

MINUTES OF MEETING OF THE BOARD OF DIRECTORS  
OF WILLIAMSON-TRAVIS COUNTIES  
MUNICIPAL UTILITY DISTRICT NO. 1

December 15, 2010

STATE OF TEXAS   §  
  §  
COUNTIES OF WILLIAMSON AND TRAVIS       §

A regular meeting of the Board of Directors of Williamson-Travis Counties Municipal Utility District No. 1 was held at 6:00 p.m. on December 15, 2010, at the District office at The Park at Lakeline Oaks, 1000 Old Mill Road, Cedar Park, Texas 78613. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act.

Director Garrett called the roll of the members of the Board:

Linda Garrett       -   President  
Robert Kenny       -   Vice President  
Chris Rocco         -   Secretary  
Brian T. Hardin     -   Treasurer  
Luis Zervigon       -   Assistant Secretary/Treasurer

All Directors were present with the exception of Director Rocco, thus constituting a quorum. Also attending the meeting were Kristi Hester and Jeri Frye with Severn Trent Services; Bill Flickinger with Willatt & Flickinger; Don Bayes with Gray-Jansing & Associates; Greg Vinella with Austin Eco; District resident Janette Craig; and Kathy Jacques.

Director Garrett called the meeting to order at 6:10 p.m.

Director Garrett then called for Agenda Item 1: Citizens Communications: Ms. Craig said she wanted to know who reported her for a deed restriction violation. Director Zervigon summarized the deed restriction violation process saying the issue would be referred to the next DRC meeting.

Director Garrett then called for Agenda Item 7-i: Customer and resident complaints: Director Zervigon moved to hold the fining stage of Ms. Craig's violation until the investigation is complete. Director Kenny seconded the motion, which passed unanimously.

Tennis instructor Kathy Jakes would like permission to do a video training series on tennis lessons. Reservation guidelines and procedures would be adhered to and taping would not interfere with District residents who have reservations. It is estimated that the series would include twenty lessons. Ms. Jakes assured the Board that all rules and regulations would be complied with at the time filming begins. Director Hardin moved to approve the video training series as outlined, subject to adherence to all current rules and regulations. Director Kenny seconded the motion, which passed unanimously. Ms. Jakes will make the DVD available for Board review prior to final distribution.

Director Garrett then called for Agenda Item 2: Report from the District's Engineer:

- a. *Investigation of wastewater flow meter in Lakeline Oaks and wastewater flow data* – The ongoing tracking is on schedule.
- b. *Pond improvements, contract with landscape architect in connection with pond improvements* – The Infrastructure Committee, together with Ms. Hester and Mr. Bayes, has met with three landscaping architects, Pharis Design, Garcia Design, and TBG, regarding pond improvement. Mr. Bayes is developing an RFP to determine what can be done within the budgetary and developmental parameters. A draft of the RFP will be circulated to Board members prior to the March, 2011 meeting. If any of the directors have concerns, a discussion item will be placed on the March agenda.

The storm sewer and address mapping process is still ongoing.

Director Garrett then called for Agenda Item 3: Report from the District's landscape contractor on landscape maintenance and suggested landscape improvements.

- a. *Amendment to Contract with EcoSystems* – This item will be removed from the agenda.

Mr. Vinella reported there are three dead Texas Sage shrubs at 919 Woodridge Lane. Although the wall did not contribute to the death of the shrubs, the fact that they were potted during wall construction may have contributed to their demise. On a motion by Director Hardin, seconded by Director Garrett, the Board voted unanimously to place three 5-gallon shrubs along the wall in the spring at a cost not to exceed \$94.50. Mr. Vinella will set up a meeting with Mr. Walters.

Director Garrett then called for Agenda Item 4: Request by Anderson Mill West Neighborhood Association, Inc. to assign right to appoint ACC Members and related matters. Director Zervigon made a motion to authorize the District's attorney to work with the attorney for the neighborhood association to draft language for insertion into the proposed resolution to allow for reversion of rights back to the District if the association fails to exist or fails to appoint ACC members. Director Garrett seconded the motion, which passed unanimously.

