

# **TARIFF**

MARTINDALE WATER SUPPLY CORPORATION  
P.O. BOX 175  
MARTINDALE, TEXAS 78655-0175  
CCN # 10312 • PWS # TX0280013  
CHARTER # 00208941-01

June 10, 2021

## History of Tariff Revisions beginning Jan. 1, 2021:

May 13, 2021: Resolution 2021-5

June 10, 2021: Resolution 2021-6

## TABLE OF CONTENTS

By-Laws with Index.....	3
Board of Directors, Sequence of Class Term of Service .....	16
<b>CORPORATION POLICIES:</b>	
Statements .....	17
Definitions.....	18
Section A – Rates and Service Fees .....	22
Section B-1 – Service Rules, Billing and Collections .....	27
Section B-2 – Standard Service Application and Agreement.....	42
Section C-1 – Developer, Subdivision, and Non-Standard Service Requirements.....	46
Section C-2 – Non-Standard Service Inquiry Application .....	53
Section C-3 – Non-Standard Service Agreement.....	55
Section D-1 – Corporation Contracts.....	76
Section D-2 – Water Conservation Plan.....	78
Section E -- Operator/Plant Job Descriptions, Conditions of Employment..	88
Section F -- Conduct of Regular Board Meetings .....	95
Section G-- Procedures for Conducting an Annual or Special Stockholders' Meeting.....	96
Section H -- Conflict of Interest Policy .....	110
Section I – Social Media Policy .....	112
Section J -- Appendix, Index.....	117
Transfer Agreement Form.....	118
Deferred Payment Agreement Form .....	119
Right-of-Way Easement Form .....	120
CCN Vicinity Map.....	121

## **BY-LAWS WITH INDEX**

### **THE 1993 FmHA BY-LAWS FOR WATER SUPPLY CORPORATION (Adopted by Martindale Water Supply Corporation – March 1994)**

Article I:	Board of Directors: President
Article II:	Board of Directors: Vice- President
Article III	Board of Directors: Secretary- Treasurer
Article IV:	Board of Directors Section 1. Election and Terms Section 2. Removal Procedures Section 3. Meetings for Removal Section 4. Adoption of Conflict of Interest Policy
Article V:	Meetings Section 1. Posting of Meetings Section 2. Absenteeism by a Director Section 3: Public Access to meetings Section 4: Open Meetings Act Section 5. Board Reliance on Reports, Counsel, Statements
Article VI:	Non-Profit Corporation
Article VII:	Federally-Insured Deposit Accounts, Bonds, Securities
Article VIII:	Membership Section 1: Non-Discrimination Section 2: Membership Fee Section 3: Determination of Fee
Article IX:	Determination of Membership
Article X:	Membership Section 1, 2: Transfer and Termination of Membership
Article XI:	Annual Meetings Section 1: Meeting Requirement Section 2: List of Eligible Voters Section 3: Credentials Committee

Article XII:	Open Meetings Act
Article XIII:	Manager
Article XIV:	Discontinuation of Water Service
Article XV:	Discontinuation of the Corporation
Article XVI:	Fiscal Year
Article XVII:	Property Insurance
Article XVIII:	Special Assessments
Article XIX:	Open Records Act
Article XX:	Amendment of By-Laws
Article XXI:	Seal
Article XXII:	Charity
Article XXIII:	Adoption of By-Laws

Form FmHA-TX 442-7  
(Revised 9/93, 6/21)

## BY-LAWS

### MARTINDALE WATER SUPPLY CORPORATION

By-Laws of Martindale Water Supply Corporation, having been presented to the Board of Directors of said Corporation and duly adopted as follows:

#### ARTICLE I

The President shall preside at all Members' and Directors' meetings. The President may, and upon demand of one-third (1/3) of the Members, shall call a special meeting of the Members or Directors. Such special meetings shall be held upon giving the notice required in Article XII of the By-Laws. The President shall perform all other duties that usually pertain to the office or are delegated to him by the Board of Directors.

