



-
- B. The beginning and ending amortized book and market value of securities for the period.
 - C. Average weighted yield to maturity of portfolio on investments as compared to the benchmark for the overall portfolio, which shall be the period coverage yield of the three month U.S. Treasury Bill.
 - D. Additions and changes to the market value during the period.
 - E. Listing of investments by market sector and maturity date.
 - F. The percentage of the total portfolio which each type of investment represents.
 - G. Statement of compliance of the City's investment portfolio with State Law and the investment strategy and policy approved by the City Council.
 - H. Unrealized gain/loss on the portfolio (market value vs. book value).
 - I. Diversification by maturity and market sector.

All reports will provide the market value of the portfolio not only the amount paid for the security.

XI. INVESTMENT PORTFOLIO

A. ACTIVE PORTFOLIO MANAGEMENT

The City shall pursue an active versus a passive portfolio management philosophy. This is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. The investment officer will routinely monitor the contents of the portfolio, the available markets, and the relative value of competing instruments, and will make investment decisions and adjust the portfolio accordingly.

B. INVESTMENTS

Assets of the City of Center may be invested in the following instruments. At no time shall assets of the City be invested in any transaction or security not authorized for investment under the Act, as the Act may be amended from time to time.

- 1. Authorized
 - A. Obligations of the United States of America, its agencies and instrumentalities with a maximum maturity of two years.
 - B. Direct obligations of the State of Texas and agencies thereof with a maximum maturity of 3 years.
 - C. Obligations of the States, agencies thereof, counties, cities and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than an "A" or its equivalent with a maximum maturity of 1 year.
 - D. Certificates of Deposit of state and national banks doing business in Texas, guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations described in A through D above, which are intended to include all



direct agency or instrumentality issued mortgage backed securities rated AAA by a nationally recognized rating agency, and that have a market value of not less than the principal amount and accrued interest on the certificates.

- E. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities safekept with an independent third party, selected by the Director of Finance and/or City Manager. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas.
- F. AAA rated constant dollar public fund investment pools meeting the requirements of Texas Government Code 016-2356.019.

Securities added to the Act shall not be authorized for City until this Policy is amended and adopted.

All securities will be obtained on a competitive bid basis.

2. Not Authorized

The City's authorized investment options are more restrictive than those allowed by State Law. State law specifically prohibits investment in the following investment securities.

- A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage backed security collateral and pays no principal.
- B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage backed security collateral and bears no interest (Primarily only MBS).
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Inverse floater MBS).

C. HOLDING PERIOD

The City of Center intends to match the maturity of investments with liquidity needs of the City. In no case will the average maturity of investments of the City's operating funds exceed 6 months. The maximum final stated maturity of any investment shall not exceed three years.

D. RISK AND DIVERSIFICATION

The City of Center recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines.



-
- A. Risk of issuer default is controlled by limiting investments to high credit quality securities allowed by the Act, which are described herein.
 - B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to 6 months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.

E. DOWNGRADED SECURITIES

The City may, from time to time, be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this policy, the investment officer will review and recommend an appropriate plan of action to the City Manager and City Council, no less frequently than quarterly. If the City has an investment advisor, that advisor shall notify the City and recommend a plan of action. The City may continue to hold a downgraded investment to maturity if a probable outcome is the eventual realization of full value, rather than a realized loss if divested prior to maturity.



APPENDIX D PURCHASING POLICY

I. Purpose

The purpose of the purchasing policy is to provide City staff with guidelines for materials, services and equipment procurement. The City of Center is committed to ensuring that the purchasing process is conducted in an ethical manner with consistent application to guarantee appropriate stewardship of public funds. Following these guidelines will assure that the City is in compliance with State and Federal law and City ordinances and policies while procuring the highest quality material and services at the best value for the citizens of Center. All formal bids require the Purchasing Department to confirm compliance with State law (e.g. newspaper advertisements, written specifications).

II. Bid Procedures

A. Purchases less than \$500 may be ordered in the most expeditious manner by use of one verbal quotation. Quotation will be verbally accepted based upon past experience, considering price, quality, and delivery date.

B. Purchases between \$500 and \$10,000

1. Not less than three (3) **written** quotes. Quotes shall be submitted to Purchasing and shall be attached to the purchase order request. **Any purchase of \$500.00 or more requires an issued purchase order.**

C. Purchases between \$10,000 and \$50,000

1. An informal Request for Proposal, Qualifications, or Bid (RFP, RFQ, RFB) will be required for purchases between \$10,000 and \$50,000.
2. The City Manager must authorize the release of any RFP, RFQ, or RFB's for budgeted proposed purchases between \$10,000 and \$50,000. Purchasing and the requesting Department will make a recommendation to the City Council; it is the responsibility of the requesting Department to present the request to the City Manager.
3. Departments shall coordinate with Purchasing to receive quote information. There is a minimum of five (5) business days for vendors to respond.
4. Not less than three (3) **written** proposals must be received.
5. No purchase orders will be issued prior to City Manager approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

D. Purchases of greater than \$50,000

1. A formal Request for Proposal or Qualifications (RFP, RFQ) with detailed written specifications or scope of work will be required for purchases over \$50,000.
2. No purchase orders will be issued prior to Council approval. If a contract is required with a recommended vendor, no purchase order will be issued until Council approves the contract.

E. Formal Request for Proposal/Qualification Procedure for City Departments –The solicitation of formal bids must abide by the following procedures so that the City is in compliance with all applicable laws.

1. The Department will develop detailed written specifications or scope of work to be included in the formal Request for Proposals or Qualifications. Purchasing will complete the other required language for the RFP/RFQ packet.
2. The RFP/RFQ is presented to City Council for authorization for release. The City Council must approve the release of any RFP, RFQ's for proposed purchases over \$50,000. Purchasing and the requesting Department will make a recommendation to



the City Council; it is the responsibility of the requesting Department to present the request to Council.

3. The notice of RFP/RFQ including the notice of the time and place of proposal opening will be advertised in two successive issues of the City's official newspaper. There is a minimum of five (5) business days for vendors to respond. Purchasing will prepare the bid notice and submit to the paper for publishing.

4. Purchasing maintains a vendor list registering all vendors requesting to receive bids from the City of Center. Purchasing will send applicable vendors a copy of the RFP/RFQ following Council authorization.

5. Only signed and sealed responses will be considered valid and accepted.

6. A minimum of three (3) written proposals must be received.

7. A Purchasing representative will attend all bid openings. This is to protect the City against any claims of impropriety.

8. If less than three responses are received, the Purchasing Department will contact other vendors receiving a bid and collect "No Bid" information. This is to protect the City and its departments from accusations of favoritism or soliciting bids that are proprietary.

9. Any or all bids may be rejected. The City may base their decision upon past experience, quality, and delivery date.

F . Items exempt from competitive bidding are:

a. Sole source purchases (due to patents, copyrights, secret processes, or natural monopolies)

b. Electricity, gas, water or other utility services

c. Emergency purchases (Items purchased in case of public calamity to relieve the needs of the citizens or to preserve City property)

d. Personal or professional services

e. Work paid on a daily basis (day labor)

f. Land or right-of-way acquisitions

g. Items necessary because of unforeseen damage to public property

h. Interlocal contracts

III. Purchase Order Procedure

The following procedures for the issuance of Purchase Orders (PO's) are put in place to allow for budgetary accountability. All purchase above \$500 will require a purchase order. There are two categories of purchase order, those between \$500 and \$10,000 and those greater than \$10,000.

Purchases Between \$500 and \$25,000.

1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Three written quotes will need to be collected. The quotes and the Requisition Form are returned to Purchasing. Purchasing enters the information into the system. The Purchasing Manager approves the requisition to form and process; the Finance Director approves the requisition form to guarantee funds are available in the budget. The City Manager must also grant final approval on purchases over \$10,000. Following these three approvals, the Purchase Order is approved and issued.
4. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
5. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
6. Accounts Payable then issues a check to complete the process.

Purchases Greater than \$25,000



1. The employee requesting the purchase completes a Purchase Order Requisition Form.
2. The employee's Department Head signs off on the requisition form.
3. Depending upon the anticipated purchase price, either the formal or informal bidding process will need to be followed.
4. Department head works with Purchasing to develop the bid packet.
5. The City Manager must approve the bid packet prior to placement on the City Council agenda.
6. The City Council votes to authorize the release of the Request for Proposal/Qualification.
7. After bids are received in accordance with Section II of this policy, the requisition is approved by Purchasing to form and process; the Finance Director approves the requisition to guarantee funds are available in the budget. Following these two approvals, the Purchase Order is approved and issued.
8. Purchasing prints out a copy of the PO for the Department Head. The Department Head then authorizes the purchase with the selected vendor.
9. Once the product has been delivered or the service complete, the Department Head eventually receives an invoice. The Department Head signs the invoice, attaches the PO, and sends it to Accounts Payable
10. Accounts Payable then issues a check to complete the process.

IV. Signature Authority

Each Department Head delegates signature authority for their division. Authorized personnel are then allowed to sign for requisitions and/or receiving reports to the specified amount.

1. Typically, those with signature authority are department heads/supervisors (anyone in charge of a budget) and Administrative Assistants.
2. Department Heads, or any authorized/designated employee with proper signature authority, are required to approve all purchase requests.
3. City Manager must approve amounts of \$10,000 and over.
4. Any purchases of \$50,000 and over require advanced City Council approval.