Director Garrett then called for Agenda Item 5: Appoint Member of Deed Restriction Committee to replace Luis Zervigon. Director Zervigon was reappointed through June 15, 2011 (attached).

Director Garrett then called for Agenda Item 6: Report from Constable on Security Patrols; Increase/Decrease in Contract Hours. No representative from the constable's office was present. Director Hardin moved to approve the constable's office patrol 80 hours each month. Director Garrett seconded the motion, which passed unanimously.

Director Garrett then called for Agenda Item 7: Report from District's Manager and Affected Persons, including payment of bills and invoices and transfer of funds.

- a. *Review and discussion of pending Board directives to Manager, attorneys, Board members and subcommittees*

- b. *Committee reports*
- c. *Water and wastewater system report*
- d. *Security measures for the water system*
- e. *Review changes made to Standard Operating Procedures (SOP) Manual*
- f. *Detention pond and related issues*
- g. *Preventative maintenance program*
- h. *Billing report*
- i. *Customer and resident complaints*
- j. *Builder and aged receivables*
- k. *Collection of delinquent property taxes*
- l. *Quarterly investment reports*
- m. *Bill payment report*
- n. *Financials*
- o. *Solid waste collection & disposal service*
- p. *District patrols – Agreements for Patrol Services including office building access control and security and deed restriction compliance*
- q. *Manhole cleanout/maintenance*
- r. *Storm water Management Plan*

Directives were reviewed and are attached.

Ms. Hester reviewed operations, maintenance, and financial transactions for November, 2010.

A motion was made by Director Hardin, seconded by Director Garrett, to approve payment of invoices totaling \$191,132.38. Motion passed unanimously.

Director Garrett then called for Agenda Item 8: *Report from the Park Subcommittee regarding park improvements*. There was no report under this agenda item.

Director Garrett then called for Agenda Item 9: *All matters related to the District's parks, fields and office building*: New trees have been installed at Anderson Mill West Park and the Park at Lakeline Oaks.

Director Garrett then called for Agenda Item 10: *Amendments to Park and Tennis Court Rules*. There was no discussion under this agenda item.

Director Garrett then called for Agenda Item 11: *Water Conservation Measures*. There was no discussion under this agenda item.

Director Garrett then called for Agenda Item 12: *Newsletter and District Website*. There was no discussion under this agenda item.

Director Garrett then called for Agenda Item 13: *Rezoning of Pohl Partners Tract Adjacent to Lakeline Oaks (Office to Multi-Family)*. No action was taken under this agenda item.

Director Garrett then called for Agenda Item 14: *Transfer of Surplus Bond Proceeds*. No action was taken under this agenda item.

Director Garrett then called for Agenda Item 15: Contracts with STES for Management and Accounting Services. On a motion by Director Hardin, seconded by Director Kenny, the Board voted unanimously to approve the STES Management and Accounting contracts with changes made to the insurance coverage increasing the employers liability limit to \$2 million and the umbrella limit to \$4 million.

Director Garrett then called for Agenda Item 16: Proposal for Strategic Planning Services and Annexation of District by City of Cedar Park: No action was taken under this agenda item.

Director Garrett then called for Agenda Item 17: Rate Order. On a motion by Director Hardin, seconded by Director Kenny, the Board voted unanimously to approve the revised Rate Order (attached).

Director Garrett then called for Agenda Item 18: District's Service Agreement, Delinquent Notice and Rules and Regulations for Water and Wastewater Service. No action was taken under this agenda item, which will remain on the agenda.

Director Garrett then called for Agenda Item 19: Electronic Payment Services Agreements including Operator Addendum, Merchant Addendum, ACH Originator Agreement, ACH Addendum and ACH Processing Agreement with BBVA Compass. No action was taken under this agenda item, which will remain on the agenda.