#### ARTICLE II

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

#### ARTICLE III

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

The position of the Secretary-Treasurer and other positions entrusted with receipt and disbursement of funds shall be placed under a fidelity bond in an amount which shall be set from time to time, but not less than once each year by the Board of Directors. The fidelity bond coverage amount shall approximate the total annual debt service requirements for all FmHA loans and be evidenced by a position fidelity schedule bond as acceptable to the Farmers Home Administration.

#### ARTICLE IV

Section 1. The Board of Directors shall consist of seven (7) Directors, a majority of whom shall constitute a quorum. Upon issuance of the Charter and annually

thereafter on the 2nd Thursday in April following the Members' annual meeting, the Board of Directors shall elect a President, a Vice-President and a Secretary-Treasurer. The Directors shall be elected by the Members at the Members' regular meeting provided for in Article XI of the By-Laws. The Directors shall be divided into three (3) classes, each class to be as near as equal in number as possible. The terms of the Directors of the first class shall expire at the first annual meeting of the shareholders after their election. The terms of the Directors of the second class shall expire at the annual meeting after their election and terms of the Directors of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification, the number of Directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting. The Directors shall serve without pay, but may be compensated for actual expenses by a majority vote of Directors.

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

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

Section 3. The President of the Board or his designee shall preside at any meeting of the Members convened to consider removal of an Officer or Director as provided under Section 2, unless the President is the subject of charges, in which event the Vice-President shall preside. In the event both the President and the Vice-President are the subject of charges, those Directors who are not the subject of any charges shall appoint one of their number to preside over the meeting. Any meeting convened to consider the removal of an Officer or Director shall be conducted in accord with the procedures prescribed by the Credentials Committee established under the provisions of Article XI. The fact that the President, Vice-President, or any other Officer or Director

has been made the subject of charges does not otherwise prevent such Officer from continuing to act in his capacity as an Officer or Director of the Corporation. Any Director that has been removed under the provisions of this Article shall not be precluded from subsequent election to a position on the Board of Directors.

Section 4. The Board of Directors shall adopt and maintain a conflict of interest policy designed to promote the business of the Corporation and serve the interests of the Membership.

## ARTICLE V

Section 1. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine at the next previous regular meeting, and shall include posting of the meeting as required by the Texas Open Meetings Act. Article 6252-17, Tex. Rev. Civ. Stat., by furnishing the notice to the County Clerks of Caldwell and Guadalupe, and by posting such notice in a place readily convenient to the public in its administrative office at all time for at least seventy-two (72) hours preceding the scheduled time of the meeting. Such notice shall specify the date, hour, place and subject of each meeting held by the Board of Directors.

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

Section 3. The Board of Directors shall provide access for the public, new service applicants, or Members to the regular monthly meetings of the Board of Directors by setting aside a time for hearing of suggestions, proposals, or grievances. The Board of Directors shall establish reasonable rules for access to such meetings.

Section 4. The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Article 6252-17, Texas Rev. Civ. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these By-Laws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail.

Section 5. In conduction of their duties as members of the Board, each Director (1) shall be entitled to rely, in good faith and with ordinary care, on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or the Corporation's affairs, that have been prepared or

presented by one or more Officers or employees of the Corporation; or by legal counsel, public accountants, or other persons retained by the Corporation for the development of professional advice and information falling within such person's professional or expert competence; (2) may believe, in good faith and with ordinary care, that the assets of the Corporation are at least that of their book value; and (3) in determining whether the Corporation has made adequate provision for the discharge of its liabilities and obligations; and may rely in good faith and with ordinary care on the financial statements of, or other information concerning any person or entity obligated to pay, satisfy or discharge some or all of the Corporation's liabilities or obligations; and may rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more Officers or employees of the Corporation, legal counsel, public accountants, or other persons provided the Director reasonably believes such matters to fall within such person's professional or expert competence. Nevertheless, a Director must disclose any knowledge he or she may have concerning a matter in question that makes reliance otherwise provided herein to be unwarranted.

