CONSULTING ENGINEERS

KPA
KASPER, PATRICK & ASSOCIATES, LP
CONSULTING ENGINEERS
GEORGETOWN, TEXAS 78626
Firm Registration No. F-510

SALE, TRANSFER, MERGER APPLICATION
EXHIBIT A:
AFFECTED PROPERTY OWNER MAP

PART A

EXHIBIT B PROOF OF NOTICE OF TWC SECTION 13.248 AGREEMENT

Index:

1. Affidavit, and Certified Agenda and Minutes of City Council Meeting, City of Georgetown
2. Affidavit, and Certified Agenda and Minutes of Board of Directors of Jarrell-Schwertner WSC

PART A

AFFIDAVIT OF GLENN W. DISHONG (City of Georgetown, Texas)

STATE OF TEXAS §

COUNTY OF WILLIAMSON §

On this day, Glenn W. Dishong appeared before me, the undersigned notary public, and after I administered an oath to him, upon his oath, he said:

1. "My name is Glenn Dishong. I am the Director of Water Utilities for the City of Georgetown, Texas. I am more than 21 years of age and capable of making this affidavit ("Affidavit"). I have personal knowledge of the facts stated herein, which are true and correct.

2. I am employed as the Director of Water Utilities for the City of Georgetown and coordinate on water utility issues directly with my colleagues at the City of Georgetown who prepare and post notices of City Council Agendas at least 72 hours prior to City Council meetings in accordance with the Texas Open Meetings Act.

3. I have prepared this affidavit to address Public Utility Commission Rule 24.253(c)(3) in support of the City of Georgetown's joint petition with JSWSC Water Supply Corporation filed under Section 13.248 of the Texas Water Code requesting approval of the Parties' Texas Water Code Section 13.248 Retail Water Certificate of Convenience and Necessity Service Area Transfer Agreement (CCN Transfer Agreement), which is effective 24 November, 2020.

4. I am aware of Public Utility Commission Rule 24.253(c)(3) which requires that '[i]f notice was provided in accordance with paragraph (1) or (2) of this subsection, both parties to the contract under this section shall ensure that the following are filed with the commission: an affidavit attesting to the date that notice was provided and copies of the notice that was sent.' Both Parties are complying with paragraph (2) of Rule 24.253(c) by submitting with our petition their respective meeting agendas and meeting minutes, which reflect our respective notices to the public and action taken regarding our above-referenced CCN Transfer Agreement.

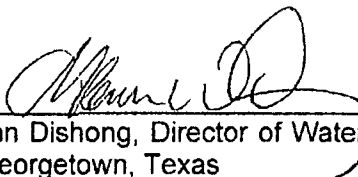
5. By this affidavit, I am attesting to the date that the City of Georgetown notice was provided and am attaching a copy of that notice-specifically, the City of Georgetown City Council's publicly noticed agenda for its meeting held on 24 November, 2020, beginning at 6:00 PM as well as the minutes of that meeting showing the action taken to Approve the CCN Transfer Agreement. I am personally aware that this notice was timely posted at least 72 hours in advance of the meeting.

6. This affidavit is also filed in accordance with Texas Rules of Evidence 803(6) and 902(10) to ensure this attached notice/agenda and minutes are helpful to the Administrative Law Judge and admissible. These attachments are an exact duplicate of

PART A

the original records, and are true and correct copies of the notice/agenda and minutes. It is the regular practice of the City of Georgetown to make and/or maintain these types of records, or to incorporate into City of Georgetown's records, at or near the time of each act, event, condition, or opinion set forth in the records, or reasonably sooner thereafter. It is the regular practice of the City of Georgetown for these types of records to be made by, or from information transmitted by, persons with knowledge of the matter set forth in them, or to incorporate those documents into the City of Georgetown's records. It is the regular practice of the City of Georgetown to make, keep or incorporate these types of records in the course of regularly conducted business activity.

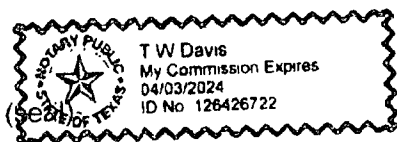
7. There are no retail water customers within the CCN Transfer Area."


By: 
Glenn Dishong, Director of Water Utilities, City
of Georgetown, Texas

STATE OF TEXAS §

COUNTY OF WILLIAMSON §

This instrument was sworn to and acknowledged before me on
December 8, 2020, 2020 by Glenn Dishong, Director of Water
Utilities, City of Georgetown, Texas.




Notary Public, State of Texas

PART A

AFFIDAVIT OF JOE SIMMONS (JARRELL-SCHWERTNER WSC)

STATE OF TEXAS §

COUNTY OF WILLIAMSON §

On this day, Joe Simmons appeared before me, the undersigned notary public, and after I administered an oath to her, upon her oath, she said:

1. "My name is Joe Simmons. I am the General Manager of the Jarrell-Schwertner Water Supply Corporation ("WSC"). I am more than 21 years of age and capable of making this affidavit ("Affidavit"). I have personal knowledge of the facts stated herein, which are true and correct.

2. I am employed as the General Manager of the Jarrell-Schwertner WSC. One of my duties is to prepare and post notices of Board of Directors Agendas at least 72 hours prior to Board meetings in accordance with the Texas Open Meetings Act.

3. I have prepared this affidavit to address Public Utility Commission Rule 24.253(c)(3) in support of Jarrell-Schwertner WSC's joint petition with City of Georgetown filed under Section 13.248 of the Texas Water Code requesting approval of the Parties' Texas Water Code Section 13.248 Retail Water Certificate of Convenience and Necessity Service Area Transfer Agreement (CCN Transfer Agreement), which is effective _____, 2020.

4. I am aware of Public Utility Commission Rule 24.253(c)(3) which requires that '[i]f notice was provided in accordance with paragraph (1) or (2) of this subsection, both parties to the contract under this section shall ensure that the following are filed with the commission: an affidavit attesting to the date that notice was provided and copies of the notice that was sent.' Both Parties are complying with paragraph (2) of Rule 24.253(c) by submitting with our petition their respective meeting agendas and meeting minutes, which reflect our respective notices to the public and action taken regarding our above-referenced CCN Transfer Agreement.

5. By this affidavit, I am attesting to the date that notice was provided and am attaching a copy of that notice-specifically, the JSWSC WSC's publicly noticed agenda for its meeting held on 11-11-2020, 2020, beginning at 6:00 PM as well as the minutes of that meeting showing the action taken to Approve the CCN Transfer Agreement. I am personally aware that this notice was timely posted at least 72 hours in advance of the meeting.

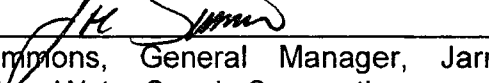
6. This affidavit is also filed in accordance with Texas Rules of Evidence 803(6) and 902(10) to ensure this attached notice/agenda and minutes are helpful to the Administrative Law Judge and admissible. These attachments are an exact duplicate of the original records, and are true and correct copies of the notice/agenda and minutes. It is the regular practice of Jarrell-Schwertner WSC to make and/or maintain these types of records, or to incorporate into Jarrell-Schwertner WSC's records, at or near the time of each act, event, condition, or opinion set forth in the records, or reasonably sooner

PART A

thereafter. It is the regular practice of Jarrell-Schwertner WSC for these types of records to be made by, or from information transmitted by, persons with knowledge of the matter set forth in them, or to incorporate those documents into Jarrell-Schwertner WSC's records. It is the regular practice of Jarrell-Schwertner WSC to make, keep or incorporate these types of records in the course of regularly conducted business activity.

7. There are no retail water customers located in the CCN Transfer Area."

FURTHER AFFIANT SAYETH NOT.

By: 
Joe Simmons, General Manager, Jarrell-Schwertner Water Supply Corporation

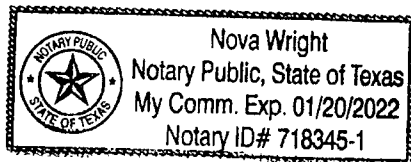
STATE OF TEXAS §

COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on November 11, 2020 by Joe Simmons, General Manager of the Jarrell-Schwertner Water Supply Corporation.

(seal)


Notary Public, State of Texas





Board Meeting Agenda – November 11th, 2020

The Jarrell-Schwertner Water Supply Corporation has its monthly Board of Director's meeting on, Wednesday, November 11th, 2020 at 6:30 PM. The meetings will be held at the office of the Corporation located at 2393 CR 311, Jarrell, TX 76537.

The following will be on the agenda:

1. Call meeting to order¹
2. Citizen Communications²
3. Discuss and take action: **Read and Approve Minutes of the Regular Meeting of October 14th, 2020.**
4. Discuss and take possible action: **Financial Reports**
5. Discuss and take possible action: **Service Area Transfer Agreement between the City of Georgetown and JSWSC (formally known as Chisolm Trail)**
6. Discuss and take possible action: **Receive Update on Projects and Report from the Capital Improvements Committee**
7. Discuss and take possible action: **Receive Update on Actions or Possible Actions by Central Texas Water Supply Corporation**
8. Discuss and take possible action: **Manager's Report**
9. Discuss and take possible action: **Adjourn**

This Corporation is an equal opportunity provider and employer

¹During the meeting, the Board reserves the right to go into executive session for any of the purposes authorized under V.T.C.A., Government Code, Chapter 551, for any item on the above agenda or as otherwise authorized by law.

²Citizens who desire to address the Board on any matter may sign up to do so prior to this meeting. Public comments will be received during this portion of the meeting. Please limit comments to 3 minutes. No discussion or final action will be taken by the Board.

PART A

Minutes 2020, 11-11



**Board of Directors' Meeting
Jarrell Schwertner Supply
2393 CR 311
Jarrell, TX 76537
Wednesday November 11, 2020**

Minutes

Board Members Present:

Mark Harbin
Michael Dunnam
Louis Danek
John Valenta
Mike Cowie
Donnie Tschoerner

Staff Present:

Joe Simmons, GM
Nova Wright

Others Present:

Board Members Absent:

Ed Krause
Pam Oakes
Tom Madden

The meeting was called to order by President Mark Harbin at 6:30 pm.

Citizens Communications

None

Read and Approve Minutes of the Regular Meeting of October 14, 2020

Mike makes a motion to approve the minutes from the regular meeting on October 14, 2020. Louis seconds the motion. Motion carried.

Financial Reports

Louis makes a motion acknowledging financial report and adjustments for October. Michael seconds the motion. Motion carried.

Service Area Transfer Agreement between the City of Georgetown and JSWSC (formally known as Chisolm Trail)

Mike makes a motion that we approve and execute the agreement between City of Georgetown and JSWSC. John seconds the motion. Motion carried.