Director Garrett called for Agenda Item 20: Minutes from the November 17, 2010 regular meeting and December 8, 2010 special meeting.

On a motion by Director Kenny, seconded by Director Garrett, the Board approved the November 17, 2010 Minutes with the following revision under Agenda Item 3: *Report from the District's landscape contractor on landscape maintenance and suggested landscape improvements*.

"EcoSystems submitted a proposal for a Holiday Tree and for additional mowing of the detention ponds. (*Proposal Attached*) A motion was made by Director Kenny, seconded by Director Garrett, to approve the revised tree proposal in an amount not to exceed \$2,700 on a vote of 3 to 2. Director Hardin opposed the motion, and Director Rocco abstained.

The minutes from the December 8, 2010 meeting were deferred until the January, 2011 meeting.

Director Garrett then called for Agenda Item 21: Reconsideration of Minutes previously approved with oral revisions. No Minutes were approved.

Director Garrett then called for Agenda Item 22: Adjournment. The meeting was adjourned at 8:52 P.M.

\_\_\_\_\_  
Chris Rocco, Secretary  
Board of Directors

Date: \_\_\_\_\_

APPOINTMENT OF MEMBER OF  
DEED RESTRICTION COMMITTEE  
WILLIAMSON-TRAVIS COUNTIES MUNICIPAL UTILITY  
DISTRICT NO. 1

STATE OF TEXAS           §  
  §  
COUNTIES OF TRAVIS   §  
  §  
AND WILLIAMSON         §

WHEREAS, Luis Zervigon's current term of service on the Deed Restriction Committee ends on December 15, 2010 and it is necessary to appoint a replacement Director.

NOW, THEREFORE, Linda Garrett, as President of the Board of Directors, hereby appoints Luis Zervigon to replace Luis Zervigon on the Deed Restriction Committee for a term of six months beginning on December 16, 2010 and ending on June 15, 2011.

SIGNED on December 15, 2010.

By: Linda Garrett  
Linda Garrett, President  
Board of Directors

**ORDER ESTABLISHING WATER AND WASTEWATER  
SERVICE RATES, CHARGES AND TAP FEES, AND ADOPTING  
GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER,  
WASTEWATER AND DRAINAGE SYSTEMS**

December 15, 2010

THE STATE OF TEXAS           §  
  §  
COUNTIES OF WILLIAMSON   §  
AND TRAVIS                   §

WHEREAS, pursuant to Section 49.212, Texas Water Code, the Board of Directors (the "Board") of Williamson-Travis Counties Municipal Utility District No. 1 (the "District") is authorized to adopt and enforce all necessary rates, charges, fees and deposits for providing District facilities or services.

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF Williamson-Travis Counties Municipal Utility District No. 1 as follows:

I. General Policies.

A. Definitions. For purposes of this Order, the following terms shall have the meanings indicated:

1. "District's representative" shall mean and refer to the general manager of the District or another representative or employee of the District acting pursuant to the direction of the general manager or the Board of Directors of the District.

2. "Rules" shall mean and refer to such rules and regulations as the District may adopt pursuant to Section 54.205, Texas Water Code.

3. "Systems" shall mean and refer to the District's water, wastewater and drainage systems.

4. "Living Unit Equivalent" or "LUE" shall mean a unit of measure representing the amount of water and/or wastewater committed to property as follows:

1 Single family dwelling	= 1 LUE
1 Duplex	= 1 LUE/each dwelling unit
Multifamily at 24 units or less per acre	= 0.7 LUE/unit

Multifamily at more than  
24 units per acre = 0.5 LUE/unit

5. "Rate Unit" shall mean a factor utilized in calculating water and wastewater rates and based on meter size as follows:

<u>Meter Size</u>	<u>Rate Unit</u>
5/8"	1
3/4"	1.5
1"	2.5
1 1/2"	5
2"	8
3"	15
4"	25
6"	50
8"	80
10"	115
12"	200

B. All Services Required. Except as otherwise expressly authorized in the Rules or by the District's representative, no service shall be provided by and through the District's Systems unless the applicant agrees to take both water and wastewater service.