V. Conflict of Interest

An employee who participates in the selection or approval of products or sources of supply, or who has supervisory responsibility for such employees, may not have a financial interest in the company which furnishes the supplies or services being purchased. This would avoid an unfair competitive advantage and protect the interests of the City. For this reason, employees directly involved in the purchasing process are to refrain from any outside activity or relationship which lessens their impartiality, judgment, or effectiveness.

Disclosure of Relationship to Vendor is Required:

1. In instances of financial interests (e.g., employee's spouse or other immediate relative is an owner or shareholder or an employee of a firm being considered for potential purchase(s);
2. In any situation where there is a potential for an employee to benefit financially from a business transaction conducted by the City.

Employees will complete a Conflict of Interest Form where applicable.

All City employees are to avoid accepting any kind of gratuities, tips, or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment, and other courtesies. It is essential to both the City and its supplies that all decisions and actions regarding purchasing are based upon proper business considerations and are not influenced in any way by personal obligations. Most offers of this kind are made in the spirit of good business relations without the intent to obligate the recipient in any way. However, it is extremely difficult to differentiate between



minor gratuities or courtesies and those which will cause some feeling of obligation or create any unfavorable impression in the minds of other vendors. Because of this difficulty, employees must refrain from accepting any gratuity regardless of its magnitude or the manner in which it is presented.

Exceptions:

- A. Calendars, desk novelties, or similar advertising items;
- B. Reasonably priced meals accepted in settings where City business is conducted;
- C. Text books, recorded media, software or similar work-related items for which the City is not being charged;

Employees must exercise caution that neither regular gifts of nominal value, nor reasonably priced meals from a particular vendor, do not gradually accumulate into a potential obligation that could constitute a violation of this policy. Under no circumstances shall an employee accept a gratuity where prohibited by law, policy, or regulation or where the appearance of impropriety may occur.

VI. Professional Services

Personal and professional services are exempted from the competitive bidding process, and are procured through the use of Request for Qualification (RFQ) documents. The Purchasing Department is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.

Texas Government Code, Chapter 2254, Professional and Consulting Services, states in part that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead they must be awarded on the basis:

- 1. Of demonstrated competence and qualification to perform the services;
- 2. For a fair and reasonable price; and
- 3. May not exceed any maximum provided by law.

Professional services for the purposed of Texas Government Code, Chapter 2254, are defined as those services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect or landscape architect, a land surveyor, a physician, including surgeon, an optometrist, or a professional engineer, a state certified or state licensed real estate appraiser or professional nurse.

VII. Grant Funding

All requests for grants are to be approved by the City Manager and/or City Council prior to submittal to the granting agency. The awarded department is encouraged to contact the City Manager prior to beginning the purchasing process.

VIII. Cooperative Purchasing

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to gain the best overall value for the entities. Cooperative purchasing can occur through inter-local agreements, state contract, and/or joint purchases. The Purchasing Department will assist departments to determine the best method/cooperative for the purchase.

The bidding requirement in this policy may be waived if an item or service can be procured through a cooperative purchasing organization (e.g. Buyboard, HGAC, DIR, etc.)

IX. General Exemptions



The State Legislature has exempted certain items from sealed bidding in the law.

Emergency Purchases

Valid emergencies are those that occur as a result of an unforeseen breakdown or damage of equipment, a procurement necessary to protect the public's safety, health, and/or procurement made due to a public disaster. When this situation occurs, the department shall contact the Purchasing Department and conduct the procurement of supplies and services in accordance with the City's Purchasing Policy, the City Charter, and the Texas Local Government Code.

Sole Source Purchases

Sole source purchases are items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by the local government code.

When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternative products are available, a detailed written justification must be included with the purchase requisition along with the Department head's approval.

Refer to Texas Local Government Code 252.022 (a) 7 for sole source purchases and 252.022 for a complete listing of General Exemptions.

X. Insurance Requirements

As a general rule, the City will require that vendors performing work for the City will provide a copy of their general liability, auto, and worker's compensation insurance policies. Both policies will be a minimum of \$1 million.

XI. Progressive Payments

Departments may request blanket purchase orders for large purchase contracts to last over the course of a year (e.g. bulk chemical purchases). In the necessity of a progressive payment, the City Manager must approve such type of payment. In the event of a contractual obligation where progressive payments have been made, the City Council must authorize final payment and release of retainage.

XII. Definition of Capital Purchases

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

For implementation of GASB 34 requirements for capital assets, the City establishes the following categories and their thresholds.

- | | |
|-------------------------------------|------------|
| • Land/land improvements | Any amount |
| • Buildings/building improvements | \$25,000 |
| • Facilities and other improvements | \$25,000 |
| • Infrastructure | \$25,000 |
| • Personal Property | \$5,000 |
| • Leasehold improvements | \$25,000 |

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expends incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.



In order for other equipment or supplies to be capitalized, another standard is considering the item's useful life. Items that have a life expectancy exceeding the following are considered capital

- Structures and water and sewer system 10 to 50 years
- Infrastructure 10 to 30 years
- Transportation and other equipment 3 to 20 years



APPENDIX E FINANCIAL POLICIES

I. Internal Controls

The City will maintain a system of internal controls to safeguard its assets against loss, prevent fraud and theft, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

The broad definition can be subdivided into two components: accounting and administrative, as follows:

Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of financial records.

Administrative controls comprise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to financial records.

Objectives

A system of internal controls should provide the City Council and management reasonable, but not absolute, assurance that assets are safeguarded against loss, that transactions are executed in accordance with management's authorization and established policies, and be able to provide reasonable assurance that these objectives have been met:

1. **Recording Transactions.** Transactions are recorded as necessary to permit preparation of financial statements and to maintain accountability for assets.
2. **Access to Assets.** Access to assets and records should be permitted only with management's authorization.
3. **Periodic Independent Verification.** The records should be checked against the assets by someone other than the persons responsible for the records or the assets. Examples of independent verification are monthly bank reconciliations and inventory counts.
4. **Segregation of Duties.** The organizational plan should separate functional responsibilities. In general, when the work of one employee is checked by another, and when the responsibility for custody of assets is separate from the responsibility of maintaining records relating to those assets, then there is appropriate segregation of duties.

Responsibilities

The Finance Department is responsible for designing appropriate controls for the departments and the departments are responsible for implementation. Inherent in these responsibilities is the recognition that the cost of internal controls should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

Written Procedures

Written procedures shall be maintained by the City Secretary for all functions involving the handling of cash and securities. These procedures shall embrace sound internal control principles.

II. Financial Reporting and Auditing

The purpose of this policy is to keep the City Council apprised of the financial condition of City funds.

The City will prepare monthly financial (general and utility fund revenues and expenditures) reports for the Council to review and transmitted as an Item of Interest that will not require Council approval.

The City will prepare, as part of the requirement in the Investment Policy, a quarterly Cash and Investment Report. This formal presentation will highlight the City's financial position by fund and type of investment.



The City will also prepare monthly sales tax reports for the Council to continually monitor this elastic revenue source. At least two times throughout the fiscal year, the City will request the Confidential Sales Tax Data from the Comptroller's Office and prepare a detailed report to the Council. The purpose of this report is to identify any anomalies in sales tax collections or to identify any trends.

The City shall have an annual audit conducted by an independent certified public accounting firm. The City Council will approve the audit report no less than 8 months after the close of the fiscal year.

III. Expenditures and Accounts Payable

The purpose of this policy is to ensure that the vendors doing business with the City of Center are paid in accordance with the set accounts payable procedures. The City of Center Accounts Payable department personnel will strive to make timely and accurate payments to all vendors.

This policy applies to all departments that will be submitting invoices to the Accounts Payable department for payment.

Any invoice that has been sent to the City of Center for payment will be presented to the Accounts Payable Clerk. All invoices will be paid according to the terms of the vendor, unless it is a local vendor. Invoices from a local vendor are due upon receipt once the applicable accounts payable procedures have been performed. The Accounts Payable Clerk will print checks weekly. This payment process will include all the invoices that have been processed according to the applicable A/P procedures and are due for payment within the current payment period.

IV. Accounts Receivable

The purpose of this policy is to ensure that the City of Center is invoicing appropriate customers and capturing all of the Accounts Receivable owed to the City. Accounts receivable (A/R) is an asset account reflecting amounts owed to the City from people, firms, and other governmental units. The City of Center will strive to treat all customers consistently through established collection procedures, to ensure the collection of delinquent accounts.

The policy applies to all departments in which an invoice for payment due needs to be sent to a customer. This includes any instance (with the exception of utility billing) where service has been or will be provided. This also includes instances where reimbursement is due to the City for damages to City property or infrastructure.

Any Accounts Receivable invoice that needs to be processed and submitted to a customer for payment will be billed through the Billing Department of the City of Center. All billings will occur monthly -- within 45 days of the service or event. Accommodation will be provided for all items that require an earlier billing cycle.

The City will use proper internal controls in the handling of monies and make timely deposit of monies.

The City will properly and timely record the various receivables and provide for the appropriate collection methods for these receivables.

Collection Policy

The following guidelines will be followed whenever an item has been on the Accounts Receivable aging report for 30 days or over.



-
- 30 days** -- statement mailed by Billing Department
60 days -- account will be turned over to the Collection Agent in Utility Billing
120 days -- registered letter from Finance Director (demand letter – 15 days to pay)
150 days -- account will be turned over to the City's legal representative



THIS PAGE LEFT INTENTIONALLY BLANK



APPENDIX F CITY ECONOMIC DEVELOPMENT POLICY

**Adopted August 25, 1997, by Resolution Number 97-7
Ratified and Amended August 10, 2009, by Resolution Number 2009-12
Amended October 25, 2010 by Resolution Number 2010-28**

Section I. Introduction

Whereas it is the policy of The City of Center to be committed to desirable economic development and while a successful economic development depends on a viable working relationship between all aspects of the public and private sectors; the City of Center has opportunities available that enable it to take action in this area.