PART A

Minutes 2020, 11-11

Receive Update on Projects and Report from the Capital Improvements Committee

Joe speaks to the Board about all Capital Improvements projects. No action taken.

Receive Update on Actions or Possible Actions by Central Texas Water Supply Corporation

No action taken.

Manager's Report

All bacterial samples collected in October 2020 were negative for bacteria.

The water loss for October: **38.38 %**

The water loss for September is: **28.64 %**

The water loss for August is: **26.02%**

Manager New Truck: FORD F-150 XLT 2020 (Thank you)

Had to release the Plant Operator Shane Hunn. Promoted Jeff Davis to Plant Operator

We are capping 1214 feet of cross-country line from the Amity meter and tapping CTWSC line to supply the 8 meter that was being feed from the cross-country line.

Board of Directors up for re-election:

Mike Cowie

Tom Madden

Donnie Tschoerner

Adjourn

John makes a motion to adjourn at 7:12 pm. Donnie seconded the motion. The meeting was adjourned by unanimous consent.

Mark Harbin - President

Mike Cowie – Vice President

PART A

[INSERT JARRELL-SCHWERTNER WSC BOARD MINUTES]

PART B

SECTION A **RESOLUTIONS**

THE BOARD OF DIRECTORS OF JARRELL-SCHWERTNER WATER SUPPLY CORPORATION ESTABLISHES THAT:

1. This Tariff of the Jarrell-Schwertner Water Supply Corporation, serving in Bell and Williamson consisting of Sections A. through H., is adopted and enacted as the current regulations and policies effective as of November 01, 2015.
2. Only those preexisting written contracts or agreements executed by the present or previous Board of Directors shall remain in effect, unless the contract or agreement requires compliance with changes of the tariff from time to time.
3. The adoption (or revisions) of this tariff does not prohibit or limit the Corporation from enforcing previous penalties or assessments from before the current effective date.
4. An official copy of this tariff and all policies or records shall be available during regular office hours of the Corporation.
5. Rules and regulations of state or federal agencies having jurisdiction shall supersede any terms of this policy. If any section, paragraph, sentence, clause, phrase, word, or words of the tariff are declared unconstitutional or invalid for any purpose, the remainder of this tariff shall not be affected.
6. This tariff has been adopted and revised in compliance in Open Meeting in compliance with the Open Meeting Act, Chapter 551 of the Texas Government Code.

PASSED and APPROVED this October 14, 2015.

President, Jarrell-Schwertner Water Supply Corporation

SEAL

ATTEST:

Secretary, Jarrell-Schwertner Water Supply Corporation

PART B

SECTION B **STATEMENTS**

1. **Organization.** The Jarrell-Schwertner Water Supply Corporation is a member-owned, non-profit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Non-Profit Corporation Act applicable to member owned member controlled non-profit corporations for the purpose of furnishing potable water service. Corporation operating policies, rates, and regulations are adopted by the Board of Directors elected by the Members of the Corporation.
2. **Non-Discrimination Policy.** Membership in the Corporation and service is provided to all Applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, disability, or marital status.
3. **Policy and Rule Application.** These policies, rules, and regulations apply to the water services provided by the Jarrell-Schwertner Water Supply Corporation, also referred to as Corporation, Jarrell-Schwertner, or JSWSC. Failure on the part of the Member, Consumer, or Applicant to observe these policies, rules and regulations gives the Corporation the authority to deny or discontinue service according to the terms of this Tariff as amended from time to time by the Board of Directors of the Corporation. Policies and rules set forth in this tariff are governed or are primarily guided by the Texas Water Code, Chapter 67 and the Texas Administrative Code (TAC), Title 30, Chapters 290 and 291.
4. **Corporation Bylaws.** The Corporation Members have adopted bylaws which establish the make-up of the Board of Directors and other important regulations of the Corporation. The bylaws are on file at the Corporation's office.
5. **Fire Protection Responsibility.** The Corporation does not provide nor imply that fire protection is available on any of the distribution system. All hydrants or flush valves are for the operation and maintenance of the system and may be used for refill only by authorized fire departments. The Corporation reserves the right to remove any hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors unless such hydrants are installed pursuant to the terms of a Non-Standard Service Contract as provided for in Section F, in which event the terms and conditions of the Contract shall apply.
6. **Damage Liability.** The Corporation is not liable for damages caused by service interruptions, events beyond its control, and for normal system failures. The limits of liability of the Corporation are the extent of the cost of service provided. By acceptance of Membership, Member consents to waiver of such liability.
7. **Information Disclosure.** The records of the Corporation shall be kept in the Corporation

PART B

office in Jarrell, Texas. All information collected, assembled, or maintained by or for the Corporation shall be disclosed to the public in accordance with the Texas Public Information Act. **In no event and under no circumstances shall the Corporation disclose the Social Security Number of any member or customer to any person other than an employee of the Corporation.** An individual customer may request in writing that their address, telephone number, and account records be kept confidential. Such confidentiality does not prohibit the utility from disclosing this information to an official or employee of the state or a political subdivision of the state acting in an official capacity or an employee of the Corporation acting in connection with the employee's duties. Further, such confidentiality does not prohibit the Corporation from disclosing the name and address of each member entitled to vote on a list to be made available to the Corporation's voting members, or their agents or attorneys, in connection with a meeting of the Corporation's members. The Corporation shall give its applicants and customers notice of rights to confidentiality under this policy and all prevailing associated fees for such request.

8. ***Customer Notice Provisions.*** The Corporation shall give written notice of monthly rate changes by mail or hand delivery to all consumers at least 30 days prior to the effective date of the new rate. The notice shall contain the old rates, new rates, effective date of the new rate, date of Board authorization, and the name and phone number of the Corporation's contact person designated to address inquiries about the rate change.
9. ***Grievance Procedures.*** Any Member of the Corporation or individual demonstrating an interest under the policies of this Tariff in becoming a Member of the Corporation shall have an opportunity to voice concerns or grievances to the Corporation by the following means and procedures:
 - a. By presentation of concerns to the Corporation's manager or authorized staff member. If not resolved to the satisfaction of the aggrieved party then,
 - b. By presenting a letter to the Board of Directors stating the individual's grievance or concern and the desired result.
 - c. The Board of Directors shall respond to the complaint by communicating the Board's decision in writing.
 - d. Any charges or fees contested as a part of the complaint in review by the Corporation under this policy shall be suspended until a satisfactory review and final decision has been made by the Board of Directors.
10. ***Customer Service Inspections.*** The Corporation requires that a customer service inspection certification be completed prior to providing continuous water service to new construction as part of the activation of standard and some non-standard service. Customer service inspections are also required on any existing service when the corporation has reason to believe that cross-connections or other potential contaminant hazards exist, or after any material improvement, correction or addition to the members' water distribution facilities. This inspection is limited to the identification and prevention of cross connections, potential contaminant hazards and illegal lead materials as required by TCEQ regulations.
11. ***Sub-metering Responsibility.*** Sub-metering and Non-Sub-metering by Master Metered

PART B

Accounts may be allowed in the Corporation's water distribution or system provided the Master Metered Account customer complies with the Texas Commission on Environmental Quality Chapter 291, Subchapter H rules pertaining to Sub-metering. The Corporation has no jurisdiction or responsibility to the tenants; tenants receiving water under a Master Metered Account are not considered customers of the Corporation. Any interruption or impairment of water service to the tenants is the responsibility of the Master Metered Account Customer. Any complaints regarding sub-metering should be directed to the Texas Commission on Environmental Quality.

SECTION C **DEFINITIONS**

Active Service – The status of any Member receiving authorized service under the provisions of this Tariff.

Applicant – A person, partnership, cooperative corporation, corporation, agency, organization (public or private) of any type applying for service with the Jarrell-Schwertner Water Supply Corporation.

Board of Directors -- The governing body elected by the Members of the Jarrell-Schwertner Water Supply Corporation vested with the management of the affairs of the Corporation.

Bylaws -- The rules pertaining to the governing of the Jarrell-Schwertner Water Supply Corporation adopted by the Corporation Members.

Certificate of Convenience and Necessity (CCN) -- The authorization granted under Chapter 13, Subchapter G of the Texas Water Code for Jarrell-Schwertner Water Supply Corporation to provide water and/or sewer utility service within a defined territory. Jarrell-Schwertner Water Supply Corporation has been issued Certificate Number 10002. Territory defined in the CCN shall be the Certificated Service Area. (See Tariff Section D. Certificated Service Area Map)

Corporation -- The Jarrell-Schwertner Water Supply Corporation

Developer – Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who subdivides land and requests two (2) or more water connections on a single contiguous tract of land [as defined in Section 13.2502 (e)(1) of the Water Code].

Disconnection of Service -- The discontinuance of water by the Corporation to a Member/Customer.

Easement -- A private perpetual dedicated right-of-way for the installation of water and or sewer pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable). This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. The

PART B

easement will be filed in the real property records of the appropriate county or counties.

Equity Buy-In Fee -- Each Applicant shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested. (Tariff Section G. 5.)

Final Plat -- A complete plan for the subdivision of a tract of land showing or referencing Local Tax Appraisal Maps, access to public road(s), number and size of lots, location of dedicated water/sewer easements, and location(s) of lakes, streams, or rivers through the property. The Jarrell-Schwertner Water Supply Corporation shall determine if a plat submitted for the purpose of this Tariff shall qualify as a final plat. For purposes of evaluating Sub-Division service requests under Section F. the Corporation may accept preliminary plats or plats awaiting final approval pending execution of agreement for service by the Corporation.

Hazardous Condition -- Any condition that could jeopardize the health and welfare of the Members of the Corporation.

Liquidated Membership -- A Membership that has been canceled due to delinquent charges exceeding the Membership Fee or for other reasons as specified in this Tariff.

Member -- Any person, partnership, cooperative corporation, corporation, agency, or public or private organization who holds a membership in the Corporation and who is a record owner of a fee simple title to the property served, that has qualified for service and been certified as a member in accordance with the Corporation's Tariff. (TX Water Code Section 13.002(11), TX Water Code Section 67.016 d)

Membership -- A non-interest bearing stock purchased from the Corporation evidencing a Member's interest in the Corporation. (See Tariff Section E. 7 b)

Membership Fee -- A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee shall be refundable upon termination of service and surrendering the Membership.

Proof of Ownership -- For the purpose of this tariff, applicants for service and membership shall provide proof of ownership by deed of trust, warranty deed, or other recordable documentation of fee simple title to real estate to be served. (Texas Water Code Section 67.016 (d))

Rural Utilities Service (RUS) -- An Agency of the United States Department of Agriculture Rural Development Mission Area that provides loan and grant funds for development of rural water and sewer systems serving communities with a population of less than ten thousand (10,000) people.