C. All Services Charged. At no time shall the District render water and/or sewer services without charge to any person, firm, corporation, organization or entity.

D. Other Utilities. Prior to installing underground cables in the area of District water supply and sanitary sewer collection lines, representatives of utility companies shall meet with the District's representative to file such companies' construction plans and schedules and to review the engineering plans illustrating the location of the District's lines.

II. Connections to the District's Systems.

A. Applications for Connections.

1. Any party desiring to make a connection to the District's Systems shall first make an application to the District's representative in the form approved by the Board of Directors of the District. The applicant shall, upon request, furnish the District's representative with evidence that the party who will actually install the tap and connecting line has comprehensive general liability insurance in the minimum amounts of \$300,000.00 bodily injury and \$50,000.00 property damage, with an underground rider and a completed operations rider.

2. The District's representative shall review all applications for connections to the District's Systems. In the event that the District's representative finds that the materials to be used and the procedures and methods to be followed in laying the line and making the connection are equal to or better than the standards established by the Uniform Plumbing Code, the City of Cedar Park standards regarding water connections, and the City of Cedar Park's Plumbing Code regarding wastewater connections, and are in compliance with all terms and conditions of the Rules, the District's representative may approve the application and the proposed connection, subject to such terms or conditions as the District's representative deems necessary or convenient to accomplish the purpose and objectives of the Rules.

B. Payment of Fees. Any party desiring to make a connection to the District's water or wastewater system shall pay the appropriate water tap fee or sewer tap fee to the District's representative at the time the application for such connection for said property is made. No connection shall be made until such fees are paid.

C. Tap and Inspection Fees, Security Deposits.

1. Taps.

a. Water Tap Fees. The District's water tap fees per meter shall be as follows:

<u>Meter Size</u>	<u>Tap Fee</u>
5/8"	\$650.00
3/4"	\$675.00
1"	\$900.00
1-1/2" and over	To be installed by the District at cost times 3

Water tap installation involving excavation of the water main shall be performed by the District at cost plus 25% in addition to the above water tap fee.

b. Sewer Tap Fees. The District's sanitary sewer tap fees shall be as follows:

Residential	\$650.00/LUE
Commercial	\$1,250.00/Connection

Sewer tap installation involving excavation of the sewer main shall be performed by the District at cost plus 25% in addition to the above sewer tap fees.

c. Transfers of Taps; Tap Fees Nonrefundable. The fee for the transfer of a tap from one address to another address, where no meter has been set in place, shall be \$25.00. There shall be no transfers of taps from one address to another address where a meter has been set in place. All tap fees shall be non-refundable and, upon payment, shall become the property of the District.

d. Provisional Tap Sales Prior to Acceptance of Facilities. Following the completion of construction of water and wastewater facilities within a subdivision which is under construction and certification by the District's engineer that all conditions for acceptance of the water and wastewater facilities have been satisfied, a homebuilder may purchase taps for residences under construction on a provisional basis. Such connections may not be transferred from the homebuilder to a homebuyer or occupant until the facilities in question have been accepted by the District for operation and maintenance.

2. Plumbing Inspections. The District will conduct five inspections of new residential and commercial plumbing construction to comply with the TNRCC Rules and applicable laws. An inspection will be conducted at the time the service line is constructed, at the time of plumbing rough-in, for copper, at top-out, and upon completion of construction. The fee for these inspections, which will be performed by an independent plumbing inspector retained by the District, will be as follows:

Single-family residential inspections:	\$50.00 each
Other	To be determined by the District's representative based upon the size and scope of the project

In addition, an inspection will be performed on all new irrigation system plumbing installations at a cost of \$50.00 per inspection. If an inspection is failed, a fee of \$50.00 will be assessed for any re-inspection required. If the property is not accessible for inspection at the time an inspection is scheduled, the inspection will be deemed to have been failed, and the re-inspection fee will be assessed. A deposit, in the amount of \$500.00, to secure payment of the applicable inspection fees will be collected at the time of purchase of the water and wastewater tap for the new construction. Such security deposit shall be in addition to the security deposit required by Section II(C)(4) below and shall not be transferable. At its option, the District may apply all or any part of such security deposit toward fees owed pursuant to this Section. The balance of the security deposit, if any, shall be refunded to the customer at the time the property passes the final inspection. In no event shall the security deposit bear interest for the benefit of the customer.