## ARTICLE VI

The Corporation shall conduct its business on a non-profit basis, and no dividends shall ever be paid upon the Memberships of such Corporation. All profits arising from the operation of such business shall be annually paid out to the persons who have, during the past year, transacted business with the Corporation, in direct proportion to the amount of business transacted, provided that no such dividends shall ever be paid while any indebtedness of the Corporation remains unpaid.

## ARTICLE VII

The Directors of the Corporation shall establish and maintain so long as the Corporation is indebted to the Government, in an institution insured by the State or Federal Government, or invested in readily marketable securities backed by the full faith and credit of the United States of America, or reserve account separate and apart from other fund accounts of the Corporation. There shall be deposited in such fund the sum as required by a total of all loan resolutions executed by the Corporation. Such deposits shall be made monthly and shall continue until the total amount deposited equals the sum as required by the executed loan resolutions provide, however that after any withdrawals, such deposits shall be resumed until the amount accumulated in the fund is restored to the sum as required by the executed loan resolutions.

Withdrawals may be made from this fund only upon prior written approval from Farmers Home Administration, and the Texas Water Development Board. Approval shall be made only for emergency repairs, obsolescence of equipment, improvements to facility, and for making up any deficiencies in revenue for loan payments.

The Directors shall invest all sums in this fund not required to be expended within the year in which the same are deposited in bonds or evidence of indebtedness of the United States of America, or in readily marketable securities backed by the full faith and

credit of the United States of America. Securities so purchased shall be deemed at all times to be part of the reserve fund account.

## ARTICLE VIII

Section 1. Every person (which includes any legal entity) owning or having a legal right to the Control, possession or occupancy of property served or which may reasonably be served by the Corporation, shall have the right to become a Member of the Corporation upon payment of the Membership fee hereinafter provided and upon compliance with the Corporation's conditions of water and/or sewer service as provided for in its published charges, rates and conditions of service. Membership shall not be denied because of the applicant's race, color, creed, citizenship, or national origin. It is the intent of the Corporation to provide service on a nondiscriminatory basis to all persons desiring service to the extent that the capabilities of the system will reasonably permit.

Section 2. The Membership fee shall be \$100.00. Payment of Membership fee or transfer of Membership shall entitle an applicant to further qualify for one (1) connection to the system or shall entitle a transferee of Membership to continue to qualify for service to an existing connection to the system by meeting the conditions for water and/or sewer as provided in the Corporation's published rates, charges, and conditions of service. A person may own more than one Membership but each Member shall be entitled to only one vote regardless of the number of Memberships owned. Membership certificates shall be in such form as shall be determined by the Board of Directors.

Section 3. The Membership fee may be revised by the Board of Directors as the Board may determine to be appropriate. In determining the amount of the Membership fee, however, the Board shall ensure that the fee is sufficient to establish the potential Member as being legitimately interested in securing water service from the Corporation for such potential Member's own needs. Furthermore, the Board shall determine and administer such fee in a manner or in an amount which does not unreasonably deny service to financially deprived potential Members. In no event, however, shall the Membership fee exceed an amount equal to the sum of twelve (12) charges of the Corporation's minimum monthly water rate unless previously approved by the Farmers Home Administration.

## ARTICLE IX

Where necessary for determining those Members entitled to notice of, or those Members entitled to vote at any meeting or any adjournment thereof, or where necessary to make a determination of Members for any other proper purpose, ownership or Memberships shall be deemed to be vested in those persons who are the record owners of Memberships as evidenced by the Membership transfer book on the 15th day of the month preceding the month of the date upon which the action requiring such determination is taken. Nothing herein shall preclude the holder of a Membership from mortgaging such Membership, or, upon notification of the

Corporation, preclude the holder of such mortgages from exercising legal rights pursuant to such mortgages upon proper notice to the Corporation.