Renter -- A consumer who rents or leases property from a Member or who may otherwise be

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termed a tenant. (See Tariff Section E. 8.)

Re-Service -- Providing service to an Applicant at a location for which service previously existed. Costs of such re-servicing shall be based on justifiable expenses. (See Tariff Section E. 4. B.)

Reserved Service Charge -- A monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserving service. This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This charge reserves service to the Applicant's property designated to receive service. This fee is the Service Availability Charge for Metered Service. See Exhibit B.

Service Application and Agreement -- A written agreement between the Member/Applicant and the Corporation defining the specific type of service requirements requested on the current service application and agreement form, and the responsibilities of each party required before service is furnished. (Non-Standard Service Contract)

Service Availability Charge (Also known as the "base rate") -- The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Service Availability Charge is a fixed rate based upon the meter size and/or its equivalent.

Service Availability Fee -- A fee for costs associated with determining if service is available and determining cost of service. (See Tariff Section G. 1.)

Service Unit -- The base unit of service used in facilities design and rate making. For the purpose of this Tariff, a service unit is a 5/8" X 3/4" water meter and its equivalent.

Subdivide -- To divide the surface area of land into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions, Texas Water Code Section 13.2502 (e) (1))

Sub-divider -- An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into lots as a part of a common promotional plan in the ordinary course of business. (Local Government Code Chapter 232, Section 232.021 Definitions)

Subdivision -- An area of land that has been subdivided into lots or tracts. (Local Government Code Chapter 232, Section 232.021 Definitions)

Tap Fee -- The fee assessed by the Corporation to cover the cost of installing a service connection to a Member. The fee may vary depending on the Member's property location in relation to existing water mains, meter size and easement availability.

Tariff -- The operating policies, service rules, service extension policy, service rates, rationing

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policies, sample application packet, and miscellaneous transaction forms adopted by the Board of Directors.

Temporary Service -- The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification may be changed to permanent service after all requirements of this tariff are met.

Texas Commission on Environmental Quality (TCEQ) -- State regulatory agency having jurisdiction of water and sewer service utilities and appellate jurisdiction over the rates and fees charged by Non-Profit Water and Sewer Service Corporations.

Transferee -- An Applicant receiving a Jarrell-Schwertner WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (See Tariff Section E. 7 c., Section 67.016 Texas Water Code)

Transferor -- A Member who transfers Membership by legal means to another person or entity desiring to qualify for service at a property for which the Membership is currently issued or to the Corporation. (Texas Water Code, Section 67.016)

Water Conservation Penalty – A penalty that may be assessed under Section H of this Tariff to enforce customer / member water conservation practices during drought contingency or emergency water demand circumstances (See Texas Water Code Section 67).

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SECTION D GEOGRAPHIC AREA SERVED

CERTIFICATE OF CONVENIENCE AND NECESSITY

MAP OF CCN AREA

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SECTION E SERVICE RULES AND REGULATIONS

1. ***Service Entitlement.*** The Applicant(s) shall be considered qualified and entitled to water service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed in this Tariff.
2. ***Service Location and Classification.*** For the purposes of this Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service shall be through a meter located on that designated real estate unless otherwise approved by the board. Service shall be divided into the following two classes:
 - a. **Standard Service** is defined as service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines.
 - b. **Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account (see E. 3. c. of this section), or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by Section F of this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
3. ***Service Requirements.*** The Corporation's Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). Where applicable in addition to the applicant any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form (Typically this would be the applicant's spouse).
 - a. A Right-of-Way Easement Form, Sanitary Control Easement, or other such easement form, required by the Corporation, must be completed by the Applicant for the purpose of allowing future facility additions. **NOTE:** This requirement may be delayed for Non-Standard Service requests.
 - b. The Applicant shall provide proof of ownership to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of fee simple title to the real estate designated to receive service.
 - c. On the request by the property owner or owner's authorized agent, the Corporation shall install individual meters owned by the Corporation in an apartment house, manufactured home rental community, multiple use facility, or condominium on which construction begins after January 1, 2003, unless the Corporation determines that installation of individual meters are not feasible. If the Corporation determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of sub-meters or individual meters. The Corporation shall be entitled to the payment of costs, including the costs of individual meter installations, as provided in Section F.4. The cost of individual

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meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water service demand represented by full occupancy of the property, as determined under applicable provisions of Section F. It shall be the responsibility of the property owner to obtain the memberships required for each individual meter. The Corporation shall consider master metering and/or non-standard water service to apartments, condos, trailer /RV parks, or business centers and other similar type enterprises at an Applicant's request provided the total number of units to be served are all:

- owned by the same person, partnership, cooperative, corporation, agency, public or private organization of any type but not including a family unit,
 - directly inaccessible to public right-of-way and;
 - would be considered a commercial enterprise i.e. for business, rental, or lease purposes.
- d. Notice of application approval and costs of service determined by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service.
- e. If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant easement to the Corporation for the purpose of installing the water main and appurtenances, and the Corporation has documentation of such refusal, the Applicant, prior to receiving the requested service, shall grant easement required under this Tariff and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the Corporation's system-wide service.

4. *Activation of Standard Service.*

- a. **New Tap** -- The Corporation shall charge a non-refundable service installation fee as required under Section G of this tariff. The service installation fee shall be quoted in writing to the Applicant. All fees shall be paid in advance of installation.
- b. **Re-Service** -- On property where service previously existed, the Corporation shall charge the current Membership Fee (where the Membership Fee has been liquidated or refunded), reconnection costs, any delinquent charges if the applicant is the person that previously incurred those charges and other applicable costs necessary to restore service. If the restoration of service is not requested within 90 days after termination of service, the service meter will be removed by the Corporation and the membership fee will be applied to any existing charges. Future request for service at this location shall be treated as a new service.
- c. **Performance of Work** -- All tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative after all application requirements have been met. The tap for a standard service request shall be completed within five (5) working days whenever practicable, but not later than 10 working days. This time may be extended for installation of equipment for Non-Standard

PART B

Service Request. (see Section F)

- d. **Inspection of Customer Service Facilities** -- The property of the Applicant/ Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install, inspect, test, maintain and provide all required documentation of any approved backflow prevention device required by the Corporation.

5. **Activation of Non-Standard Service.** Activation of Non-Standard Service shall be conducted as prescribed by terms of Section F of this Tariff.

6. **Changes in Service Classification.** If at any time the Corporation determines that the customer service needs changed from those originally applied for to a different service classification and the Corporation determines that additional or different facilities are necessary to provide adequate service, the Corporation shall require the Applicant/Member to re-apply for service under the terms and conditions of this Tariff. Applicant/Members failing to comply with this provision shall be subject to the Disconnection with Notice Provisions of this Tariff, Section E.15.

7. **Membership.**

- a. **Eligibility** - Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership** - Upon qualification for service, qualification for Membership, and payment of the required fees, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation's water utility service and one (1) share of Corporation's Stock (not issued). The Membership entitles the Member to one (1) vote in the election of directors and in such other matters requiring the approval of the Corporation's Members at any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. **NOTE:** In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required. (See Section C., Section E. Sub-Section 1. Service Entitlement)
- c. **Transfers of Membership.** (Texas Water Code 67.016)
 - 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
 - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
 - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
 - (c) The Membership is transferred without compensation or by sale to the

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Corporation; or

- (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
- 2) In the event that Membership is transferred pursuant to the provisions of Sub-Section 7.c. (1) such transfer shall not be completed or recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall not be binding on the Corporation until such transfer has been approved as provided by Sub-Section 7.c. (3).
- 3) Qualifications for service upon transfer of Membership set forth in Sub-Section 7.c.(1) and 7.c.(2) shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
 - (a) A Transfer Authorization Form has been completed by the Transferor and Transferee;
 - (b) The Transferee has completed the required Application Packet;
 - (c) All indebtedness due the Corporation has been paid; and
 - (d) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
- 4). If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10th day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.
- d. **Cancellation of Membership** -- To keep a Membership in good standing, a Service Availability Charge or a Reserved Service Charge must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership, properly documented, to the Corporation. The Member shall also complete a Service Discontinuance Request Form prior to termination of service. However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership prior to termination of service. Service availability will run with the connection for a period of six (6) months for residential properties and one (1) year for commercial properties after the membership is cancelled. After these time periods service availability is cancelled.
- e. **Liquidation Due To Delinquency** -- when the amount of the delinquent charges owed by the Member equals the Membership Fee, the Membership Fee shall be liquidated and the Membership canceled and transferred back to the Corporation. In the event the Member leaves a balance due on an account guaranteed under the terms of a Service Application and Agreement, and the delinquent Member owns more than one Membership, the Corporation may liquidate as many of the Member Guarantor's Membership Fees as necessary to satisfy the balance due the Corporation, provided proper notice has been given (see Tariff Section E, Subsection 15.). The Corporation shall collect any remaining

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account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Sub-Section E. 3. of this Tariff.

- f. **Cancellation Due To Policy Non-Compliance** -- The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose.
- g. **Re-assignment of Canceled Membership** -- The Corporation, upon cancellation of Membership under the provisions of this Tariff, may re-assign the Membership rights thereby granted to any person who satisfactorily demonstrates eligibility for Membership, including but not limited to proof of ownership of the property from which the Membership arose.
- i. **Cancellation and Re-Assignment of Membership as a Result of Bankruptcy Proceedings** -- Upon notice of the filing of a petition in bankruptcy, the Corporation may require the posting of a deposit or other form of security, acceptable to the Corporation, as a condition for continuing utility service. Unless special circumstances require otherwise, the amount of security shall equal the amount of charges for the month of greatest use during the preceding 12 months. The Corporation shall not require the payment of any security prior to the expiration of 20 days following the date on which the petition is filed. Failure to provide this security by the date specified by the Corporation may result in termination of service according to the Disconnection with Notice Provisions of Section E (15) of this tariff, with a copy of the notice to the bankruptcy Trustee.
- j. **Cancellation and Re-Assignment of Membership as a Result of Divorce (or Dissolution of Joint Tenancy)** -- The Corporation shall transfer the membership to a spouse (or joint tenant) who has been awarded the property designated to receive service. The Corporation must be provided adequate documentation of the ownership rights of the spouse (or joint tenant) requesting transfer, such as final divorce decree, temporary court order, or agreement. In no event shall any membership(s) be transferred if the transferee does not otherwise meet the qualifications for membership and for service.

8. Owners and Renters. Any Member, renting or leasing real estate property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement. The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation will notify the Member of the renter's past due payment status for which a fee will be assessed.