In addition to keeping the protection of the environment and the aesthetics of the community as high priority, any attempts to stimulate the economy should be relatively assured of eventual positive economic effects on the City of Center's revenue raising capabilities. The City of Center is also committed to the rehabilitation and revitalization of structures and areas of historic or economic importance, such as the downtown square area.

This document gives guidelines and criteria to opportunities that the City will utilize in attempts to assert positive economic development. Nothing herein shall imply or suggest that the City of Center is under obligation to afford these opportunities to any applicant.

All applicants shall be reviewed on a case by case basis. The customized design of a total incentive package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling the City to respond to the changing needs of the community.

Section II. Tax Abatement General Criteria

All applications must meet the following general criteria before being considered for tax abatement:

1. The project expands the local tax base.
2. The project creates or retains permanent full time employment opportunities.
3. The project would not otherwise be developed.
4. The project makes a contribution to enhancing further economic development.
5. The project must remain in good standing to all aesthetic and environmental concerns.
6. The project has not been started and no construction has commenced at the time the application is approved.

The project must not have any of the following objections:

1. There would be substantial adverse affect on the provision of government service or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals;
4. Planned or potential use of the property would give adverse impacts to adjacent properties; or,
5. Any violation of laws of the United States or the State of Texas or Ordinances of the City of Center would occur.
6. Anyone who has a financial interest in the proposed project must not be delinquent for any taxes owed to the City of Center.
7. Anyone who has a financial interest in the proposed project must not own nor occupy any property within the city limits or extraterritorial jurisdiction of the City of Center that is out of compliance with any public nuisance laws, generally Chapter 30 of Center Code of Ordinances, or the Center Zoning Ordinance, as in effect at time of application.



Section III. Specific Criteria for Projects

Section A. Policy A.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$2,500,000, and creates at least fifteen (15) new jobs with an annually submitted payroll in excess of \$300,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%
Year 2 100%
Year 3 100%
Year 4 80%
Year 5 60%
Year 6 40%
Year 7 20%
Year 8 No Abatement

Section B. Policy B.

If the project in the application meets the General Criteria, is a facility of a desired enterprise as determined by City Council, has a capital cost that exceeds \$1,000,000, and creates at least ten (10) new jobs with an annually submitted payroll in excess of \$150,000 during each year the agreement is in effect; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%
Year 2 100%
Year 3 50%
Year 4 No Abatement

Section C. Policy C.

If the project is to be in the area of the downtown square area also known as the Main Street Project area (as previously registered with the state Historical Commission), meets the General Criteria, is a desirable project as determined by City Council, and has a capital cost of at least \$100,000; property taxes over the established base value will be abated in accordance with all applicable State Laws in the following manner:

Year 1 100%
Year 2 100%
Year 3 50%
Year 4 No Abatement

Section IV. Applications for Reinvestment Zones and Tax Abatement.

1. All requests for reinvestment zones and tax abatement in the jurisdiction of the City of Center shall be made by filing a written application in the form of a letter addressed to the City Manager. An application for designation of a reinvestment zone and for tax abatement may be combined and submitted jointly. The application letter should address all criteria questions contained in this policy including a certification of compliance with items listed in Section II and shall include the following unless the City has waived a requirement that it has deemed unnecessary to properly evaluate the request.

- A. A general description of the project including purpose and explanation of the improvements as how the project will meet the criteria established by this document.
- B. A plat showing the precise location of the property, all roadways within 500 feet of the site and land use within 500 feet of the site, (a complete legal description shall be provided if the property is described by metes and bounds.)



-
- C. A complete estimated cost of the project by "line item" approach.
 - D. A description of the methods of financing all estimated costs and the time when related costs or monetary obligations are to be incurred.
 - E. Estimated number of employment opportunities the project creates, distinguishing between employees to be use during construction and permanent full time employees remaining after construction is complete; included will be annual pay for each position.
 - F. A detailed time schedule for undertaking and completing the project.

2. After reviewing the application, if the City Staff find the application to appear complete and accurate and conforming to the criteria established by this policy, the City Staff will then do or cause to have done a feasibility review/analysis. This review/analysis shall include, but not be limited to, and assessment of the economic effects of the creation of the reinvestment zone and the abatement of taxes.

3. After establishing what the City may offer in a tax abatement agreement, the City will then meet with representatives of each governing body of every taxing unit that the proposed reinvestment zone involves; this is to determine each taxing unit's intentions of entering into a tax abatement. The applicant will be informed the City is to confer with other taxing units about the potential tax abatement agreement prior to any meeting.

4. The City will then inform the applicant of the potential tax abatement agreement, the intentions of the other taxing units on tax abatement agreements, and what other incentives, if any, will be offered for the proposed project. If at this point, the applicant is still considering the project and so wishes, City Staff will then follow procedures in accordance with Texas Tax Code Chapter 3112 (Vernon 1989), as amended, that will establish a reinvestment zone and tax abatement agreement.

Section V. Designation of a Reinvestment Zone

The City Council by ordinance may designate any area as a reinvestment zone. Prior to adopting such an ordinance the City Council must conduct a public hearing on the designation that entitles all interested persons to speak and present evidence for or against the designation. Not later than the seventh day before the date of the hearing, notice of the hearing must be:

- 1. Published in a newspaper having general circulation in the City.
- 2. Delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

Section VI. Tax Abatement Agreement

The City by resolution may enter into a tax abatement agreement. At least seven days before entering into the agreement, the City will deliver written notice of its intent to each taxing unit that is included in the reinvestment zone. Any agreement will include, but not be limited to, the following specific items:

- 1. All appropriate stipulations included in the application, as outlined by this document, for a reinvestment zone and tax abatement agreement.
- 2. The amount and duration of the tax abatement.
- 3. A method for determining the qualifications of meeting the criteria and a promise to meet and maintain these qualifications over the term of the agreement, the City will be allowed to inspect and audit records to substantiate the meeting of criteria of qualifications.



4. A provision that in the event the agreement is not kept, the tax abatement agreement will be determined null and void and all abated taxes will be paid immediately to the City and all other taxing units participating in the agreement.

An agreement may be terminated by the mutual consent of the parties in the same manner that the agreement was approved and executed.

Section VII. Sales Tax Revenue Sharing

Any request for sales tax revenue sharing shall be present and reviewed by the City Council of the City of Center to determine eligibility, conformity to general guidelines, and determination of achieving desired results in the best interest of the City for each particular applicant under the general conditions, guidelines and definitions within this policy.

A. Development Criteria and Qualifications

To qualify for consideration the following minimum criteria have to be anticipated to be accomplished by the development project:

1. No construction shall have been initiated at time of application or prior to approval.
2. The project will comply with all current environmental and construction code standards of any and all governmental authorities including the City of Center.
3. The project shall be determined by Council to be servicing a regional (multiple counties) market and not solely a local, retail enterprise. Generally, this should mean the applicant should not currently operate or develop any locations within a forty mile radius of Center upon application or during the term of any incentive agreement.
4. Any request should involve the creation of at least ten (10) new full-time jobs, increase of at least \$1,000,000 in ad valorem property tax value and generate an additional \$5,000,000 in annual taxable sales.

B. Incentive & Guidelines

If the Council approves and accepts the application and determines the standards in subsection A above are met, then the following guidelines shall be used to develop a revenue sharing agreement:

1. If the minimum job creation, property tax and/or taxable sales are met, the applicant shall be eligible for $\frac{1}{2}$ cent of sales tax revenue earned by the company for a period of five (5) years. If those minimum levels are maintained or exceeded during the initial five (5) years, then the agreement may be extended for an additional three (3) year period.
2. If any of the criteria in subsection A are substantially exceeded, then the applicant may be approved for up to $\frac{3}{4}$ cent of sales tax revenue earned by the company for a maximum period of ten (10) years.
3. Based upon projected growth and contingent to annually submitted milestones, the Council may approve an agreement with escalating qualifications and corresponding increases in percentage or duration of revenue sharing.

C. Reporting and Compliance

Annual reports shall be required under any agreement for sales tax revenue sharing. The annual report shall document yearly sales volume, total taxable sales, and sales taxes remitted to and verified by the State Comptroller. The report shall also document compliance with each criteria from subsection A and B above, including certified copies of 941 Quarterly Payroll Tax Reports.

Should the applicant fail to satisfy any terms of the agreement or minimum standards in this policy, the sales tax revenue sharing agreement shall become null and void.

Section VIII. Other Incentives



The City Council may consider other economic development incentives as necessary to promote or secure a targeted enterprise. Incentive packages may be coordinated with the City of Center Economic Development Corporation, the City of Center Street Improvements for Economic Development Corporation, the Shelby County Chamber of Commerce or other similar groups. A financial analysis of any incentive offering must be undertaken prior to approval of that offering by the City Council. Analysis will be based on the comparison of direct costs and revenues. Benefit analysis based in economic multipliers and secondary impacts will not be considered.



THIS PAGE LEFT INTENTIONALLY BLANK



APPENDIX G ECONOMIC CORRECTION POLICY

In the event that the City experiences an unforeseen economic correction or adjustment, the City will put the following procedures in place to manage such a situation. These procedures will apply to a mid-year correction where the City needs to react quickly or in the budget planning process. These steps are meant to be progressive, where the least disruptive steps will be taken before drastic measures are adopted.