3. Waiver of Tap Fees. The District's water and/or sanitary sewer tap fees may be waived if the Board of Directors of the District or the District's Representative determines that the water and/or sanitary sewer connection shall be an enhancement to the District and of benefit to the general public within the District, i.e., irrigation meters for common landscaped areas or utility

service for use within parkland to be dedicated to the District; provided, however, that the applicant for such waiver shall be required to pay the cost of such connection to the District in lieu of such tap fees.

4. Security Deposit. A security deposit per connection shall be included in the first billing to each customer in the following amounts:

<u>Meter Size</u>	<u>Security Deposit</u>
5/8"	\$150.00
3/4"	\$150.00
1"	\$200.00
1-1/2"	\$300.00
2"	\$425.00
over 2"	3 Times Estimated Monthly Usage

In addition to the foregoing security deposits, an additional security deposit in the amount of \$150.00 shall be required for any account that has been discontinued for nonpayment. Such additional security deposit shall be included in the first billing to the customer following reconnection of service. Security deposits shall not be transferable and shall be held by the District to assure the prompt payment of all bills for water and wastewater services to the customer. At its option, the District may apply all or any part of a customer's security deposit against any delinquent bill of the customer. Upon discontinuation of service, the deposit shall be applied against amounts due, including any disconnection fees, whether because of the customer's delinquency or upon the customer's request. Any portion of the deposit remaining after deduction of such amounts shall be refunded to the customer. In no event shall the security deposit bear interest for the benefit of the customer.

D. Park Development Fees. The District will collect a park development fee of \$500 per connection at the time a water or wastewater tap is purchased. This fee will be placed in the District's dedicated park fund and used solely for the development, operation and maintenance of District recreation facilities.

E. Additional Charges. Any non-routine charges incurred by the District in connection with any water tap, sewer tap and/or inspection shall be the responsibility of the applicant for such connection and shall be payable to the District upon demand.

F. Past Due Property Taxes. In accordance with the authority granted to the District pursuant to §49.212(c) of the Texas Water Code, the District may discontinue any or all facilities or services to enforce payment of taxes that have been delinquent for not less than six months. For any customer who has failed to pay taxes owed to the District, and such payment is delinquent for six months or longer, the unpaid taxes and other charges associated with such unpaid taxes shall be placed on such customer's bill for water service and if such amounts are not paid in full by the date

the bill for water service is due, then such amounts will be collected in accordance with Section IV below and if unpaid, water service shall be terminated to such customer's property in accordance with the provisions of Section IV below.

III. Water and Wastewater Service.

A. In-District Service. Any party desiring to receive in-District service from the District's water or wastewater systems shall make an application for such service to the District's representative. Each applicant for service shall furnish proof of identification in the form of a driver's license number and a Social Security number.

B. Out-of-District Service.

1. Applications for out-of-District service shall be received and considered in accordance with the District's "Annexation and Out-of-District Service Policy", as the same may be amended from time to time.

2. Each out-of-District service customer shall be required to pay a capacity commitment charge for each LUE of service committed based upon debt service requirements, property valuations, and the level of service requested. For purposes hereof, the following terms shall have the meanings set forth below:

a. "Tax Equivalent" is a sum equivalent to that portion of the District's debt service tax for the year in which the out-of-district service request is granted attributable directly to bonded indebtedness for water and wastewater facilities. For example, as of January 1, 1988, 40.68% of the District's debt service tax rate was directly related to water and wastewater facilities and the debt service tax rate was \$.90/\$100; therefore, the Tax Equivalent as of January 1, 1988, would be  $$.90 \times 40.68\% = \$.37/\$100$ .

b. "Unit Value" is the valuation of developed, unimproved property of the highest value within the District, on a per acre basis, as reflected in the most recent District bond application, either pending or approved, at the time the out-of-district service is granted.