9. Denial of Service. The Corporation may deny service for the following reasons:

- a. Failure of the Applicant or Transferee to complete all required easements, forms and pay all required fees and charges;
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation;

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- c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection;
- d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;
- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant;
- f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested, and/or
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
- h. Failure of Applicant or transferee to comply with applicable regulations for on-site sewage disposal systems if the Corporation has been requested to deny service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.

10. *Applicant's or Transferee's Recourse.* In the event the Corporation refuses to serve an Applicant under the provisions of these rules, the Corporation must notify the Applicant, in writing, on the basis of its refusal. The Applicant may file for an appeal, in writing, with the Board of Directors of the Corporation.

11. *Insufficient Grounds for Refusal of Service.* The following shall not constitute sufficient cause for the refusal of service to an Applicant:

- a. Delinquency in payment for service by a previous occupant of the premises to be served;
- b. Failure to pay a bill to correct previous under billing due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the Corporation's rules pertaining to operation of non-standard equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
- d. Failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
- e. Failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill;

12. *Deferred Payment Agreement.* The Corporation may offer a deferred payment plan to a Member who cannot pay an outstanding balance in full and is willing to pay the balance in reasonable installments as determined by the Corporation, including any Late Penalty Fees or interest on the monthly balance to be determined as per agreement. Failure to make required and timely payments as provided in any deferred payment agreement will void that agreement and service will be discontinued. The Corporation may consider another deferred payment agreement provided payments will be made by automatic bank draft or credit/debit card. Non-payment of any amount under an additional deferred payment agreement will cause service to be disconnected immediately and service will not be restored until the account is paid in full and all other charges resulting from the disconnection of service are fully paid.

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13. *Charge Distribution and Payment Application.*

- a. **The Service Availability Charge (Base Fee) or the Reserved Service Charge** is for the billing period from the last day of the preceding month to the last day of the month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed prior to the end of the month preceding the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.
- b. **Gallonge Charge** shall be billed at the rate specified in Section G and billing shall be calculated in one hundred (100) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
- c. **Posting of Payments** – All payments shall be posted against previous balances prior to posting against current billings unless a payment arrangement has been established with the Corporation.
- d. **Forms of Payment:** The Corporation will accept the following forms of payment: cash, personal check, cashier's check, money order, credit card, automatic debit on customer's bank account, or draft on bank. The Corporation will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins.

14. *Due Dates, Delinquent Bills, and Service Disconnection Date.* The Corporation shall mail all bills prior to the end of the month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days for payment), after which time a penalty shall be applied as described in Section G. A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A seven day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

- Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15 day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings.

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15. Rules for Disconnection of Service. The following describes the rules and conditions for disconnection of service. For the purposes of disconnecting sewer service under these policies, water service will be terminated in lieu of disconnecting sewer service. In instances of nonpayment of sewer service or other violations by a Member who is not a water customer, the Corporation has the option to disconnect the sewer tap or take other appropriate actions.

- a. **Disconnection with Notice** -- Water utility service may be disconnected for any of the following reasons after proper notification has been given.
 - 1) **Returned Checks** -- The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months. **NOTE:** "cash only," means certified check, money order, or cash.
 - 2) Failure to pay a delinquent account for utility service, failure to timely provide a deposit or other security under Section E (7) (i), or failure to comply with the terms of a deferred payment agreement.
 - 3) Violation of the Corporation's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
 - 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff (including, where appropriate, Section H), Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
 - 5) Failure to provide access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify.
 - 6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
 - 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
 - 8) Cancellation of membership by Member on an account that the Member holds for water/sewer service to the Member's renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (Note: The cancellation of membership must be in writing and signed by the Member. CORPORATION ASSUMES NO LIABILITY TO RENTER/LESSEE; MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING OR PROTECTING RIGHTS OF RENTERS/LESSEES.)
- b. **Disconnection Without Notice** -- Water utility service may be disconnected without notice for any of the following conditions:

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- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a public health nuisance under Chapter 341 of the Health and Safety Code, or there is reason to believe a dangerous or hazardous condition exists and the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition.
- 2) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- 3) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of service.

NOTE: Where reasonable, given the nature of the reason for disconnection, a written statement providing notice of disconnection and the reason therefore shall be posted at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.

c. **Disconnection Prohibited** -- Utility service may not be disconnected for any of the following reasons:

- 1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
- 2) Failure of the Member to pay for a different type or class of utility service unless a fee for such service is included in the same bill;
- 3) Failure of the Member to pay charges arising from an under-billing occurring due to any misapplication of rates more than six (6) months prior to the current billing;
- 4) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
- 5) Failure of the Member to pay charges arising from an under-billing due to any faulty metering, unless the meter has been tampered with or unless such under-billing charges are due under the Inoperative Meters subsection E. 19, of this tariff.
- 6) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control.

d. **Disconnection on Holidays and Weekends** -- Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.

e. **Disconnection Due to Utility Abandonment** -- The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.

f. **Disconnection for Ill and Disabled** -- The Corporation may not discontinue service to a delinquent residential Member permanently residing in an individually metered dwelling unit when that Member establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is

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discontinued. Each time a Member seeks to avoid termination of service under this Sub-section, the Member must have the attending physician call or contact the Corporation within sixteen (16) days of issuance of the bill. A written statement must be received by the Corporation from the physician within twenty-six (26) days of the issuance of the utility bill. The prohibition against service termination shall last sixty-three (63) days from the issuance of the utility bill or such lesser period as may be agreed upon by the Corporation and Member's physician. The Member shall enter into a Deferred Payment Agreement.

g. **Disconnection of Master-Metered Accounts and Non-Standard Sewer Services --**

When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply:

- 1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
- 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post all notices, stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
- 3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.

h. **Disconnection of Temporary Service --** When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff service may be terminated with notice.

16. *Billing Cycle Changes.* The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.

17. *Back-billing.* The Corporation may back-bill a Member for up to six months for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service. Back-billing shall not extend beyond current Membership except in cases involving the transfer of a Membership conditioned upon payment of delinquent obligations by the Transferee.

18. *Disputed Bills.* In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall conduct an investigation as required by the particular case, and report the results in writing to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee.

19. *Inoperative Meters.* Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall estimate the bill for a period not to exceed three (3) months, based on

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use preceding or subsequent to the meter malfunction or during corresponding periods in previous years.

- 20. *Bill Adjustment Due To Meter Error.*** The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in Section G of this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made up to six (6) months prior to the calibration, but not extending beyond current Membership except in cases involving the transfer of a Membership conditioned on payment of delinquent obligations by the Transferee, as provided under Sub-Section 6.h. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test.
- 21. *Meter Tampering and Diversion.*** For purposes of these Sections, meter-tampering, by-passing, or diversion shall all be defined as tampering with the Corporation's service equipment, by-passing the same, or other instances of diversion, such as:
- a. removing a locking or shut-off device used by the Corporation to discontinue service,
 - b. physically disorienting the meter,
 - c. attaching objects to the meter to divert service or to by-pass,
 - d. inserting objects into the meter and
 - e. other electrical and mechanical means of tampering with, by-passing, or diverting service.
- The burden of proof of meter-tampering, by-passing, or diversion is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding meter-tampering as provided for in these Sections is initiated. A court finding of meter tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code 28.03.
- 22. *Meter Relocation.*** Relocation of services shall be allowed by the Corporation provide that:
- a. The relocation is limited to the existing property designated to receive service;
 - b. A current easement for the proposed location has been granted to the Corporation; and
 - c. The Member pays the actual cost of relocation plus administrative fees.
- 23. *Prohibition of Multiple Connections on a Single Tap.*** No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter. Any unauthorized sub-metering or diversion of service shall be considered a Multiple Connection and subject to disconnection of service. If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff.

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24. *Member's Responsibility.*

- a. The Member shall provide access to the meter as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice.
- b. The Member shall be responsible for compliance with all utility, local, and state codes, requirements, and regulations concerning on-site service and plumbing facilities.
 - 1) All connections shall be designed to ensure against on-site sewage contamination, back-flow or siphoning into the Corporation's water supply. In particular, livestock water troughs shall be plumbed above the top of the trough with air space between the discharge and the water level in the trough.
 - 2) The use of pipe and pipe fittings that contain more than 0.25% lead or solder and flux that contain more than 0.2% lead is prohibited for any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant and shall be a minimum of SDC-26 PVC pipe. Service shall be discontinued without further notice when installations of new facilities or repair of existing facilities are found to be in violation of this regulation until such time as the violation is corrected.
- c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
- d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
- e. The Corporation shall require each Member to have a cut-off valve on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet AWWA standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges.

SECTION F

DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

Part I. General Requirements

This section details the requirements for all types of non-standard service requests.

- 1 ***Corporation's Limitations.*** All Applicants shall recognize that the Corporation must comply with local, state, and federal rules and regulations as promulgated from time to time,

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and with covenants of current indebtedness. The Corporation is not required to extend retail service to an Applicant in a subdivision where the responsible party (Applicant/Developer) of the applicable property (subdivision) has failed to comply with the terms of this policy. Section 13.2502 of the Texas Water Code requires that notice be given herein or by publication or by alternative means to the Developers/Applicants.

2. **Purpose.** It is the purpose of this Section to define the process by which the specific terms and conditions for service to subdivisions and other kinds of Non-Standard Service are determined, including the Non-Standard Service Applicant's and the Corporation's respective costs.

For purposes of the Section, the term "Applicant" shall refer to the individual or entity that desires to secure Non-Standard Service from the Corporation. The Applicant must be the same person or entity that is authorized to enter into a contract with the Corporation setting forth the terms and conditions pursuant to which Non-Standard Service will be furnished to the property. In most cases, the Applicant shall be the owner of real property for which Non-Standard Service is sought. In the event that the Applicant is other than the owner of real property, the Applicant must furnish evidence to the Corporation that it is authorized to request Non-Standard Service on behalf of such owner, or that it otherwise has authority to request Non-Standard Service for the real property.

3. **Application of Rules.** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores and extensions to the distribution system. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. The Board of Directors of the Corporation or their designee shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

This Section sets forth the general terms and conditions pursuant to which the Corporation will process Non-Standard Service Requests. The specific terms and conditions pursuant to which the Corporation will provide non-standard service in response to any request will depend upon the nature of such request and may be set forth in a legally enforceable, contractual agreement to be entered into by the Corporation and the service Applicant. The agreement may not contain any terms or conditions that conflict with this Section.