This policy also seeks to provide guidance to the Citizens, City Council, and staff members as to when certain steps might be taken. It will be the City Manager's discretion when the different measures will be implemented.

The City Finance Director will constantly monitor business and economic conditions that would indicate a possible situation and make the City Manager and the City Council aware of revenue implications.

The percent amounts that trigger reviews are subject to change and can be modified at any time. Any steps can be progressed as rapidly as management deems necessary.

Short Term Adjustments

Fund balance resources above the 30% optimum level may be used to meet short term financial needs.

Sales tax drop of	General fund revenue drop of	Utility fund revenue drop of	Measure	Action Initiated by:
2%	1%	2%	Situational awareness	Finance officer via monthly financial reports
5%		5%	Manage vacant positions. If there happen to be vacant positions, then those will be reevaluated to determine if immediate filling of the position is in the best interest of the City. Vacant positions can either have a hiring delay, or a re-evaluation to determine if existing staff can manage the workload, or if the work can be contracted out.	City Manager
	5%		Defer capital or discretionary purchases. Capital purchases can be evaluated to determine of the expenditure of non-bond fund related monies are in the best interest of the City. Capital purchases will be examined based on cost, potential long-term savings, service enhancements, or increased operational cost. Those capital purchases that will not negatively impact the City's fund balance, provide operational efficiencies, or result in net cost savings, may be approved to proceed. Those purchases or projects that will be a drain on City resources, provide non-essential service enhancements, or result in increased operational costs will be heavily scrutinized.	City Manager
10%		10%		



			Reduce expenditures. The third step in this policy is for department heads to carefully review their budgets and seek ways to trim operational expenditures. Some examples include, but are not limited to: reductions in training and travel, office supplies, fuel, etc.	City Manager with possible Council approval
10%	10%	10%	Increase transfers. If one fund is not as adversely affected over another, then that fund (e.g. utility fund) can either expedite the annual transfer amount or increase the transfer amount. This may or may not be done as a due to/due from.	City Manager
Long Term Organizational Adjustments				
Fund balance resources above the 25% minimum level may be used to meet select financial needs.				
15%	15%	15%	Hiring freezes. The fourth step in this policy is to place a total freeze on hiring for any new or replacement non-essential open position. Essential positions include those in the police and fire departments, water production, and sewer treatment.	City Council
			Adjust or expand fees. The City can look to adjust the amount of fees that it charges. The City will examine all rates and fees that are at its' discretion and determine which can be raised to generate sufficient revenue. This can include, and not be limited to: water and sewer rates, garbage rates, recreation fee rates, and municipal court fines and fees. The City can explore the feasibility of creating new fees to ensure continued City operations. Some possibilities include and are not limited to: monthly street, fire protection, and park assessments. These would be adopted by Council by ordinance and then added to each utility customer account.	City Council
18%	18%	18%	Service level adjustments. The Council could consider the measure of adjusting City service levels in order to reduce costs, up to and including the elimination of services that could either be temporary or permanent.	City Council
			Use of fund balance below 25% minimum level. One of the purposes of a healthy fund balance is to prepare for	City Council



			emergencies that result in a temporary loss of revenue. Per the City's fund balance policy, fund balance can be used to help the City manage through a crisis, and once over, the fund balance is to be replenished as soon as possible. It is expected that if the City were at this point then fund balance resources would be allowed to go below the 25% minimum threshold established by policy.	
			Temporary reduction in pay. An option for the Council to consider would be to temporarily reduce the employee's pay amounts.	City Council
20%	20%	20%	Reduction in force. As a final option effort to ensure the City's financial sustainability, the City may require a reduction in force/layoffs. This is the least desirable alternative for the City to adopt and must be done only when all other alternatives have been used. Personnel who are retirement eligible may be asked to take early retirement. Or, the City may evaluate positions for potential layoffs. If the City engages in layoffs, it will follow established procedures from the personnel manual.	City Council



THIS PAGE LEFT INTENTIONALLY BLANK



APPENDIX H FUND TRANSFER POLICY

In order to maintain the solvency and liquidity of each fund, this policy is meant to place limitations on the percentage of a fund's annual budget that can be transferred to another fund.

It is the policy of the City Council that no fund will be unduly burdened by transfers. That would, in effect, become a form of taxation and could potentially lead to the neglect of critical systems, programs, or infrastructure. The policy limitations are set forth below.

Utility Fund

The Utility Fund makes three types of transfers: one to the Debt Fund to pay principal and interest expenses relating to the Utility Fund debt instruments, a franchise fee to the General Fund, and an administrative transfer. These last two transfers are meant to reimburse the General Fund for administrative costs for the management and operation of the Utility Fund. The transfer to the Debt Fund amount is to be the annual debt payment amount plus any associated fees. The amount of franchise fee is calculated as a percentage (3%) of the monthly Utility Fund revenue. And the administrative transfer amount is determined annually based on the assigned costs of administrative functions. The amount of transfer from the Utility Fund to the Debt Fund is capped at 20% of revenues, as expressed in the Debt Policy section. The total amount of the other two transfers is also not to exceed 20% of revenues. Therefore, the Utility Fund shall not transfer an amount greater than 40% of its revenues in a given year.

Solid Waste

The Solid Waste Fund also makes two administrative transfers to the General Fund. One is a 10% franchise fee that is meant to cover a portion of the administration and management of the Solid Waste Fund. The other is a transfer that goes to the General Fund to offset street maintenance costs. The Solid Waste Fund only pays for the solid waste collection contract and minor miscellaneous costs. The total amount of the two transfers are not to exceed 25% of total revenues.

Hotel Occupancy Tax

The Hotel Occupancy Tax revenues collected by the City are deposited into a separate fund. A portion of these funds are transferred to the Debt Fund to pay the debt instrument that funded the construction of the Windham Civic Center. Another portion of these funds are transferred to the General Fund to offset costs associated with the maintenance and operation of the Civic Center and Community House. Until such a time that the debt instrument is retired, the Hotel Occupancy Tax shall not transfer an amount greater than 55% for debt payments and 35% for operations for a total of 90%.

4A and 4B EDC's

The City collects both a Type A (4A) and a Type B (4B) economic development sales tax. Both these entities use existing City staff to manage their operations. The 4A EDC shall not transfer and amount greater than 20% of annual revenues to the City and the 4B shall not transfer an amount greater than 5% of annual revenues. This amount assumes that the City and EDC's maintain the current management structure and operational levels. The City and EDC's can reevaluate this policy if operational activity changes.



THIS PAGE LEFT INTENTIONALLY BLANK



BUDGET GLOSSARY

Account number: A code made up of numbers used to classify how specific dollar amount are categorized as revenue or expenditures. Typically, similar revenues or expenditures are classified into the same account

Accounting system: The methods and records established to identify, assemble, analyze, classify, record and report the City's transactions and to maintain accountability for the related assets and liabilities.

Accounts payable: A short term (one year or less) liability reflecting amounts owed for goods and services received by the City.

Accounts receivable: An asset reflecting amounts due from other entities for goods and services provided by the City.

Accrual accounting: A system of accounting in which revenues and expenses are recorded at the time they occur, rather than the time cash is received or expensed by the City.

Ad Valorem taxes: Also known as property taxes, the taxes levied on all real and certain personal property according to the assessed value of the property and the established tax rate.

Appropriation: An authorization made by the City Council which permits the City staff to make expenditures and incur financial obligations.

Asset: The resources and property of the City that can be used or applied to cover liabilities.

Audit: An examination of the City's financial accounts and records. The City is required by law to have an audit completed each year by an independent certified public accountant.

Balanced Budget: A situation in financial planning or the budgeting process where total revenues are greater than or equal to total expenses. This is meant to extend to structural balance, which excludes or minimizes the use of one-time revenues to balance the budget. A structurally balanced budget is one that supports financial sustainability over time.

Bond: A written promise to pay a specified amount of money (the principal) at a specified date or dates in time (maturity dates) and carrying interest at a specified rate. The most common form of bonds are general obligation bonds and certificates of obligation. Bonds are usually used to fund large construction projects that have a long life span and/or are too expensive for the City to pay for with cash. Some examples are public buildings, water and sewer infrastructure, and streets.

Bonded debt: The portion of indebtedness represented by unpaid bonds. Or, the amount of principal on all bonds issued by the City.

Budget: A financial plan for a specified period of time (the fiscal year for the City) that includes an estimate of proposed revenues, and estimate of anticipated expenditures, and an analysis of the undedicated fund balance.

Capital Improvements: Expenditures for the construction, purchase or renovation of City facilities or property, usually those projects which have a lifespan of greater than five to seven years.

Capital outlay: Expenditures resulting in the acquisition of or addition to the City's fixed assets.

Cash: Currency on hand and demand deposits with banks and other financial institutions.



Cash basis: A method of accounting in which transactions are recorded when cash is received or disbursed.

Certificates of Obligation (CO): A form of bond used to finance capital improvement projects or purchases. CO's are backed by the full faith and credit of the government issuing them. CO's can be issued by a vote of the City Council and are not necessarily voter approved.

Current taxes: Taxes that are levied and due within the ensuing fiscal year.

Debt service fund: A fund established to account for funds needed to make principal and interest payments on outstanding bonds.

Debt service requirements: The amount of money required to pay interest and principal on outstanding bonds. Sometimes the bond covenants (terms of the bond) may require special requirements such as cash reserves in the debt service fund.