## ARTICLE X

Section 1. In order to ensure that business done by the Corporation shall continue within the capacity of its facilities and to prevent undue financial burden on the Members of the Corporation, Membership in the Corporation shall be transferred in accordance with the following:

(a) Except as herein provided, Membership in the Corporation shall be deemed personal estate and a person or entity that owns any stock of, is a Member of, or has some other right of participation in the Corporation may not sell or transfer that stock, Membership, or other right of participation to another person or entity except: (1) by will to a transferee who is a person related to the testator within the second degree by consanguinity; (2) by transfer without compensation to a transferee who is a person related to the owner of the stock or other interest within the second degree by consanguinity; or (3) by transfer without compensation or by sale to the Corporation.

(b) Subsection (a) of the section does not apply to a person or entity that transfers the Membership or other right of participation to another person or entity as part of the conveyance of real estate from which the Membership or other right of participation arose.

(c) The transfer of stock, a Membership, or another right of participation under this section does not entitle the transferee to water or sewer service unless each condition for water or sewer service is met as provided in the Corporation's published rates, charges, and conditions of service. Water or sewer services provided by the Corporation as a result of stock, Membership, or other right of participation may be conditioned on ownership of the real estate designated to receive service and from which the Membership or other right of participation arose.

(d) The Corporation may cancel a person's or other entity's stock, Membership, or other right of participation if the person or other entity fail to meet the conditions for water or sewer service prescribed by the Corporation's published rates, charges, and conditions of service, or fails to comply with any other condition placed on the receipt of water or sewer service under the stock, Membership, or right to participation authorized under Subsection (c) of this section. The Corporation may, consistent with the limitations prescribed by Subsection (a) of this section and as provided in the Corporation's tariff, reassign canceled stock, or canceled Membership, or other right of participation to any person or entity that has legal title to the real estate from which the canceled Membership or other right of participation arose and for which water or sewer service is requested, subject to compliance with the conditions for water or sewer service prescribed by the Corporation's published rates, charges, and conditions of service.

Section 2. Notwithstanding anything to the contrary hereinabove provided, the consideration for the transfer of any Membership in the Corporation from the original Members, their transferees, pledges, administrators or executors or other persons, shall

never exceed the amount of the original costs of such Membership. No gain or profit shall ever be realized from the sale or transfer of a Membership.

## ARTICLE XI

Section 1. There shall be a regular meeting of the Members annually, on the second Thursday of April to transact all business that may be properly brought before it. The Secretary-Treasurer shall give at least fifteen (15) days written notice of such annual meeting to the Membership indicating the time, place and purpose of such meeting, and shall address and mail the notice to each Member at the address last known to the Corporation. Failure to hold or call an annual or special meeting in accordance with these By-Laws shall give each member rights to compel the Board of Directors to properly hold an annual or special meeting of the Membership. A quorum for the transaction of business at a meeting of the members or share holders is a majority of the members and shareholders present. In determining whether a quorum is present, all members and shareholders who mailed or delivered ballots to the independent election auditor or the corporation on a matter submitted to a vote at the meeting are counted as present. See Texas Water Code, Section 67.007

Section 2. After fixing a date for the notice of a meeting, the Board of Directors shall prepare an alphabetical list of the name of all voting members who are entitled to vote as of the record date of the meeting. The list must show the address of each voting member. Not later than two (2) business days after the date notice is given of the meeting, and continuing through the meeting, the list of voting members must be available for inspection by any member entitled to vote at the meeting for the purpose of communication with other members concerning the meeting at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. Any voting member, or voting member's agent or attorney, shall be allowed, on written demand, to inspect and, at a reasonable time and at his expense, copy the list. Further, the Board shall make the list of voting members available at the meeting, and shall allow inspection of such list by any voting member or voting member's agent or attorney at any time during the meeting, including any adjournment thereof.