4. **Non-Standard Service Application.** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:
 - a. The Applicant shall provide the Corporation a completed Service Application and Agreement giving special attention to the item(s) on SPECIAL SERVICE NEEDS OF THE APPLICANT.
 - b. A final plat (see Tariff Definition Section- Final Plat) must accompany the Application showing the Applicant's requested service area. The plat must be approved by all

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governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, and other service facilities. Plans, specifications, and special requirements of such governmental authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

NOTE: It is the responsibility of the developer / applicant to secure all necessary approvals of the subdivision once an Agreement is in place between the Corporation and the Applicant.

- c. A Non-Standard Service Investigation Fee shall be paid to the Corporation in accordance with the requirements of this Section of this Tariff for purposes of paying initial administrative, legal, and engineering fees. The amount of the fee will be determined on a case by case based on the Corporation's estimate of the fees that will be incurred. The Corporation shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation, upon the Corporation's request, all additional expenses that have been, or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the Application until all remaining expenses have been paid.
 - d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
 - 1). The service location is not in an area receiving similar service from another retail Corporation;
 - 2). The service location is not within another retail Corporation's Certificate of Convenience and Necessity; and
 - 3) The Corporation's Certificate of Convenience and Necessity shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (1/4) mile of Corporation's Certificate of Convenience and Necessity, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by Corporation in securing the amendment).
5. **Design.** The Corporation shall approve the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Contract in accordance with the following schedule:
- a. The Corporation's Consulting Engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.

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- b. The Consulting Engineer's fees shall be paid out of the Non-Standard Service Engineering Fee under Tariff Section F. 4.
 - c. The Consulting Engineer shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
 - d. The Corporation's Engineer shall ensure that all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of that which is reasonably allocable to the level and manner of service requested by the Applicant.
6. ***Non-Standard Service Contract.*** Applicants requesting or requiring Non-Standard Service **may** be requested to execute a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Service Application and Agreement. Said contract shall define the terms of service prior to construction of required service facilities. The service contract may include, but is not limited to:
- a. All costs associated with required administration, design, construction, and inspection of facilities for water/sewer service to the Applicant's service area and terms by which these costs are to be paid.
 - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
 - c. Equity Buy-In Fee (Front-end Capital Contributions) required by the Corporation in addition to the other costs required under this Section.
 - d. Monthly Reserved Service Charges as applicable to the service request.
 - e. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the demand which the level and manner of the service will have upon the Corporation's system facilities.
 - f. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Equity Buy-In Fees.
 - g. Terms by which the Corporation shall administer the Applicant's project with respect to:
 - 1) Design of the Applicant's service facilities;
 - 2) Securing and qualifying bids;
 - 3) Execution of the Service Contract;
 - 4) Selection of a qualified bidder for construction;
 - 5) Dispensing advanced funds for construction of facilities required for the Applicant's service;
 - 6) Inspecting construction of facilities; and
 - 7) Testing facilities and closing the project.
 - h. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.
 - i. Terms by which the Applicant shall dedicate, assign and convey to the Corporation all constructed facilities and related rights (including contracts, easements, rights-of-way, deeds, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project. The Applicant shall also provide reproducible as-built drawings of all constructed facilities. The as-built drawings must

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verify that all facilities have been properly located within the easements conveyed to the Corporation.

- j. Terms by which the Board of Directors shall review and approve the Service Contract pursuant to current rules, regulations, and bylaws.

7. Construction of Facilities by Applicant Prior to Execution of Service Contract -- The Corporation and the Applicant must execute a Non-Standard Service Contract prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of a Contract with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively the Corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporation.

8. Property and Right-of-Way Acquisition. With regard to construction of facilities, the Corporation shall require private right-of-way easements or purchase of private property as per the following conditions:

- a. If the Corporation determines that right-of-way easements or facility sites outside the Applicant's property are required, the Applicant shall secure easements and/or title to facility sites on behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.
- b. All additional costs associated with facilities that must be installed in public rights-of-way on behalf of the Applicant, due to the inability of the Applicant to secure private right-of-way easements, such as including road bores and TxDOT approvals shall be paid by the Applicant. Alternatively, Applicant shall pay all costs, including legal and other professional fees and the condemnation award in the event Corporation secures such private easements or facility sites through eminent domain proceedings.
- c. The Corporation shall require an exclusive dedicated right-of-way on the Applicant's property (as required by the size of the planned facilities and as determined by the Corporation) and title to property required for other on-site and off-site facilities.
- d. Easements and facilities sites shall be prepared for the construction of the Corporation's pipelines and facility installations in accordance with the Corporation's requirements and at the expense of the Applicant.

9. Bids for Construction. The Corporation's Consulting Engineer shall advertise for bids for the construction of the Applicant's proposed facilities in accordance with generally accepted practices. Plans and specifications shall be made available, with or without charge (as per Engineer's determination), to prospective bidders. Although the Corporation reserves the right to reject any bid or contractor, the Corporation shall generally award the contract to the lowest qualified bidder in accordance with the following criteria:

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- a. The Applicant shall sign the Service Contract noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
 - b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation;
 - c. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
 - d. The Contractor shall supply favorable references acceptable to the Corporation;
 - e. The Contractor shall qualify with the Corporation as competent to complete the work (including but not limited to current water/sewer license, OSHA competent person training, and other licenses / certificates as required to complete the project); and
 - f. The Contractor shall provide adequate certificates of insurance as required by the Corporation.
- 10. *Pre-Payment for Construction and Service.*** After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion the project within 30 days of the award of the construction contract and in accordance with the terms of the Non-Standard Service Contract.
- 11. *Construction.***
- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, approved road sleeves /casings may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
 - b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
 - c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to issue change-orders of any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

PART II Request for Service to Subdivided Property

In addition to PART I requirements, this section contains additional requirements for developers of subdivisions.

- 1.** All developers or sub-dividers of property shall provide the corporation sufficient information describing the level and manner of service requested and the timeline for initiation of this service. The following is the minimum information needed for an engineering evaluation of the requested service to the property described in the application.
 - a. Completion of requirements described in **Section F. Part I. 4. *Non-Standard Service Application*** above.
 - b. Applicant shall provide the Corporation with details concerning access to the property during evaluation of application.

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c. Applicant shall be notified in writing by the Corporation or designated representative if service can be extended in accordance with the details described on the Applicant's request for service.

2. ***Service within Subdivisions***-The Corporation's obligation to provide service to any customer located within a subdivision governed by this Section is strictly limited to the level and manner of the nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water/sewer service. In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Contract if one has been executed.

3. For Service to subdivisions involving tracts of 50 acres or greater, the Applicant / Developer must provide the following in addition to all other information otherwise required by this Section:

- a. Map and description of the area to be served using map criteria in 30 TAC Chapter 291
- b. Time frame for:
 1. Initiation of service
 2. Service to each additional phase following the initial service
- c. Level of service (quantity and quality) for:
 1. Initial needs
 2. Phased and final needs and the projected land uses that support the requested level of service for each phase
- d. Manner of service for:
 1. Initial needs
 2. Phased and final needs and the projected land uses that support the requested level of service for each phase
- e. Any additional information requested by the Corporation necessary to determine the capacity and the costs for providing the requested service.
- f. Copies of all required approvals, reports and studies done by or for the Applicant / Developer to support the viability of the proposed development.

Applicant / Developer must provide reasonably sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant / Developer can be provided within the time frame specified by the Applicant / Developer and to generally determine what capital improvements, including expansion of capacity of the Corporation's production, treatment and/or storage facilities and/or general transmission facilities properly allocable directly to the service request are needed. If the Applicant / Developer proposes development in phases, the Applicant / Developer should specify the level and manner of service and the estimated time frame within which that service must be provided for each phase, and the Applicant / Developer must depict the currently estimated location of each phase

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on the maps required under 30 TAC Section 291. It is important that the Applicant / Developer's written request be complete. A complete application by the Applicant / Developer should include: (a) the proposed improvements to be constructed by the Applicant / Developer; (b) a map or plat signed and sealed by a licensed surveyor or registered professional engineer; (c) the intended land use of the development, including detailed information concerning the types of land uses proposed; (d) the projected water and/or sewer demand of the development when fully built out and occupied, the anticipated water/sewer demands for each type of land use, and a projected schedule of build-out; (e) a schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and a proposed calendar of events, including design, plat approval, construction phasing and initial occupancy. Applicant / Developer must establish that current and projected service demands justify the level and manner of service being requested. In making his/her written request for service, the Applicant / Developer must advise the CCN holder that he/she may request expedited decertification from the TCEQ.

Upon payment of the required fees, the Corporation shall review Applicant / Developer's service request. If no additional information is required from Applicant / Developer, the Corporation will prepare a written report on Applicant / Developer's service request, subject to any final approval by the Corporation's governing body (if applicable) which must be completed within the 90 days from the date of application and payment of the required fees. The Corporation's written report will state whether the requested service will be provided, whether the requested service can be provided within the time frame specified by the Applicant / Developer, and the costs for which the Applicant / Developer will be responsible (including capital improvements, easements or land acquisition costs, and professional fees).

In the event the Corporation's initial review of the Applicant / Developer's service shows that additional information is needed, the Corporation will notify Applicant / Developer of the need for such additional information. Notice of the need for additional information will be made in writing within 30 days of the date the Corporation receives the Applicant / Developer's payment of the required fees. Applicant / Developer should respond to the Corporation's request for additional information within 15 days of receipt of the Corporation's written request. In any case, the Corporation will provide the written report, including any final approval by the Corporation's Board (if applicable) within 90 days from the date of the **initial** written application and payment of all required fees.

By mutual written agreement, the Corporation and the Applicant / Developer may extend the time for review beyond the 90 days provided for expedited petitions to the TCEQ.

4. Upon final approval by the Corporation and acceptance of proposal for service by the Applicant / Developer, a non-standard service contract will be executed and the corporation shall provide service according to the conditions contained in the Non-Standard Service Contract.

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SECTION G RATES AND SERVICE FEES

Unless specifically defined in this Tariff, all fees, rates, and charges as stated shall be non-refundable.

1. ***Service Investigation Fee.*** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation, without charge, as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
 - a. All Standard Service requests shall be investigated for a fee charge (See Exhibit C) and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days.
 - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant to;
 - (1) provide cost estimates of the project,
 - (2) to present detailed plans and specifications as per final plat,
 - (3) to advertise and accept bids for the project,
 - (4) to present a Non-Standard Service Contract to the Applicant, and
 - (5) to provide other services as required by the Corporation for such investigation. A Non-Standard Service Contract shall be presented to the Applicant within a suitable amount of time as determined by the complexity of the project. (See Section F.)
2. ***Membership Fee.*** At the time the application for service is approved, a refundable Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation. See Exhibit A
3. ***Easement Fee.*** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant. Filing of the easement with the applicable County is excluded. (See Section E. 3.)
4. ***Installation Fee.*** The Corporation shall charge an installation fee for service as follows:
 - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed. Please note that the cost for a standard installation is noted in Exhibit A and only includes labor and materials.