The applicable capacity commitment charge shall be calculated, by the District's engineer, according to the following formula:

$$\frac{\text{Tax Equivalent} \times \text{Unit Value}}{\text{LUE}} = \text{Capacity Commitment Charge Per LUE} \quad 4$$

$$\text{Capacity commitment charge per LUE} \times \text{LUEs granted} = \text{Capacity Commitment Charge}$$

The Capacity Commitment Charge shall be payable to the District by the applicant on or prior to the date the out-of-district service commitment is approved.

3. Each commitment for out-of-district service approved by the District shall be valid for two (2) years from the date of the Board of Directors meeting at which the commitment was approved (the "Commitment Date"). On the second anniversary of the Commitment Date, the out-of-district service commitment shall automatically terminate and be of no further force or effect as to any LUEs of service not then being utilized by the applicant.

C. General Provisions.

1. Bills for residential sewer service shall be computed on the basis of the average amount of water used by the customer during the winter season based upon the average of the monthly readings of the customer's water meter for the preceding December, January, and February. Customers moving from one residence within the District to another residence within the District shall be entitled to transfer their winter average from their former residence to their current residence.

Any customer who is unaware of the foregoing use of the Winter Average to compute the bill for sewer service shall be entitled, upon request by the customer, to a one-time adjustment pursuant to which the customer's monthly sewer bill shall be calculated based upon:

- (i) the customer's current monthly water usage; or
- (ii) on the basis of 10,000 gallons water usage per month, whichever is less, during the year in which the adjustment is made.

Thereafter, there shall be no further adjustments and the customer's sewer bill will be computed on the basis of the Winter Average as provided by the foregoing provisions of this paragraph.

2. If a residential customer does not have an acceptable history of water usage during the preceding December, January, and February the customer's monthly sewer bill shall be calculated based upon: (i) the customer's current monthly water usage; or (ii) on the basis of 10,000 gallons water usage per month, whichever is less.

3. Bills for nonresidential sewer service shall be calculated based upon the customer's current monthly water usage, excluding meter readings for water used exclusively for irrigation.

D. District Service Rates. The following rates and charges shall be in effect for all services provided by the District, effective December 18, 2009:

1. Minimum Monthly Charge.

a. The minimum monthly charge for all residential customers, including 0 gallons of water and sewer service and solid waste disposal and recycling, shall be \$12.16; provided, however, that the minimum monthly charge for customers aged 65 or older shall be \$8.97.

b. The minimum monthly charge for all commercial customers, including builder accounts, for meters serving more than one residential unit, and for irrigation meters, including 0 gallons of water and sewer service, shall be \$20.00 times Rate Unit based on meter size.

2. Monthly District Water Rates.

Residential

Gallage Charge	\$3.63 (per 1,000 gallons) for first 10,000 gallons
	\$4.36 (per 1,000 gallons) 10,001 gallons - 15,000 gallons
	\$5.23 (per 1,000 gallons) 15,001 gallons and above

Commercial

Gallage Charge	\$3.24 (per 1,000 gallons)
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3. Monthly District Wastewater Rates.

Gallage Charge	\$2.48 (per 1,000 gallons of water)
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4. Fire Hydrant Meter Fees. Any party desiring to utilize water from fire hydrants within the District shall be required to submit an application to the District's representative and to obtain a fire hydrant meter from the District's representative. There shall be charged and collected for each fire hydrant meter a fire hydrant meter fee in the amount of \$100.00 per month or any part of a month plus \$3.50 per 1000 gallons usage. A security deposit of \$750.00 shall be paid to the District's representative at the time the fire hydrant meter is issued. The security deposit for the fire hydrant meter shall be refunded to the applicant, less any amounts due for damage to the meter, at the time the meter is returned in good working order.