Section 3. The Board of Directors shall establish a standing Credentials Committee of three (3) Members, of which the Secretary-Treasurer shall be the chairperson. This committee shall adopt proper procedures for conducting an annual or special Membership meeting; adopt a specific ballot form to be used in conducting an annual or special Membership meeting; adopt procedures for proper notification of the Membership of such meetings and delivery of the Corporation's ballot and meeting agenda to the Membership; determine, qualify, and register the eligible voters for such meeting; validate ballots, confirm the presence of quorum for conducting the meeting, design ballots, canvass all votes, and institute proper recording of the results of such elections. See Texas Water Code, Section 67.0054

## ARTICLE XII

Special meetings of the Directors may be held upon the posting of notice of such special meeting, in the manner provided under Article V of these By-Laws, at least seventy-two (72) hours before the meeting is convened. It shall be the responsibility of the President or his designee to ensure that proper notice is posted. In no event shall any special meeting of the Directors be convened where the business of such meeting could be considered at a regular meeting of the Directors receiving at least seventy-two (72) hours notice as provided under Article V of these By-Laws.

Prior to convening any special meeting of the Members, the President shall request in writing that the Secretary-Treasurer give at least ten (10) days prior notice to the Members, that such special meeting is otherwise noticed as provided under Article V of these By-Laws. Such notice shall specify the time, place, and purpose of the meeting and shall be addressed and mailed to each of the Members at their address last known to the Corporation.

## ARTICLE XIII

The business of the Corporation shall be handled under the directions of the Board of Directors by a manager to be elected by majority vote of the Board. The manager shall serve with or without compensation. The manager, with the approval of the Board of Directors, may employ, with or without compensation, such supervisory, clerical or other employees as may be required to effectively operate the business of the Corporation.

## ARTICLE XIV

Notwithstanding the ownership of a Membership certificate, all Members shall be billed, disconnected or reconnected, and otherwise shall receive service in accordance with the written policies of the Corporation, including the tariff of the Corporation. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the water service shall be discontinued and the obligation to pay for water service shall terminate except as for the minimum charge for the current month and the charge for water used during the current month, and except as for any prior unpaid amounts due the Corporation. In the event Membership is terminated, cancelled, withdrawn or surrendered, whether voluntarily or involuntarily, the former Member's rights and interest in the assets of the Corporation will not be forfeited.

## ARTICLE XV

Upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation remaining after payment of indebtedness of the Corporation shall be distributed among the Members and former Members in direct proportion to the amount of their patronage with the Corporation insofar as practicable. Any indebtedness due the Corporation by a Member for water service or otherwise shall be deducted from

such Member's share prior to final distribution. By application for the acceptance of Membership in the Corporation, each Member agrees that, upon the discontinuance of the Corporation by dissolution or otherwise, all assets of the Corporation transferred to that Member shall be in turn immediately transferred by the individual Member to an entity that provides a water supply or wastewater service, or both, that is exempt from ad valorem taxation.

## ARTICLE XVI

The fiscal year of the Corporation shall be January 1st to December 31st.

## ARTICLE XVII

For so long as the Corporation is indebted for a loan or loans made to it by the United States of America through the Farmers Home Administration, the Corporation shall insure with a reputable insurance company such of its properties and in such amounts as is required by the State Director of the Farmers Home Administration for the State of Texas.

## ARTICLE XVIII

Section 1. If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all cost incident to the operation of the Corporation's system during the year in which such charges are collected the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by Farmers Home Administration, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all cost of operation, maintenance, replacement and repayment on indebtedness for the year's operations, but this provision shall not operate for the benefit of any third party creditor other than Farmers Home Administration without a favorable vote of the majority of the Members. Any assessments levied to make up operational deficits in any year shall be levied against Members in proportion to their patronage with the Corporation.

Section 2. In the event a Member should surrender his Membership certificate properly endorsed to the Secretary-Treasurer of the Corporation, the obligation to pay such assessments shall be limited to assessments made and levied prior to the date of surrender of the Membership certificate provided, however, that this paragraph and the second sentence of Article XIV shall not apply to relieve a Member of his obligation under special agreements covering Multiple-Membership certificates held by one Member which may have been required or approved by the Farmers Home Administration.