Delinquent taxes – Property taxes remaining unpaid after the due date. Delinquent taxes incur penalties and interest at rates specified by law.

Department – A functional group of the City with related activities aimed at accomplishing a major City service or program.

Depreciation: The proration of the cost of a fixed asset over the estimated service life of the asset. Each period is charged with a portion of such cost, and through this process, the entire cost of the asset is ultimately charged off as an expense.

Effective tax rate: The rate that produces the same amount of property tax revenues compared to the prior year. Based on the total property valuation for the City and how much property tax was levied, the rate is determined by the laws of the State of Texas.

Encumbrance: The commitment of appropriated funds to purchase an item or service. Once an encumbrance is made, a purchase order is issued for the expenditure.

Enterprise fund: See proprietary fund.

Expense: Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges which are made within the current fiscal year.

Equity: The difference between assets and liabilities of the fund.

Fiscal year (period): The time period designated by the City signifying the beginning and ending period for recording of financial transactions of the City. The City of Center's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Fixed assets: Assets of a long term character which are intended to be held or used, such as land, buildings, machinery, furniture and equipment.

Fund: A separate fiscal and accounting entity with their own resources and budgets necessary to carry out specific duties or programs to accomplish certain objectives.

Fund balance: The difference between fund assets and fund liabilities of government and trust funds. Fund balance for general fund usually equates to available cash. In essence, it is the City's cash reserve.



General fund: The largest fund within the City. It accounts for all resources except those that are required to be in a special fund. The general fund contains the activities commonly associated with municipal government, such as police, fire, streets, and parks.

General Obligation (GO) bonds: Bonds that finance a variety of public capital improvement projects. The repayment of these bonds are typically pledged against property tax revenues. They are backed by the full faith and credit of the City. Voters must approve the issuance of general obligation bonds through a special called bond election.

Grant: Contributions or gifts of cash or other assets from another government to be used for a specific purpose, activity, or facility.

Infrastructure: Long term capital assets that normally are stationary in nature (fixed as compared to rolling stock) and can be preserved for a great number of years. Examples include water and sewer lines, roads, bridges, buildings, etc.

Inter-fund transfers: An amount of money transferred from one fund to another fund. For example, transferring money from the utility enterprise fund to the general fund.

Intergovernmental revenue: Revenues received from another governmental entity, such as county, state or federal governments.

Machinery and equipment: Property that does not lose its identify when removed from its location and is not changed materially or consumed immediately by use.

Maintenance: The act of keeping assets in a state of good repair. It includes preventative maintenance, normal periodic repairs, part replacement and so forth so that it continues to provide normal service.

Mission: The basic purpose of a department, the reason for its existence, what the department aims to accomplish.

Operating budget: Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing activities of the City are controlled.

Operating expense: Proprietary fund expenses related directly to the Fund's primary activities.

Operating income: The excess of proprietary fund operating revenues over operating expenses.

Operating revenues: Proprietary fund revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Ordinance: A formal legislative enactment by the Center City Council.

Principal: The face value of a bond, payable on stated dates of maturity.

Property taxes: See Ad Valorem taxes.

Proprietary fund: Also referred to as an Enterprise Fund. A governmental accounting fund in which the services provided, such as water and sewer service, are financed and operated similarly to those in a private business. The intent is that the costs of providing these services be recovered through user charges.



Refunding: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (advanced refunding).

Resolution: A special or temporary order of the Center City Council. Requires less formality than an ordinance and does not carry with it the force of law.

Revenue bonds: Bonds whose principal and interest are payable exclusively from earnings of a proprietary fund.

Special revenue fund: Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Taxable value: The assessed value of property less any exemptions available on that specific property. The tax rate is applied to the taxable value to calculate a total tax levy.

Tax base: The total taxable value of all real and personal property in the City as of January 1 of each year as certified by the Shelby Central Appraisal District, less any exemptions.

Tax levy: The resulting product when the tax rate per one hundred dollars is multiplied by the tax base.

Tax rate: The amount of tax levied for each \$100 of taxable value.

Texas Municipal League (TML): The Texas Municipal League is a voluntary coalition of Texas municipalities created for the purpose of furthering and enhancing causes of mutual interest to Texas cities. The League offers educational and training opportunities, legislative activities and legal advisement to its members. Additionally, the League has intergovernmental risk pools that offer insurance coverage.

Texas Municipal Retirement System (TMRS): The Texas Municipal Retirement System provides retirement plans to its member cities. Each city selects its own plan and its contributions are computed on each individual city's plan and actuarial information.

User charges: The payment of a fee for direct receipt of a public service by the party benefiting from the service, such as water and sewer fees.



Acronyms Used in the Budget Document

A/R	Account Receivable
AWOS	Automated Weather Observing System
BVP	Bulletproof Vest Partnership
CATE	Career and Technical Education
CCN	Certificate of Convenience and Necessity
CFE	Certified Fraud Examiner
CIP	Capital Improvement Plans
CJD	Criminal Justice Division
CO	Certificate of Obligations
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CFVD	Center Volunteer Fire Department
DIR	Department of Information Resources
DOJ	Department of Justice
EDC	Economic Development Corporation
ETJ	Extra Territorial Jurisdiction
FEMA	Federal Emergency Management Administration
FY	Fiscal Year
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officer's Association
GO	General Obligations
HGAC	Houston- Galveston Area Council
HIF	Housing Infrastructure Fund
HOME	Home Investment Partnerships (CPD program)
I&S	Interest & Sinking
ISO	Insurance Services Office
JAG	Justice Assistance Grant
LGC	Local Government Corporations
LPV	Localized Performance with Vertical Guidance
M&O	Maintenance & Operation
PEG	Public, Education, & Government
PILOT	Payment in Lieu of Taxes
PPE	Personal protective Equipment
RAMP	Routine Airport Maintenance Program
RFB	Request For Bid
RFP	Request For Proposals
RFQ	Request For Quotations.
ROW	Right Of Way



SCAD	Shelby County Appraisal District
SCADA	Supervisory Control and Data Acquisition
STEP	State Trade Expansion Program
SUP	Specific Use Permit
TCDP	Texas Community Development Program
TCEQ	Texas Commission on Environmental Quality
TDA	Texas Department of Agriculture
TIF	Tax Increment Financing
TIRZ	Tax Increment Reinvestment Zone
TML	Texas Municipal League
TMRS	Texas Municipal Retirement System
TPWD	Texas Parks and Wildlife Department
TWDB	Texas Water Development Board
TXDOT	Texas Department of Transportation
WAAS	Wide Area Augmentation System
WAM	Weighted Average Maturity
WSC	Water Supply Corporation
WWTP	Wastewater Treatment Plant



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

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

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

1. General Information

Pursuant to Texas Water Code Section 13.301, this Application must be filed with the Public Utility Commission of Texas (Commission or PUC) and notice must be provided to each customer being transferred and each utility within 2 miles of the proposed transaction at least 120 days prior to the effective date of any sale, acquisition, lease or rental, merger or consolidation of any water or sewer system required by law to possess a certificate of convenience and necessity (CCN).

You must answer each question on the attached forms completely. Do not leave any questions blank.

You may attach additional sheets. Clearly label each attachment with the applicant's name and mailing address and a title such as "Attachment 1, Question 16". If the question in the application does not apply, please mark "N/A" and explain why.

2. Completed Application will include the following:

- A. The application with all questions filled out;
- B. All required attachments, maps and exhibits
- C. The agreement between parties, contingent contract, or other documents supporting the proposed transaction (Do not execute the sale prior to PUC approval);
- D. The proposed tariff for the purchased system. If the utility is subject to the PUC's original rate jurisdiction, the tariff rates must reflect the current rates being charged to customers. Water or sewer supply corporations must file a complete copy of their current tariff. Districts and municipalities need not file a complete tariff, but must file a schedule of rates to be charged after the transfer;

- E. Your proposed notice to customers and neighboring utilities; Use Notice FORM A for a system with a CCN and Notice FORM B for a system without a CCN (see Section 3 for detailed notice requirements);
- F. The latest TCEQ Inspection letter for the system(s) being acquired and any response provided to the TCEQ to address any outstanding deficiencies;
- G. For corporations, the "Certification of Account Status;
- H. Each of the sworn affidavits of the transferor and transferee utility representatives.

3. Notice Requirements

- A. 120 day notice: Notice of the proposed transaction must be given to the public at least 120 days prior to the effective date;
- B. Wait to mail your notice: Do not send your proposed notices or maps, or publish notice, until they have been reviewed by the PUC staff and you have been notified to do so in writing.
- C. Choose Notice Form A or B: Form A should be used if the seller utility has a CCN. Form B should be used in the seller does not have a CCN and the purchaser utility will obtain a new CCN or amend its current CCN as a result of the transaction. Please contact the PUC when in doubt. The PUC may also request publication and additional notice to other parties.