E. In-District Fire Protection Fee. From September 1, 2000 to August 31, 2001, the sum of \$6.50 times Rate Unit based on meter size shall be collected by the District for fire protection services. Beginning September 1, 2001 and continuing through January 24, 2002, the sum of \$9.43 times Rate Unit based on meter size shall be collected by the District for fire protection services. This fee will not be collected on bills that are issued on and after January 25, 2002 and through August 31, 2004. Beginning September 1, 2004, the sum of \$9.43 times Rate Unit based on meter

size shall be collected by the District for fire protection services. Beginning January 1, 2006, the sum of \$12.85 times Rate Unit based on meter size shall be collected by the District for fire protection services. Beginning with the next billing cycle following September 20, 2006, the sum of \$6.42 times Rate Unit based on meter size shall be collected by the District for fire protection services. Beginning with the next billing cycle following September 20, 2008, the sum of \$14.52 times Rate Unit based on meter size shall be collected by District for fire protection services. Beginning with the next billing cycle following January 1, 2010, the sum of \$16.97 times Rate Unit based on meter size shall be collected by the District for fire protection services. Beginning with the next billing cycle following January 1, 2011, the sum of \$17.46 times Rate Unit based on meter size shall be collected by the District for fire protection services.

F. State Assessment. Effective September 1, 1991, in accordance with Senate Bill 2, passed by the 72<sup>nd</sup> Texas Legislature in Special Session, the District will collect a monthly regulatory assessment of one-half of one percent (.5%) of the charge for retail water or sewer service from all retail customers of the District. The regulatory assessment shall be listed on each retail customer's bill as a separate line item, and shall be collected in addition to other charges for utility service.

#### IV. Delinquent Accounts and Disconnection of Service.

A. The District shall bill each customer monthly for all services rendered in the preceding month. All bills shall be due when rendered and shall become delinquent if not paid sixteen (16) days after issuance. All charges must be paid by credit card, check (including electronic checks) or money order. Cash payments will not be accepted.

B. A late charge of five percent (5%) of the amount of the bill shall be added for each monthly billing date the delinquent amount remains unpaid. If a bill remains delinquent or is paid with a check which is dishonored, water service may be discontinued in accordance with this paragraph. Prior to termination, the customer shall be given written notice by separate mailing or hand delivery of the amount due. The notice shall have the words "TERMINATION NOTICE" or similar language prominently displayed on the face thereof, shall advise the customer of his right to request and be granted a hearing, and shall state the date upon which water service shall be terminated, which date shall be not less than fifteen (15) days from the date such notice is sent. Such notice shall state the time and place at which the account may be paid and that any errors in the bill may be corrected by contacting the District's representative, whose telephone number shall also be given in such notice. The notice shall advise customers in need of assistance with the payment of their bill that they maybe eligible for an alterative payment program. In the event the customer contacts the District's representative within such fifteen (15) day period, the District's representative may allow the customer to make arrangements to pay the delinquent amount in installments to be approved by the District's representative.

C. The District reserves the right to institute suit for the collection of any amounts due and unpaid, together with interest thereon at the maximum legal rate and reasonable attorney's fees.

D. 1. The District further reserves the right to charge a customer paying a bill with a check which is dishonored an amount not less than \$25.00 as established from time to time by the District's representative, which amount shall be based on the prevailing or usual charges made for dishonored checks and drafts by other vendors in the same general area as the District.

2. If a customer pays a District utility bill by a check that is dishonored, the District's Representative will promptly leave a courtesy notice or "pink tag" on the door of the address to which the service in question is provided notifying the customer. This will state that service will be terminated not earlier than three days from the date of the notice unless the account is paid in full by credit card, electronic check, certified or cashier's check or money order.