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- b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the Corporation under the rules of Section F of this Tariff.

5. Equity Buy-In Fee Each Applicant shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee is assessed on a per meter basis. The fee is a one-time fee due prior to providing initial service to the service address The fee shall be re-calculated as deemed necessary by the Board of Directors.

- a. The Equity Buy-In Fee is found in Exhibit A

6. Monthly Charges.

- a. **Service Availability Charge (Base Fee)**

Monthly charge for metered water service, which may or may not include allowable gallons, is based on meter size. The charge is assessed based on the number of 5/8" X 3/4" meter (as per American Water Works Association and Texas Rural Water Association) equivalents to the size and style meter indicated and is used as a base multiplier for the Service Availability Charge and allowable gallonage. The Corporation has determined that a full 3/4" meter shall be charged at the same equivalent rate as a 5/8" X 3/4" meter. Rates and equivalents are found as Exhibit A to this Section.

Reserved Service Charges -- Monthly charge for each active account at a specific location for which a meter has not been installed but for which the Corporation and the Applicant have entered into agreement and/or contract for reserved service.

This monthly charge shall be based on the Corporation's fixed costs to service the Applicant's dedicated facilities on a per Service Unit basis. This fee is the Service Availability Charge for Metered Service. See Exhibit B.

- b. **Gallonage Charge** - In addition to the Service Availability Charge, a gallonage charge shall be charged each billing period based on the gallons uses. Monthly Gallonage Charges are found as Exhibit B to this Section.
- c. The Corporation shall, as required by Section 5.235, Water Code of the State of Texas, collect from each of its retail customers a regulatory assessment equal to one-half of one percent (0.5%) of the charge for retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Section G.6, Monthly Charges of this tariff.

7. Leak Rate and Credit Calculation – Members of the Corporation may suffer a water leak on their water line on their side of the Corporation's meter. In order to lessen the cost to the member in the event of a leak, the Board has approved the charge of a Leak Rate in lieu of the Gallonage Charge noted in 6 b. above, subject to the following conditions:

- (1) Member shall request the adjustment within two (2) months of repairing the leak.

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- (2) Only the two (2) months that immediately proceed the month the leak was repaired are eligible for the Leak Rate
 - (3) A Member may only request an adjustment once every two years per account.
 - (4) The leak rate is subject to revision by the Corporation's Board of Directors. See Exhibit B for the current Leak Rate.
 - (5) The Leak Rate adjustment is calculated as follows:
 - a. A 12 month average usage will be calculated for the account by taking the usage for the 11 months immediately preceding the leak and the first month after the leak and dividing by 12 to get an average monthly usage.
 - b. The average monthly usage will be multiplied by the Leak Rate for the months that are eligible for adjustment in order to get a revised bill.The revised bill will be compared to the original bill for the eligible months. An adjustment for the amount the original bill exceeds the revised bill will be credited to the member's account.
8. **Late Payment Fee.** A Late Payment Fee, as listed in Exhibit C, will be charged to any account that has a past due balance.
9. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/lessee delinquent account status prior to disconnection of service. The Owner Notification Fee shall be stated in Exhibit C.
10. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge. (See Exhibit C)
11. **Reconnect Fee.** The Corporation shall charge a fee (See Exhibit C) for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service under Section E.4.b. Re-service.
12. **Service Trip Fee.** The Corporation shall charge a trip fee (See Exhibit C) for any service call or trip to the Member's tap as a result of a request by the Member or resident (unless the service call is in response to damage of the Corporation's or another Member's facilities) or for the purpose of disconnecting service.
13. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be

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provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.

14. ***Customer History Report Fee.*** A fee (See Exhibit C) shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
15. ***Meter Test Fee.*** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of Section E of this Tariff, a charge shall be imposed on the affected account. (See Exhibit C)
16. ***Transfer Fee.*** An Applicant for service who is a Transferee shall complete all required application forms, etc., and pay the Transfer Fee stated in Exhibit C.
17. ***Non-Disclosure Fee.*** A fee (See Exhibit C) shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
18. ***Information Copy Fee.*** A fee for the copying of any public information will be charged to the person requesting that information. The cost of copying will conform to Title 1, Part 4, Chapter 71.8, of the Texas Administrative Code. Charges are {but not limited to, \$0.10 per copy up to 8.5" X 14" paper and \$15.00 per hour of administrative time.} noted in Exhibit C. A copy is considered the single side of the paper therefore a dual sided copy is two (2) copies.
19. ***Customer Service Inspection Fee.*** A fee (See Exhibit C) will be assessed each Applicant before permanent continuous standard service is provided to new construction.
20. **Bulk Water Purchase and Deposit. See Exhibit C**
21. ***Franchise Fee Assessment.*** A fee of (See Exhibit C) of the amount billed for water service will be assessed each customer whose meter is located inside the corporate limits of the City of Jarrell, Texas, as required by the City's ordinance requiring a franchise fee.
22. ***Regulatory Assessment.*** A fee of (See Exhibit C) of the amount billed for water/sewer service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations. **NOTE:** The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable (not drinkable) water.
23. ***Additional Assessments.*** In the event any federal, state or local government imposes on the Corporation a "per meter" fee or an assessment based on a percent of water/sewer charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.
24. ***Administrative Fee.*** An administrative fee will be assessed at the time of application for service. (See Exhibit C)

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25. ***Other Fees.*** All services outside the normal scope of utility operations that the Corporation may be compelled to provide at the request of a customer or Member shall be charged to the recipient based on the cost of providing such service.

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SECTION H **DROUGHT CONTINGENCY** **AND** **EMERGENCY WATER DEMAND MANAGEMENT PLAN**

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 Jarrell-Schwertner Water Supply Corporation 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 XI of this Plan.

Section II: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by the Jarrell-Schwertner Water Supply Corporation by means of scheduling and providing public notice of a public meeting to accept input on the Plan. Notice of the meeting was provided to all customers. In the adoption of this plan the Board considered all comments from customers.

Section III: Public Education

The Jarrell-Schwertner Water Supply Corporation 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 utility bill messages for Stages 1 and 2 notification, and press releases and/or special mailings for all other stages.

Section IV: Coordination with Regional Water Planning Groups

The service area of the Jarrell-Schwertner Water Supply Corporation is located within the Brazos G Regional Water Planning Group and Clearwater Underground Water Conservation District boundaries. Jarrell-Schwertner Water Supply Corporation has provided a copy of this Plan to the

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Brazos G Regional Water Planning Group and Clearwater Underground Water Conservation District.

Section V: Authorization

The general manager 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 general manager 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 Jarrell-Schwertner Water Supply Corporation. 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 Jarrell-Schwertner Water Supply Corporation.

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.

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Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8 and locations without addresses.

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, 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, lawns, gardens, 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;
- 4) Use of water to wash down buildings or structures for purposes other than immediate fire protection;
- 5) Flushing gutters or permitting water to run or accumulate in any gutter or street;
- 6) Use of water to fill, refill, or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- 7) Use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- 8) Failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- 9) Use of water from hydrants for construction purposes or any other purposes other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

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

The general manager or his/her designee shall monitor water supply and/or demand conditions on a monthly basis 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 and weather patterns for this area.

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Stage 1 Trigger -- 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 June 1 through September 30 if no significant rain for 3 weeks.

Requirements for termination

Stage 1 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 5 consecutive days.

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 IX of this Plan when continually falling treated water reservoir levels which do not refill above 90 percent overnight for any of the storage systems.

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 5 consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

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 continually falling treated water reservoir levels which do not refill above 80 percent overnight for any of the storage systems.

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 5 consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Stage 4 Triggers -- CRITICAL 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 continually falling treated water reservoir levels which do not refill above 70 percent overnight for any of the storage systems.

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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 3 consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

Stage 5 Triggers -- EMERGENCY Water Shortage Conditions

Requirements for initiation

Customers shall be required to comply with the requirements and restrictions for Stage 5 of this Plan when General Manager, or his/her designee, determines that a water supply emergency exists based on:

1. Major water line breaks, or pump or system failures occur, which cause unprecedented loss of capability to provide water service; **or**
2. Natural or man-made contamination of the water supply source(s).

Requirements for termination

Stage 5 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 2 consecutive days or when testing shows the problem has been corrected.

Stage 6 Triggers -- WATER ALLOCATION

Requirements for initiation

Customers shall be required to comply with the water allocation plan prescribed in Section IX of this Plan and comply with the requirements and restrictions for Stage 5 of this Plan when continually falling treated water reservoir levels which do not refill above 50 percent overnight in any of the systems.

Requirements for termination - Water allocation may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of 5 consecutive days.

Section IX: Drought Response Stages

The general manager, 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:

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Notification

Notification of the Public:

The general manager or his/ here designee shall notify the public by means of:

Messages on billings statements, public service announcements on local television stations, and signs posted in public places.

Additional Notification:

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

Stage 1 - Mayor and City Council of Jarrell and Jarrell Volunteer Fire Department

Stage 2 – In addition to above, Bell and Williamson County Emergency Management Coordinator(s), County Commissioners, Bell and Williamson County Sheriff Departments, State Disaster District / Department of Public Safety, park and public facility managers, and TCEQ.

Stage 3 – All of the above and any major or critical water users.

Stage 4 & 5 All of the above.

Stage 1 Response -- MILD Water Shortage Conditions

Goal: Achieve a voluntary 5 percent reduction in daily water demand.

Supply Management Measures:

Reduced or discontinued flushing of water lines.

Voluntary Water Use Restrictions:

- (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) All operations of the Jarrell-Schwertner Water Supply Corporation shall adhere to water use restrictions prescribed for Stage 2 of the Plan.
- (c) Water customers are requested to practice water conservation and to minimize or discontinue water use for non-essential purposes.

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Stage 2 Responses -- MODERATE Water Shortage Conditions

Goal: Achieve a 10 percent reduction in daily water demand.

Supply Management Measures:

Discontinued flushing of water mains and reduced or discontinued irrigation of public landscaped areas.

Water Use Restrictions: Under threat of penalty for violation, the following water use restrictions shall apply to all persons:

- 1) Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited 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 irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
- 2) Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick 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.
- 3) 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.
- 4) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.

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- 5) Use of water from hydrants shall be limited to fire fighting, 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 permit from the Jarrell-Schwertner Water Supply Corporation.
- 6) 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 Jarrell-Schwertner Water Supply Corporation, the facility shall not be subject to these regulations.
- 7) All restaurants are prohibited from serving water to patrons except upon request of the patron.
- 8) 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 within a reasonable period of time after notice has been given.