4. Other processing information

- A. Prior to the expiration of the 120 day notification period, the PUC staff will investigate the proposed transaction. Staff may request a hearing based on notice and the criteria in Texas Water Code Section 13.246(c) if:
 - 1. The notification to the PUC or public notice was improper;
 - 2. The person purchasing or acquiring the water system is inexperienced as a utility service provider;
 - 3. The person or an affiliated interest of the person acquiring the system has a history of noncompliance with the requirements of the Texas Commission on Environmental Quality (TCEQ) or of continuing mismanagement or misuse of revenues as a utility service provider;
 - 4. The person purchasing or acquiring the system cannot demonstrate financial ability to provide the necessary capital investment for service;
 - 5. Public interest concerns exist with the transaction.
- B. If the application is incomplete, a letter will be sent regarding the deficiencies and describing what you need to do to correct the deficiencies. After receiving the letter, you will have thirty (30) days to make necessary corrections. If you fail to make the corrections completely, the application will be returned for failure to prosecute.
- C. Unless a public hearing is held, the transaction may be completed as proposed at the end of the 120 day period following proper notice, or any time after you receive notice that a hearing will not be held. If a hearing is requested or proper notice is not provided, the transaction may not be completed without a determination by the PUC that the transaction serves the public interest.
- D. If the application is contested and a hearing is requested, the application will be referred to the State Office of Administrative Hearings (SOAH). During the preliminary hearing, the presiding Administrative Law Judge (ALJ) may give the parties time to negotiate a settlement. If an evidentiary proceeding ensues, the ALJ will take testimony from each party and present a report to the Commission to consider in making a final decision on the application.

5. Completion of sale/acquisition; Filing of Signed Contract

- A. Within 30 days after the effective date of the sale, the parties must file 10 copies (per PUC Proc. R. 22.71) of a signed contract, bill of sale, or other appropriate documents as evidence that the transaction has been finalized. Furthermore, the applicant must file documentation of the transfer of customer deposits or other disposition and a sworn affidavit explaining the disposition of customer deposits. The PUC cannot issue or transfer the CCN without these documents.



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:
- Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - 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.
- 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:
- 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.**
 - 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: Flat Fork Water Supply Corporation

(selling entity)

CCN No.s: 11711

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

Transferee: City of Center

(acquiring entity)

CCN No.s: 10397

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

County(ies): Shelby

Table of Contents

Sale, Transfer, or Merger (STM) Application Instructions	1
Part A: General Information	3
Part B: Transferor Information	3
Part C: Transferee Information	4
Part D: Proposed Transaction Details	6
Part E: CCN Obtain or Amend Criteria Considerations	8
Part F: TCEQ Public Water System or Sewer (Wastewater) Information	9
Part G: Mapping & Affidavits	10
Part H: Notice Information	12
Appendix A: Historical Financial Information (Balance Sheet and Income Schedule)	15
Appendix B: Projected Information	18

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 checked="" 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 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 checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

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

Flat Fork Water Supply (11711) will transfer 39 meters located adjacent to the City of Center (10397). The City currently supplies water to the 39 customers under an agreement between the City and Flat Fork Water Supply. The transfer will formally put the 39 meters within the City of Center's CCN and remove them from Flat Fork Water Supply. This transfer will negate the need for Flat Fork Water Supply to purchase water from the City. There will be no effect on land use.

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: Flat Fork Water Supply Corporation

(individual, corporation, or other legal entity)

☐ Individual

☐ Corporation

☒ WSC

☐ Other: _____

- B. Mailing Address: P. O. Box 957 Center, Texas 75935

Phone: (936) 590-6451

Email: flatforkwater@yahoo.com

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

Name: Rayford Copelin

Title: Board Member

Mailing Address: 169 CR 3765 Center, Texas 75935

Phone: (936) 598-7407

Email: rayfordcopelin@yahoo.com

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

- A. Effective date for most recent rates: _____

- 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* 39

*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: City of Center

(individual, corporation, or other legal entity)

☐ Individual

☐ Corporation

☐ WSC

☒ Other: municipality

B. Mailing Address: P.O. Box 1744 Center, Texas 75935

Phone: (936) 598-2941

Email: cnehring@centertexas.org

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: Chad Nehring

Title: City Manager

Address: P. O. Box 1744 Center, Texas 75935

Phone: (936) 598-2941

Email: cnehring@centertexas.org

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): _____

☐ 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: _____

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: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

Name: _____

Position: _____ Ownership % (if applicable): 0.00%

Address: _____

Phone: _____ Email: _____

10. **Financial Information**

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

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

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

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

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

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 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: \$ _____

Accumulated Depreciation: \$ _____

Net Book Value: \$ _____

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:

The City of Center currently supplies water to the customers to be transferred. the City will install city meters and Flat Fork will reclaim its meters during the transfer.

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: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

* 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.)

City water rates will apply to all existing customers.

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 should be no impact in the quality of service due to the fact that the area currently receives water from the City. No additional construction will be necessary.

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.

Public Water System # TX2100001
CCN# 10397
Appendices A&B Financial Information
www.centertexas.org/administration-financialaudit-reports

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 transfer will have no impact on environmental integrity.

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

Flat Fork Water Supply has difficulty supplying adequate water pressure to the affected customers and has an agreement with the City of Center to purchase water to service these customers. The transfer will remove this necessity.

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:

No other utilities will be affected.

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: TX2100007 (7 digit ID)

Name of PWS: Flat Fork Water Supply Corporation

Date of last TCEQ compliance inspection: December 31, 2018 (attach TCEQ letter)

Subdivisions served: N/A

B. For Sewer service:

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

Name of Wastewater Facility: _____

Name of Permittee: _____

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

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

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

Water				Sewer	
0	Non-metered	0	2"		Residential
39	5/8" or 3/4"	0	3"		Commercial
0	1"	0	4"		Industrial
0	1 1/2"	0	Other		Other
Total Water Connections:				39	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: City of Center

Water: City of Center

Sewer: N/A

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:	20,000.00	5.00%
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
Marcus Cameron	B	WS0010425	Water
Linda Thornton	B	WS0012129	Water
Terry Adkinson	C	WS0012763	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: 500.00

Number of customer connections in the requested area: 39

Affected subdivision : N/A

The closest city or town: Center

Approximate mileage to closest city or town center: 1

Direction to closest city or town: South

The requested area is generally bounded on the North by: CR 3736

on the East by: Loop 500

on the South by: Henrietta Rd.

on the West by: CR 3754 and CR 3780

31. A copy of the proposed map will be available at: City of Center Office, Flat Fork Water Supply Office, www.diamondmap.com

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 Shelby

I, Glynn Russell
merger, consolidation, acquisition, lease, or
rental, as

being duly sworn, file this application for sale,
transfer,

Board President FFWSC

(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.

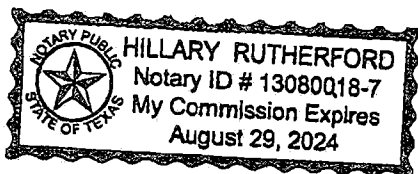
I further state that I have been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney 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.

Glynn Russell
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 10 of November, 2021

SEAL



Hillary Rutherford
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS
Hillary Rutherford
PRINT OR TYPE NAME OF NOTARY

My commission expires: August 29, 2024

Oath for Transferee (Acquiring Entity)

STATE OF _____

COUNTY OF _____

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

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

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

I further state that I have been provided with a copy of the 16 TAC § 24.239 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 _____ of _____, 20____

SEAL

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

PRINT OR TYPE NAME OF NOTARY

My commission expires: _____

APPENDIX C
AGREEMENT WITH TRANSFEREE
(PART A 1)

RESOLUTION 2021-23

A RESOLUTION OF THE CITY OF CENTER, AUTHORIZING THE EXECUTION OF AMENDED SALES AGREEMENT BETWEEN THE CITY OF CENTER AND FLAT FORK WATER SUPPLY CORPORATION AND PROVISIONS OF TRANSFER OF INFRASTRUCTURE, UTILITY CUSTOMERS, TERMS OF SERVICES AND SERVICE TERRITORY

WHEREAS, the Flat Fork Water Supply Corporation services customers in and around FM 2468 on each side of Loop 500; and,

WHEREAS, The City of Center has provided water to Flat Fork Water Supply Corporation under a Water Sales Contact to service this area; and,

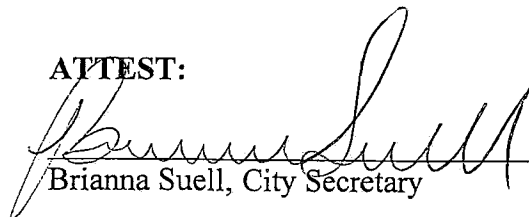
WHEREAS, the Board of Flat Fork Water Supply Corporation has requested under certain terms and conditions that this service area be ceded to and accepted by the City of Center for provision of water services;


NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CENTER, TEXAS, THAT:

- 1) The Mayor is hereby authorized execute an amendment to the water sales contract with Flat Fork Water Supply Corporation, dated June, 2017 for the relocation of the point of sale and delivery under the agreement as indicated on the map attached hereto and identified as Exhibit A.
- 2) The City hereby agrees to accept the service area indicated on the map, Exhibit A, to become part of the City of Center water system and service all customers within this service territory upon the satisfactory filing and approvals by the PUC by Flat Fork Water Supply Corporation and directs that all documentation be provided and assistance performed necessary in completing this required filing.
- 3) In accordance to the terms of this transfer, the City approves the designated rates and accounts for existing Flat Fork customers within the area of transfer as detailed on letter, attached Exhibit B, and direct staff to include this special rate category in future rate schedules as necessary to comply with this order.