E. Notification of Alternative Payment Programs or Payment Assistance. Anytime a customer contacts the District's representative to discuss their inability to pay a bill or indicate that they are in need of assistance with their bill payment, the District's representative shall inform the customer of all available alternative payment and payment assistance programs available from the District, such as deferred payment plans, as applicable, and of the eligibility requirements and procedure for applying for each. A deferred payment plan is an arrangement or agreement between the District and the customer in which an outstanding bill will be paid in installments that extend beyond the due date of the next bill. All deferred payment arrangements must be in writing. It is understood that the District's representative may suspend the termination of services to customers for up to 30 days based upon the District's representative's determination that the customer is making good faith effort to pay the District's account; however, extensions beyond 30 days must be approved by the Board.

V. Reconnection of Service.

Charge for Reconnection. In the event of any discontinuation of service, whether because of customer's delinquency or upon a customer's request, the District shall charge the following charge per connection prior to reconnecting such customers:

1. Water System

- |    |   |          |
|----|---|----------|
| a. | when meter moved  | \$100.00 |
| b. | when meter not moved  | \$40.00  |
| c. | additional fee for after hours<br>reconnect (when reconnection<br>requested or payment made<br>after 2:00 p.m.) | \$50.00  |

2. Wastewater System - two times the cost of the  
District.

Collection of All Amounts Owed to District. In the event of any discontinuation of service, whether because of customer's delinquency or upon a customer's request, the District shall prior to reconnection collect from such customer, in addition to the foregoing charge for reconnection, payment of all amounts owed to the District and which have been billed to such customer, even if such amounts are not delinquent. Such amounts, and the reconnection fee must be paid by credit card, electronic check, certified or cashier's check or money order.

VI. Transfer of Service

In the event service at an address is to be transferred to one customer name to another customer name there shall be assessed the following charge:

Transfer fee: \$5.00

VII. Service Commitment and Review Fees. Applicants for service commitments, construction plan review and/or inspection, or subdivision plan review and/or inspection shall be responsible for the payment of all legal, engineering and/or management fees incurred by the District in reviewing such applications. At the first Board meeting following receipt by the District of any application, the Board shall establish a deposit amount which is equivalent to the estimated consultant fees which are expected to be incurred in connection with such application, and the applicant shall be required to deposit such amount with the District prior to any review or processing work being initiated. When the deposit is depleted to a quarter of its original amount the District's Manager shall report to the Board at the next Board meeting and the Board will determine whether or not the deposit shall be restored to its original amount, or such amount as the Board shall approve. All consultants fees incurred by the District associated with any such application shall be charged against the amount of the deposit. Upon completion of the review process, the applicant shall be required to pay any fees incurred by the District in excess of the deposit. Any excess deposit remaining after payment of all fees shall be returned to the applicant. No service commitment or plan approval shall be issued by the District until all fees have been paid.

VIII. Development and Utility Construction Agreements. Applicants who desire to enter into a utility construction agreement or other type of development agreement with the District shall be responsible for the payment of all legal, engineering and/or management fees incurred by the District in negotiation of such agreements. No agreement shall be executed by the District or shall become effective until such fees are paid.

IX: Theft of Water. Any person taking water from the District's water system without complying with this Order may be subject to the filing of a complaint for violation of Sec. 28.03, Penal Code, entitled "Criminal Mischief." In addition, the Board of Directors may, at a hearing at which the violator has had reasonable opportunity to appear and answer, impose a civil penalty up to \$5,000 per violation.

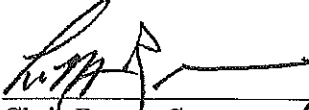
X. The Secretary of the Board is hereby directed to file a copy of this Order in the principal office of the District.

PASSED AND APPROVED on the 15<sup>th</sup> day of December, 2010.



Linda Garrett, President  
Board of Directors

ATTEST:



~~Chris Roche, Secretary~~ Luis M. Zervigon, Assistant Secretary  
Board of Directors