## ARTICLE XIX

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board of Directors, and committees, and shall keep a record of the name and addresses of its Members entitled to vote at its registered office or principal office in Texas.

Annually the Board of Directors shall prepare or cause to be prepared a report of the financial activity of the Corporation for the preceding year including a statement of support, revenue and expenses and changes in fund balances, a statement of functional expenses, and balance sheets for all funds or such financial reports as required by Farmers Home Administration. Such reports shall be approved by the Board of Directors.

With prior written request, corporate records, books, and annual reports, subject to exceptions provided by the Open Records Act, Article 6252-17a, Tex. Rev. Civ. Stat., including any amendments thereto, shall be available for public inspection and copying by the public or their duly authorized representatives during normal business hours subject to a reasonable charge for the preparation of copies.

In the event of any conflict between the provisions of the Open Records Act and the provisions of these By-Laws, the provisions of the Open Records Act shall prevail.

## ARTICLE XX

These By-Laws may be altered, amended, or repealed by a vote of a majority of the Members represented at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the Members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the Corporation or its Members, or to deprive any Member of rights and privileges then existing, or so to amend the By-Laws as to effect a fundamental change in the policies of the Corporation. Notice of any amendment to be made at a special meeting of the Members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered. For so long as the Corporation is indebted for a loan or liens made to it by the United States of America through the Farmers Home Administration, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the State Director of the Farmers Home Administration for the State of Texas. For so long as the Corporation is indebted for a loan or liens made to it by the State of Texas through the Texas Water Development Board, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the Development Fund Manager of the Texas Water Development Board of the State of Texas.

## ARTICLE XXI

The seal of the Corporation shall consist of a circle within which shall be inscribed "MARTINDALE WATER SUPPLY CORPORATION".

## ARTICLE XXII

The Corporation pledges its assets for use in performing the organization's charitable functions.

## ARTICLE XXIII

The above By-Laws and regulations were unanimously adopted by the Membership of the MARTINDALE WATER SUPPLY CORPORATION, at a meeting in the BAPTIST TABERNACLE on the third (3rd) day of March 1994. Article XX was modified as per loan requirements of the Texas Water Development Board and adopted at the Annual Stockholder's meeting held on March 6, 2008 by ballot.

**BOARD OF DIRECTORS ELECTION AND  
SEQUENCE OF CLASS TERM OF SERVICES**

<b>Class</b>	<b>Name</b>	<b>Position</b>	<b>Appointed – Elected</b>	<b>3 YR Term Expires</b>
1	Joy Jungers	1	Dec 2014 – 2021	April 2024
1	James Forssell	2	Mar 2015 – 2021	April 2024
1	Rae Josey Bostwick	3	Apr 1994 – 2021	April 2024
2	Fred Villanueva	4	Oct 1993 – 2019	April 2022
2	Walter Kerslake	5	April 2021	April 2024
3	Doug Scheid	6	Mar 2017 – 2020	April 2023
3	James (Bill) Hyatt	7	April 2021	April 2024

**OFFICERS OF CORPORATION (Elected each year):**

Beginning April 2021,

President: Doug Scheid

Vice President: Joy Jungers

Secretary- Treasurer: Rae Josey-Bostwick

## **STATEMENTS**

Statement of Organization. The Martindale Water Supply Corporation is a member owned non-profit corporation incorporated pursuant to the provisions of Tex. Rev. Civ. Stat. Ann., art. 1434a as supplemented by the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., art. 1396, for the purpose of furnishing a potable water utility service. Corporation operating policies, rates, tariffs and regulations are formulated and effected by a Board of Directors elected by the Members of the Corporation. The Martindale Water Supply Corporation operates a water system in Caldwell and Guadalupe Counties and in the City of Martindale.