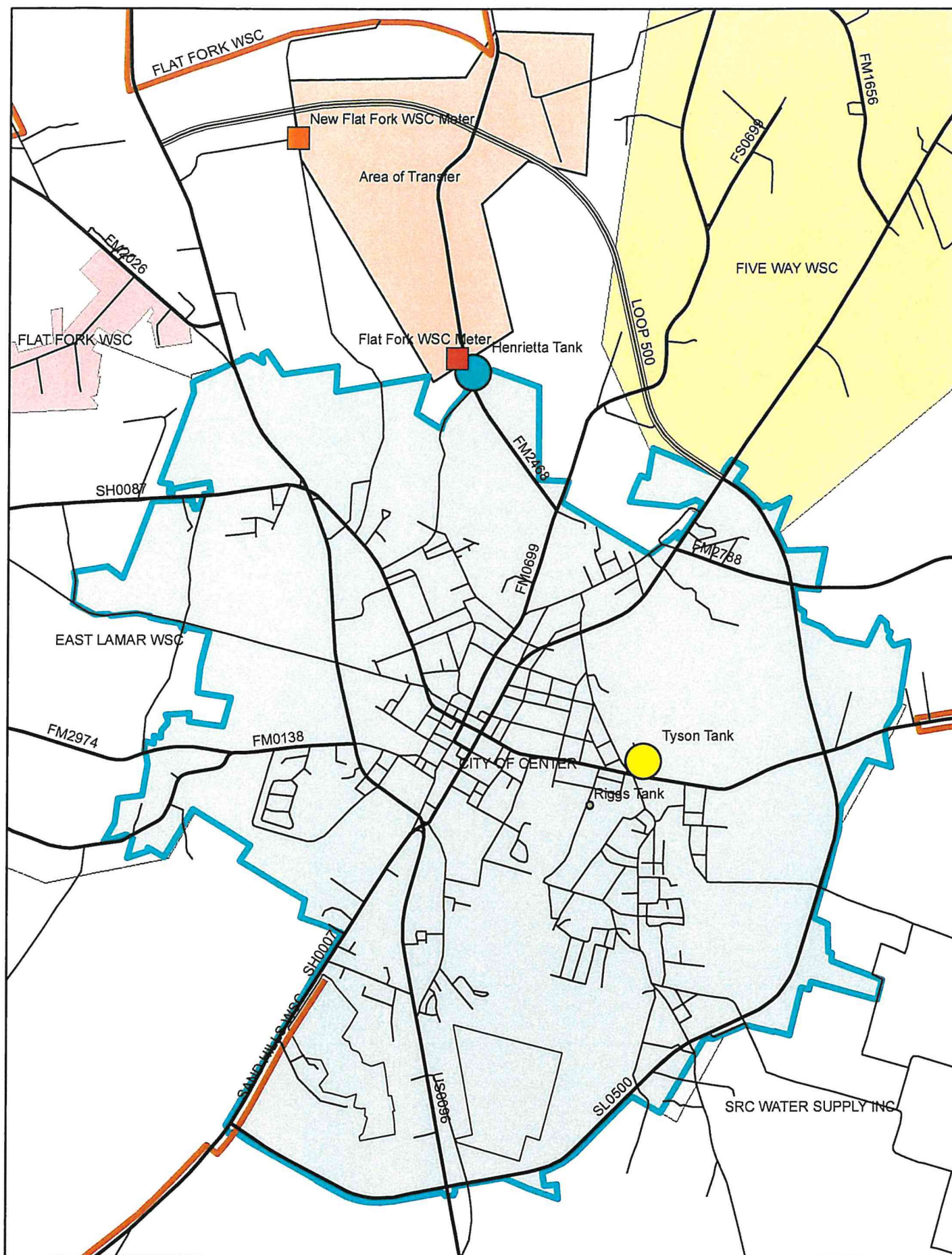
PASSED and APPROVED on the 8th day of November, 2021.

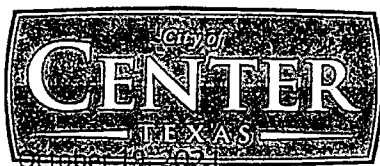
ATTEST:


Brianna Suell, City Secretary


David Chadwick, Mayor

Water Supply Boundaries Transfer of Service Area





617 Tenaha Street • P.O. Box 1744
Center, Texas 75935-1744

(936) 598-2941 • Fax (936) 598-2615
www.centertexas.org

Flat Fork Water Supply Corp.
c/o Rayford Copelin via Email
P.O. Box 957
Center, Texas 75935

RE: Flat Fork/City of Center Service Area

Rayford/Glynn,

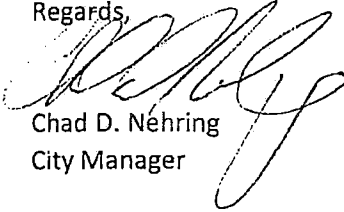
Thank you for your time earlier today to work through details of the request to transition service area and customers near FM 2468. As we have discussed, Council requested a couple of issues to clarify and define. Procedurally, the City Council will consider a resolution as early as their November 8th meeting to approve the terms of the service transition, authorize Mayor to execute sales contract amendment with Flat Fork WSC and direct staff to complete the system/customer transactions as detailed.

The following items refine the transition and agreement between Flat Fork WSC and the City:

- The City will accept all customers and existing lines along FM 2468, CR 3736 and CR 3747, projected at thirty-nine (39) active Flat Fork WSC accounts. Only current customers transferred from existing Flat Fork accounts with deposits of \$100 per account will receive "in city" special rate status. Non-current transferred and all subsequent customers including any change in account name or owner, will be treated as a new customer account with reflective "outside city" rates as they may exist or as City Council determines to establish rates and structure.
- Flat Fork WSC will purchase City-used Neptune meters to replace existing meters @ \$212/unit for all transferred accounts. Flat Fork WSC will acquire all existing meters which will be removed with care for intended reuse. City to perform meter swaps at no cost to Flat Fork WSC or customers. At time of meter change, City will record final reading for Flat Fork to generate final customer bill and City will initiate reading/billing from new meter. Meter swaps to occur as closely as possible to end of month to correspond to both utility's billing cycle.
- The City will accept that portion of the line connecting service lines to the remainder of the Flat Fork WSC system to affect the City's relocation of Flat Fork WSC's wholesale (4" meter at FM 2468) meter and backflow prevention assembly to Old Airport Rd/CR 3754 and insure Flat Fork WSC service at that location.

The remainder of the existing water purchase contract, dated June 22, 2017, will remain in effect other than the changes specifically amended by this agreement with regard to service boundaries and point-of-delivery meter location.

Regards,


Chad D. Nehring
City Manager

Flat Fork Water Supply Corporation
Directors' Meeting Minutes
Tuesday, October 26, 2021, 5:30 p.m.

Quorum Determined. Present were Glynn Russell, Paul Horton, Jimmy Strong, Rex Hutto, Elise Neuwirth and Allison Johnson. Rayford Copelin was absent.

The minutes from the August 31, 2021 meeting were reviewed. Paul Horton made a motion to approve the minutes, Rex Hutto seconded. Motion approved unanimously.

Allison Johnson presented the August and September 2021 financial statements.

- a. Allison suggested holding a budget workshop in December to prepare for the 2022 budget year.
- b. Allison did not recommend moving the money for Continental Drilling and GIS mapping from the infrastructure account into the operating account this late in year.
- c. Allison suggested keeping 2-3 months' worth of expenses in the operating account, and moving the excess to another account like a CD or investment.
- d. A budget workshop was tentatively scheduled for December 9, 2021.

Allison left the meeting at 5:45p.m.

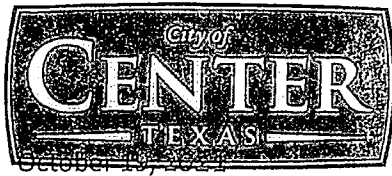
Paul Horton made a motion to approve the financial report, Rex Hutto seconded. Motion approved unanimously.

Discussion and possible action items:

- a. Transfer of meters to the City of Center. Glynn gave an update on the transfer process and presented the board with a letter from Chad Nehring, City Manager. The letter dated for October 19, 2021 defines the terms the City of Center is proposing to move forward with their acquisition of the water meters along FM 2468, CR 3736, and CR 3747. Jimmy Strong made a motion to accept the terms listed in the letter (see attachment) and Rex Hutto seconded. Motion approved unanimously.
- b. The generator discussion was tabled until the engineers at Velvin and Weeks can calculate and determine the exact generator capacity needed for the plant.
- c. Board member and employee pricing was tabled for the next meeting.
- d. Well/plant insurance was tabled until the final quote from John Michael Burns at Farmers Insurance is received.

Glynn Russell gave an update on the Emergency Preparedness Plan. He stated that most of the paperwork had been completed. There are just a few questions left to be filled out by Gayle Warr and the engineers at Velvin and Weeks.

Paul Horton made a motion to adorn, Jimmy Strong seconded. Motion passed.



617 Tenaha Street • P.O. Box 1744
Center, Texas 75935-1744

(936) 598-2941 • Fax (936) 598-2615
www.centertexas.org

Flat Fork Water Supply Corp.
c/o Rayford Copelin via Email
P.O. Box 957
Center, Texas 75935

RE: Flat Fork/City of Center Service Area

Rayford/Glynn,

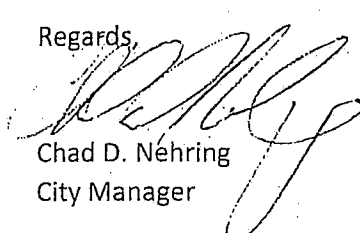
Thank you for your time earlier today to work through details of the request to transition service area and customers near FM 2468. As we have discussed, Council requested a couple of issues to clarify and define. Procedurally, the City Council will consider a resolution as early as their November 8th meeting to approve the terms of the service transition, authorize Mayor to execute sales contract amendment with Flat Fork WSC and direct staff to complete the system/customer transactions as detailed.