Stage 3 Responses -- SEVERE Water Shortage Conditions

Goal: Achieve a 15 percent reduction in daily water demand

Supply Management Measures:

Discontinued flushing of water mains, and discontinued irrigation of public landscaped areas.

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

- 1) Irrigation of landscaped areas shall be limited to designate watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, drip irrigation, or permanently installed automatic sprinkler system only. The use of hose-end sprinklers is prohibited at all times.

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- 2) The watering of golf course tees is prohibited unless the golf course utilizes a water source other than that provided by the Jarrell-Schwertner Water Supply Corporation.
- 3) The use of water for construction purposes from designated fire hydrants under special permit is to be discontinued.

Stage 4 Responses -- CRITICAL Water Shortage Conditions

Goal: Achieve a 20 percent reduction in daily water demand.

Supply Management Measures:

Discontinued flushing of water mains, and discontinued irrigation of public landscaped areas.

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

- 1) Irrigation of landscaped areas shall be limited to designated watering days between the hours of 6:00 a.m. and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight and shall be by means of hand-held hoses, hand-held buckets, or drip irrigation only. The use of hose-end sprinklers or permanently installed automatic sprinkler systems are prohibited at all times.
- 2) 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.
- 3) The filling, refilling, or adding of water to swimming pools, wading pools, and Jacuzzi-type pools is prohibited.
- 4) Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
- 5) 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

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applications are hereby suspended for such time as this drought response stage or a higher-numbered stage shall be in effect.

Stage 5 Response -- EMERGENCY Water Shortage Conditions

Goal: Achieve a 25 percent reduction in daily water demand.

Supply Management Measures:

Discontinued flushing of water mains, and discontinued irrigation of public landscaped areas.

Water Use Restrictions All requirements of Stage 2, 3, and 4 shall remain in effect during Stage 5 except:

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

Stage 6 Responses -- WATER ALLOCATION

In the event that water shortage conditions threaten public health, safety, and welfare, the General Manager is hereby authorized to allocate water according to the following water allocation plan:

Single-Family Residential Customers

The allocation to residential water customers residing in a single-family dwelling shall be as follows:

Persons per Household	Gallons per Month
1 or 2	6,000
3 or 4	7,000
5 or 6	8,000
7 or 8	9,000
9 or 10	10,000
11 or more	12,000

“Household” means the residential premises served by the customer’s meter. “Persons per household” includes only those persons currently physically residing at the premises and expected to reside there for the entire billing period. It shall be assumed that a

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particular customer's household is comprised of two (2) persons unless the customer notifies the Jarrell-Schwertner Water Supply Corporation of a greater number of persons per household on a form prescribed by the General Manager or his/her designee. The General Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every residential customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to the Jarrell-Schwertner Water Supply Corporation offices to complete and sign the form claiming more than two (2) persons per household. New customers may claim more persons per household at the time of applying for water service on the form prescribed by the General Manager. When the number of persons per household increases so as to place the customer in a different allocation category, the customer may notify the Jarrell-Schwertner Water Supply Corporation on such form and the change will be implemented in the next practicable billing period. If the number of persons in a household is reduced, the customer shall notify the Jarrell-Schwertner Water Supply Corporation in writing within two (2) days. In prescribing the method for claiming more than two (2) persons per household, the General Manager shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of persons in a household or fails to timely notify the Jarrell-Schwertner Water Supply Corporation of a reduction in the number of person in a household shall be fined not less than \$ 100.

Residential water customers shall pay the following surcharges:

- \$ 10 for the first 1,000 gallons over allocation
- \$ 15 for the second 1,000 gallons over allocation
- \$ 20 for the third 1,000 gallons over allocation
- \$ 25 for each additional 1,000 gallons over allocation

Surcharges shall be cumulative.

Master-Metered Multi-Family Residential Customers

The allocation to a customer billed from a master meter which jointly measures water to multiple permanent residential dwelling units (e.g., apartments, mobile homes) shall be allocated 6,000 gallons per month for each dwelling unit. It shall be assumed that such a customer's meter serves two dwelling units unless the customer notifies the Jarrell-Schwertner Water Supply Corporation of a greater number on a form prescribed by the General Manager. The General Manager shall give his/her best effort to see that such forms are mailed, otherwise provided, or made available to every such customer. If, however, a customer does not receive such a form, it shall be the customer's responsibility to go to the Jarrell-Schwertner Water Supply Corporation offices to complete and sign the form claiming more than two (2) dwellings. A dwelling unit may be claimed under this provision whether it is occupied or not. New customers may claim more dwelling units at the time of applying for water service on the form prescribed by the General Manager. If the number of dwelling units served by a master meter is

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reduced, the customer shall notify the Jarrell-Schwertner Water Supply Corporation in writing within two (2) days. In prescribing the method for claiming more than two (2) dwelling units, the General Manager shall adopt methods to insure the accuracy of the claim. Any person who knowingly, recklessly, or with criminal negligence falsely reports the number of dwelling units served by a master meter or fails to timely notify the Jarrell-Schwertner Water Supply Corporation of a reduction in the number of person in a household shall be fined not less than \$ 100. Customers billed from a master meter under this provision shall pay the following monthly surcharges:

- \$ 10 for 1,000 gallons over allocation up through 1,000 gallons for each dwelling unit.
- \$ 20, thereafter, for each additional 1,000 gallons over allocation up through a second 1,000 gallons for each dwelling unit.
- \$ 30, thereafter, for each additional 1,000 gallons over allocation up through a third 1,000 gallons for each dwelling unit.
- \$ 40, thereafter for each additional 1,000 gallons over allocation

Surcharges shall be cumulative.

Commercial Customers

A monthly water allocation shall be established by the General Manager, or his/her designee, for each nonresidential commercial customer other than an industrial customer who uses water for processing purposes. The non-residential customer's allocation shall be approximately 75 percent of the customer's usage for corresponding month's billing period for the previous 12 months. If the customer's billing history is shorter than 12 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no history exists. However, a customer, 75 percent of whose monthly usage is less than 6000 gallons shall be allocated 6000 gallons. The General Manager shall give his/her best effort to see that notice of each non-residential customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact the Jarrell-Schwertner Water Supply Corporation to determine the allocation. Upon request of the customer or at the initiative of the General Manager, the allocation may be reduced or increased if, (1) the designated period does not accurately reflect the customer's normal water usage, (2) one nonresidential customer agrees to transfer part of its allocation to another nonresidential customer, or (3) other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may appeal an allocation established hereunder to the President of the Jarrell-Schwertner Water Supply Corporation. Nonresidential commercial customers shall pay the following surcharges:

Customers whose allocation is 6000 gallons through 10000 gallons per month:

- \$ _10_ per thousand gallons for the first 1,000 gallons over allocation
- \$ _15_ per thousand gallons for the second 1,000 gallons over allocation

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\$ _20_ per thousand gallons for the third 1,000 gallons over allocation

\$ _25_ per thousand gallons for each additional 1,000 gallons over allocation

Customers whose allocation is 10000 gallons per month or more:

1.5 times the block rate for each 1,000 gallons in excess of the allocation up through 5 percent above allocation.

2.0 times the block rate for each 1,000 gallons from 5 percent through 10 percent above allocation.

2.5 times the block rate for each 1,000 gallons from 10 percent through 15 percent above allocation.

3.0 times the block rate for each 1,000 gallons more than 15 percent above allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

D. Industrial Customers

A monthly water allocation shall be established by the General Manager, or his/her designee, for each industrial customer, which uses water for processing purposes. The industrial customer's allocation shall be approximately 90 percent of the customer's water usage baseline. Ninety (90) days after the initial imposition of the allocation for industrial customers, the industrial customer's allocation shall be further reduced to 85 percent of the customer's water usage baseline. The industrial customer's water use baseline will be computed on the average water use for the 3 month period ending prior to the date of implementation of Stage 2 of the Plan. If the industrial water customer's billing history is shorter than 3 months, the monthly average for the period for which there is a record shall be used for any monthly period for which no billing history exists. The General Manager shall give his/her best effort to see that notice of each industrial customer's allocation is mailed to such customer. If, however, a customer does not receive such notice, it shall be the customer's responsibility to contact the Jarrell-Schwertner Water Supply Corporation to determine the allocation, and the allocation shall be fully effective notwithstanding the lack of receipt of written notice. Upon request of the customer or at the initiative of the General Manager, the allocation may be reduced or increased, (1) if the designated period does not accurately reflect the customer's normal water use because the customer had shutdown a major processing unit for repair or overhaul during the period, (2) the customer has added or is in the process of adding significant additional processing capacity, (3) the customer has shutdown or significantly reduced the production of a major processing unit, (4) the customer has previously implemented significant permanent water conservation measures such that the ability to further reduce water use is limited, (5) the customer agrees to transfer part of its allocation to another industrial customer, or (6) if other objective evidence demonstrates that the designated allocation is inaccurate under present conditions. A customer may

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appeal an allocation established hereunder to the President of the Jarrell-Schwertner Water Supply Corporation. Industrial customers shall pay the following surcharges:

Customers whose allocation is 6000 gallons through 10000 gallons per month:

\$ _10_ per thousand gallons for the first 1,000 gallons over allocation
\$ _15_ per thousand gallons for the second 1,000 gallons over allocation
\$ _20_ per thousand gallons for the third 1,000 gallons over allocation
\$ _25_ per thousand gallons for each additional 1,000 gallons over allocation

Customers whose allocation is 10000 gallons per month or more:

1.5 times the block rate for each 1,000 gallons in excess of the allocation up through 5 percent above allocation.
2.0 times the block rate for each 1,000 gallons from 5 percent through 10 percent above allocation.
2.5 times the block rate for each 1,000 gallons from 10 percent through 15 percent above allocation.
3.0 times the block rate for each 1,000 gallons more than 15 percent above allocation.

The surcharges shall be cumulative. As used herein, "block rate" means the charge to the customer per 1,000 gallons at the regular water rate schedule at the level of the customer's allocation.