The following items refine the transition and agreement between Flat Fork WSC and the City:

- The City will accept all customers and existing lines along FM 2468, CR 3736 and CR 3747, projected at thirty-nine (39) active Flat Fork WSC accounts. Only current customers transferred from existing Flat Fork accounts with deposits of \$100 per account will receive "in city" special rate status. Non-current transferred and all subsequent customers including any change in account name or owner, will be treated as a new customer account with reflective "outside city" rates as they may exist or as City Council determines to establish rates and structure.
- Flat Fork WSC will purchase City-used Neptune meters to replace existing meters @ \$212/unit for all transferred accounts. Flat Fork WSC will acquire all existing meters which will be removed with care for intended reuse. City to perform meter swaps at no cost to Flat Fork WSC or customers. At time of meter change, City will record final reading for Flat Fork to generate final customer bill and City will initiate reading/billing from new meter. Meter swaps to occur as closely as possible to end of month to correspond to both utility's billing cycle.
- The City will accept that portion of the line connecting service lines to the remainder of the Flat Fork WSC system to affect the City's relocation of Flat Fork WSC's wholesale (4" meter at FM 2468) meter and backflow prevention assembly to Old Airport Rd/CR 3754 and insure Flat Fork WSC service at that location.

The remainder of the existing water purchase contract, dated June 22, 2017, will remain in effect other than the changes specifically amended by this agreement with regard to service boundaries and point-of-delivery meter location.

Regards,


Chad D. Nehring
City Manager

APPENDIX D
TRANSFEROR'S TARIFF
(PART B 4)



WATER UTILITY TARIFF

Docket Number: _____

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

Flat Fork Water Supply Corporation

(Utility Name)

402 Hurst St.

(Business Address)

Center, Texas 75935

(City, State, Zip Code)

(936) 590-6451

(Area Code/Telephone)

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

This tariff is effective in the following counties:

Shelby

This tariff is effective in the following cities or unincorporated towns (if any):

N/A

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

N/A

TABLE OF CONTENTS

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

TABLE OF CONTENTS

SECTION 1.0-RATE SCHEDULE	2
SECTION 2.0- SERVICE RULES AND POLICIES	4
SECTION 3.0- EXTENSION POLICY	13
APPENDIX A - DROUGHT CONTINGENCY PLAN	18
APPENDIX B- APPLICATION FOR SERVICE	19

Note: Appendix A – Drought Contingency Plan (DCP) is approved by the Texas Commission on Environmental Quality; however, the DCP is included as part of your approved utility tariff pursuant to PUC rules. If you are establishing a tariff for the first time, please contact the TCEQ to complete and submit a DCP for approval.

SECTION 1.0 -- RATE SCHEDULE

Section 1.01 - Rates

Meter Size	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ 20.00 (Includes gallons)	\$ 2.50 per 1000 gallons, 1 st <u>N/A</u> gallons
1"	\$ N/A	\$ N/A per 1000 gallons, next <u>N/A</u> gallons
1 1/2 "	\$ N/A	\$ N/A per 1000 gallons thereafter
2"	\$	
3"	\$	
4"	\$	

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash ☐ Check ☒ Money Order ☒ Credit Card ☒ Other (specify _____)
THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS.

REGULATORY ASSESSMENT

PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL AND REMIT THE FEE TO THE TCEQ. 1.0%

Section 1.02 - Miscellaneous Fee

TAP FEE

\$ 750

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

TAP FEE (Unique Costs)

Actual Cost

FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large Meter)

Actual Cost

TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

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

METER TEST FEE

\$ 25

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

SECTION 1.0 – RATE SCHEDULE (Continued)

RECONNECTION FEE

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

- | | |
|--|--------------|
| a) Nonpayment of bill (Maximum \$25.00) | \$ <u>25</u> |
| b) Customer's request that service be disconnected | \$ <u>30</u> |
| c) _____ | \$ _____ |

TRANSFER FEE

\$ N/A

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

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)

\$ 5

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE

\$ 35

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)

\$ N/A

COMMERCIAL & NON-RESIDENTIAL DEPOSIT

1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE

\$ 0

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [P.U.C. SUBST. R. 24.21(k)(2)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

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

MEMBERSHIP FEE

\$100

APPENDIX E
LIST OF TRANSFERRED CUSTOMERS
(PART B 5)

Customized Report

Flat Fork Water Supply

Name	Acct #	Address	Home Phone	latitude	longitude
Ramirez, Enedino	260	835 FM 2468	(936)598-3011	31.8179367	-94.1818515
Bush, Iva Dell	262	967 FM 2468	(936)598-5406	31.8197245	-94.1823241
Cordray, Pete	263	1271 FM 2468	598-4229	31.8242517	-94.1832657
Cordray, Glenn	264	1343 FM 2468	0-0	31.8265098	-94.1837326
Adams, Greg	266	10 Matt Adams	(409)289-3743	31.8292263	-94.185377
Dixon, Devon	267	Carolyn Horton	0-0	31.8322132	-94.1818328
Burkhalter, Jane	268	11 West Apt 11	(936)462-3496		
Vaughn, Darren	269	P.O. Box 721	(936)591-4173	31.8363769	-94.1803675
Bass, Ina	270	Kristi Sibley	(936)591-2916	31.8372316	-94.1783859
Wagnon, Bruce	271	251 CR 3736	(936)598-5525	31.8353721	-94.1750742
Reeve, Rick	272	Sand Flat Road	(936)853-2087	31.8361619	-94.1723385
Emanis, David	273	957 CR 3736	(936)332-4400	31.839056	-94.1692313
Henry, James	274	586 CR 3736	(936)332-5031	31.8356286	-94.1737291
Shields, David	276	302 Cora St	598-3139	31.8319557	-94.1754381
Rodgers, Billy D. Farm	277	P.O. Box 1228	0-0	31.8321903	-94.1814409
Rudd, James	278	167 CR 3736	(936)591-2916	31.8372382	-94.1783846
Brannan, Jean	279	P. O. Box 1528	(936)488-0223	31.8290736	-94.1838831
Tello, Claudia Gonzalez	280	PO Box 1331	(936)591-2181	31.8279691	-94.1837238
Wilkins, Ronnie	281	1348 FM 2468	0-0	31.8261523	-94.1832879
Muckelroy, J. Ken	282	108 Foster	0-0	31.825768	-94.1832061
Rodgers, Billy D.	284	P.O. Box 1228	0-0	31.8227935	-94.1826288
Gray, Gene	285	1142 FM 2468	598-4569	31.8225688	-94.1825714
Rodgers, Jason	286	514 CR 3648	(936)554-0399	31.8182612	-94.1816186
Moreno, Eduardo	293	1614 FM 2468	0-0	31.8299022	-94.1836052
Lopez, Juan	300	1618 FM 2468	0-0	31.8309617	-94.1824104
Hughes, Charles P.	354	953 CR 3736	(936)639-2311	31.8390594	-94.1692387
Brannan, Jean	360	P. O. Box 1528	(936)598-5441	31.8298467	-94.1836371
Muckelroy, Ken	406	108 Foster	598-6110	31.8205624	-94.1824881
Brannan, Jean	410	P.O. Box 1528	0-0	31.8290837	-94.1838818
Davis, Dusty	414	905 FM 2468	0-0	31.8190978	-94.1822017
Hernandez, Ricarda	445	188 CR 3736	(936)652-0572	31.8371554	-94.178531
Moreno, Juan	455	1616 FM 2468	0-0	31.8305156	-94.183025
Castillo, Mary	465	P.O. Box 1053	(936)332-3272	31.8359685	-94.1801441
Vu, Phong	484	2064 FM 2468	(817)213-7015	31.8343109	-94.1807052
Steptoe, Tiffany	517	405 CR 3747	(936)427-2300	31.8305377	-94.1749154
Vazquez, Israel	560	490 CR 3736	(936)332-6132		
Vazquez, Jorge	561	495 CR 3736	(936)591-1493		

Individual Accounts

Flat Fork Water

APPENDIX F

TCEQ LETTER

(PART D 12 A)

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Jon Niermann, *Commissioner*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 24, 2018

Mr. Glynn Russell, President
Flat Fork Water Supply Corporation
P.O. Box 957
Center, Texas 75935-0957

Re: Notice of Compliance with Commission Order
Flat Fork Water Supply Corporation; RN101185296
Docket No: 2016-1549-MLM-E; Enforcement Case No. 53193

Dear Mr. Russell:

This letter is to inform you that a review of Texas Commission on Environmental Quality records concerning the above-referenced enforcement matter indicates that Flat Fork Water Supply Corporation has fulfilled the requirements of the Commission Order ("Order") effective on August 22, 2017. Specifically, Flat Fork Water Supply Corporation has fulfilled the technical requirements and paid the administrative penalty assessed in the Order.

Based upon this, we conclude that your response has been satisfactory and no further action is necessary at this time with respect to this enforcement matter. The Order will remain on the compliance history for this regulated entity for five years from the effective date of the Order.

We appreciate your cooperation, and if we can be of any further assistance, please contact Mr. Rajesh Acharya at (512) 239-0577.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gilbert Angelle".

Gilbert Angelle, Work Leader
Enforcement Division

cc: Tyler N. Hendrickson, P.E., Velvin & Weeks, Consulting Engineers, Inc., 930 East Corsicana Street, Athens, Texas 75751

APPENDIX G
LARGE AND SMALL SCALE MAPS
(PART G 2 B)

255

256

257

258

259

260

261

262

263

264

265