Section X: Enforcement

- (a) No person shall knowingly or intentionally allow the use of water from the Jarrell-Schwertner Water Supply Corporation 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 General Manager, or his/her designee, in accordance with provisions of this Plan.
- (b) Any person who violates this Plan is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than fifty dollars (\$50) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in this Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of this Plan, the General Manager shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, hereby established at \$70, and any other costs incurred by the Jarrell-Schwertner Water Supply Corporation in discontinuing service. In addition, suitable

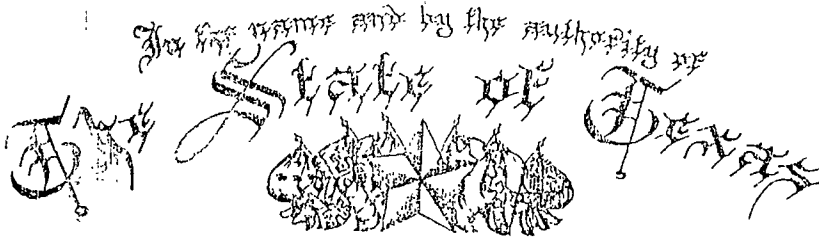
PART B

assurance must be given to the General Manager 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.

- (c) Any person, including a person classified as a water customer of the Jarrell-Schwertner Water Supply Corporation, 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.
- (d) Any member of the county sheriff's department may issue a citation to a person he/she reasonably believes to be in violation of this Ordinance based on information provided by the Jarrell-Schwertner Water Supply Corporation. The citation shall be prepared in duplicate and shall contain the name and address of the alleged violator, if known, the offense charged, and shall direct him/her to appear in the county court on the date shown on the citation. The alleged violator shall be served a copy of the citation. Service of the citation shall be complete upon delivery of the citation to the alleged violator, to an agent or employee of a violator, or to a person over 14 years of age who is a member of the violator's immediate family or is a resident of the violator's residence. The alleged violator shall appear in county court to enter a plea of guilty or not guilty for the violation of this Plan. If the alleged violator fails to appear in county court, a warrant for his/her arrest may be issued. A summons to appear may be issued in lieu of an arrest warrant.

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NON-PROFIT



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION OF

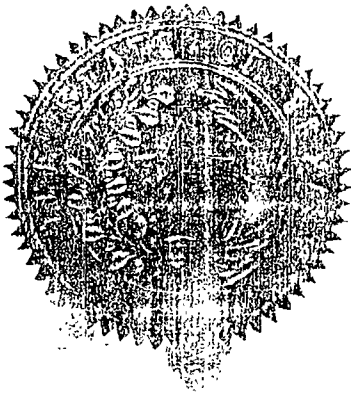
JARRELL-SCHWERTNER WATER SUPPLY CORPORATION
CHARTER NO. 267193

The undersigned, as Secretary of State of the State of Texas, hereby certifies that duplicate originals of Articles of Incorporation for the above corporation duly signed and verified pursuant to the provisions of the Texas Non-Profit Corporation and Article 1434a, V. A. C. S. of Texas and have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

Dated October 9, 1969

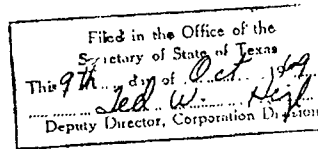
Martin DeV...
Secretary of State



Sup ID#

74-1683199

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ARTICLES OF INCORPORATION

OF

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION

THE STATE OF TEXAS)

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WILLIAMSON)

WE, THE undersigned natural persons of the age of twenty-one (21) years or more, at least three of whom are citizens of the State of Texas, acting as incorporators of a Corporation, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is Jarrell-Schwertner Water Supply Corporation.

ARTICLE II.

The Corporation is a non-profit Corporation organized under Article 1434a of the Revised Civil Statutes of Texas of 1925, as amended, supplemented by the Texas Non-Profit Corporation Act, Article 1.01 et seq., as amended, and is authorized to exercise all powers, privileges and rights conferred on a Corporation by these Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of these Acts.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The Corporation is formed for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of Jarrell-Schwertner, Williamson County, Texas, and the surrounding rural areas. The places where the business of the Corporation is to be transacted shall be

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the Jarrell-Schwertner Communities in Williamson County, Texas,
and the surrounding rural areas.

ARTICLE V.

The street address of the initial registered office of the Corporation is P. O. Box 369, Jarrell, Texas 76537, and the name of its initial registered agent at such address is James H. Jones.

ARTICLE VI.

The number of directors constituting the initial Board of Directors of the Corporation is Five (5), and the names and addresses of the persons who are to serve as the initial directors are:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
James H. Jones	P. O. Box 312	Jarrell, Texas
James R. Sybert	Route 1	Jarrell, Texas
O. B. Schwertner	P. O. Box 32	Schwertner, Texas
Alviae Cating	Route 1	Bartlett, Texas
Clarence Fischer	Route 1	Bartlett, Texas

ARTICLE VII.

The name and street address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>	<u>CITY</u>
James H. Jones	P. O. Box 312	Jarrell, Texas
James R. Sybert	Route 1	Jarrell, Texas
O. B. Schwertner	P. O. Box 32	Schwertner, Texas
Alviae Cating	Route 1	Bartlett, Texas
Clarence Fischer	Route 1	Bartlett, Texas

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

ARTICLE VIII.

The Corporation is and shall continue to be a Corporation without capital stock, and membership in the Corporation shall be

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deemed personal estate and shall be transferable only on the books of the Corporation in such manner as the By-Laws may prescribe.

IN WITNESS WHEREOF, we have hereunto set our hands, this the 5 day of October, 1968

James B. Lynt
James D. Loria
O.B. Schweitzer
James F. Fisher
Olva Catling

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THE STATE OF TEXAS X

COUNTY OF WILLIAMSON X

I, Shelia H. Huggins, a Notary Public
do hereby certify that on this 8 day of October, 1968,
personally appeared before me James H. Jones, James R. Sybert,
O. B. Schwertner, Alvise Cating and Clarence Fischer who each being by
me first duly sworn, severally declared that they are the persons who
signed the foregoing document as incorporators, and that the
statements therein contained are true.

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

Shelia H. Huggins
Notary Public in and for
Williamson County, Texas

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ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION OF JARRELL-SCHWERTNER WATER SUPPLY CORPORATION

I.

The name of the corporation is Jarrell-Schwertner Water Supply Corporation. The corporation is a Texas non-profit corporation.

II.

The amendment changes existing Article IV of the Articles of Incorporation. A statement of the text of the article as it is amended to read is as follows:

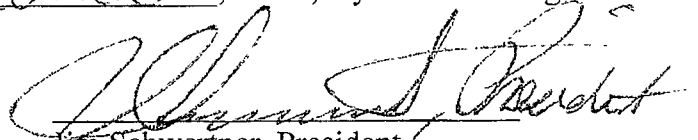
Article IV

The Corporation is formed for the purpose of furnishing a public water supply to its members in the rural areas of Williamson and Bell Counties, Texas, on a retail or wholesale basis. The Corporation is a non-profit Corporation organized and existing under Chapter 67, Texas Water Code, in part supplemented by the Texas Non-Profit Corporation Act, and is authorized to exercise any and all powers, privileges and rights conferred on a member-owned non-profit corporation by those Acts, and all powers and rights incidental in carrying out the purposes for which the Corporation is formed, except such as are inconsistent with the express provisions of those Acts, or with Section 501 of the Internal Revenue Code.

III.

There are members of the Corporation having voting rights. The amendment was adopted at a meeting of the members held on August 17, 2005. A quorum of the members was present. The amendment received at least a two thirds vote of the members.

Signed this 12 day of October, 2005, by the undersigned authorized officer.


Jim Schwertner, President

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(Revised 8/05)

BYLAWS

of

JARRELL-SCHWERTNER WATER SUPPLY CORPORATION

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

ARTICLE I

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

ARTICLE II

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

ARTICLE III

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

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

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(Revised 8/05)

fideli ty schedule bond as acceptable to USDA Rural Development, RUS, or its successor agencies and assigns.

ARTICLE IV

Section 1. The Board of Directors shall consist of 9 Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually thereafter on the 2nd Tuesday or Wednesday of February, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' meetings provided for in Article VI of the Bylaws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the Members after their election; the terms of the Directors of the second class shall expire at the second annual meeting after their election; and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. Directors, as such, shall not receive any stated salary for their services, except as provided for by state law.

Upon the death or resignation of a Director, a successor shall be appointed by a majority of the existing Directors to serve until the next regular or special Membership meeting, at which time the general Membership shall elect a successor for the remaining balance of the previously vacated term.

Section 2. Officers and Directors may be removed from office in the following manner, except as otherwise provided in Article V: Any Member, Officer, or Director may present charges against a Director or Officer by filing such charges in writing with the Secretary- Treasurer of the Corporation. If presented by a Member, the charges must be accompanied by a petition signed by at least ten (10) percent of the Members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the Membership and shall be effective if approved by a vote of 2/3 majority of those voting if a quorum is present. The Director(s) or Officer(s) against whom such charges have been presented shall be informed in writing of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges

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shall have the same opportunity. If the removal of a Director(s) is approved, such action shall also vacate any other office(s) held by the removed Director(s) in the Corporation. A vacancy in the Board thus created shall immediately be filled by a qualified person other than the removed Director upon a vote of a majority of the Members present and voting at such meeting, in accordance with the written annual or special meetings procedures as adopted by the Board. A vacancy in any office thus created shall be filled by the Board of Directors from among their number so constituted after the vacancy in the Board has been filled.

Section 3. The President of the Board, or Vice-President, shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accordance with the procedures prescribed by the Board. The fact that the President, Vice-President, or any other Officer or Director has been made the subject of charges does not otherwise prevent such individual from continuing to act in the capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership. Such policy, at a minimum, shall be in conformance with the provisions of the Texas NonProfit Corporation Act pertaining to duties and responsibilities of the Board of Directors.

ARTICLE V

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

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

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

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

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

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accountants, or other persons provided the Directors reasonably believe such matters to fall within such person's professional or expert competence. Nevertheless, Directors must disclose any knowledge they may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

ARTICLE VI

Section 1. There shall be a regular meeting of the Members annually, on the 2nd Tuesday or Wednesday of February, to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these Bylaws shall give each Member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. Voting by proxy shall be permitted. Members holding ten percent (10%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Section 2. The Board of Directors shall adopt, and from time to time may revise, written procedures for conducting annual or special Membership meetings, including the proxy and/or ballot form which shall be the official proxy and/or ballot for such meetings; procedures for proper notification of the Membership of such meetings and delivery of the Corporation's official proxy and/or ballot forms to the Membership; procedures to determine, qualify and register the eligible voters for such meetings; and procedures for canvassing all votes and recording the results of all elections at such meetings of the Membership.

Section 3. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall at no time have sufficient board members appointed to constitute a quorum of the Board of Directors. This committee, in accordance with procedures adopted by the Board under Section 2, shall notify the Membership of annual or special Membership meetings and deliver the Corporation's official proxy and/or ballot forms to the Membership; determine, qualify, and register the eligible voters for such meeting; validate proxies, determine presence of quorum for conducting the meeting, canvas all votes, and record the results of such elections. Should the