Statement of Non-Discrimination Policy. Membership in the Corporation and service of water is provided to all applicants who comply with the provisions of this Tariff regardless of race, creed, color, national origin, sex, or marital status.

Statement of Rules Application. The rules and regulations specified herein apply to the water services furnished by Martindale Water Supply Corporation. Failure on the part of the Member to observe these rules and regulations of the Corporation, after due notice of such failure automatically gives the Corporation the authority to discontinue the furnishing of service as provided herein.

Corporation By-laws. The Corporation has adopted by-laws which establish the make-up of the Board of Directors, establish the membership voting rights, provide for annual and regular meetings, provide for reserve accounts, and establish the rights of the members and other important regulations of the water system. These bylaws are included by reference herein, as amended from time to time, and are on file for inspection in the Corporation's office.

Statement of Fire Hydrant & Responsibility. Fire hydrants installed within the Corporation Distribution system do not imply any responsibility on the part of the Corporation to meet fire flow requirements of local, county, state, or federal governmental agencies. Fire hydrants paid for by individuals or groups of individuals and donated to the Corporation for county volunteer fire department use shall remain in place for such use as "refill only" of fire trucks. The Corporation reserves the right to remove any fire hydrant, due to improper use or detriment to the system as determined by the Corporation, at any time without notice, refund, or compensation to the contributors.

Statement of Liability. Martindale Water Supply Corporation does not accept liability for damages caused by service interruptions for events beyond its control and for normal failures of the system. The limit of the liability of Martindale Water Supply Corporation is the extent of the cost for the service provided.

## **DEFINITIONS**

**For the purpose of interpreting the terms of this Tariff:**

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

**Applicant** – A person, partnership, cooperative corporation, corporation, agency, public or private organization of any type applying for service with the Martindale Water Supply Corporation. A person must have reached age of majority (18) in Texas to apply for service. (Section 129.001, Civil Practice & Remedies Code)

**AWWA** – American Water Works Association.

**Base Rate** – The monthly charge assessed each Member/Customer for the opportunity of receiving service. The Base Rate is a fixed rate based upon the meter size or LUEs served as set forth in the equivalency chart in Section A.

**Board of Directors** – The governing body elected by the Members of the Martindale Water Supply Corporation that is vested with the management of the affairs of the Corporation. (Section 22.001(1), Texas Business Organizations Code)

**Bylaws** – The rules pertaining to the governing of the Martindale Water Supply Corporation adopted by the Corporation Members. (Section 22.001(2), Texas Business Organizations Code)

**Capital Recovery Fee** – Each Applicant for new service where a new service tap is necessary shall be required to achieve parity with the contributions to the construction of the Corporations facilities capacity that have been made previously by existing Members. This fee shall be assessed prior to providing or reserving service on a per service unit basis for each property and shall be assigned and restricted to that property for which the service was originally requested.

**Certificate of Convenience and Necessity (CCN)** – The authorization granted under Chapter 13 Subchapter G of the Texas Water Code for Martindale Water Supply Corporation to provide water service within a defined territory. Martindale Water Supply Corporation has been issued Certificate Number 10312. Territory defined in the CCN shall be the Certificated Service Area. (See Certificated Service Area Map, Section D)

**Corporation** – The Martindale Water Supply Corporation. (See Bylaws, page 1.)

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

**Disconnection of Service** – The discontinuance of water service by the Corporation to a Member/Customer.

**Easement** – A private perpetual dedicated right-of-way for the installation of water pipelines and necessary facilities which allows access to property for future operation, maintenance, facility replacement, facility upgrades, and/or installation of additional pipelines (if applicable) for both service to an Applicant and system-wide service. This may also include restrictions on the adjacent area to limit the installation of sewer lines or other facilities that would restrict the use of any area of the easement. The easement will be filed in the real property records of the appropriate county or counties.

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

**Fire Hydrant(s)** – A hydrant for use in case of fire. Martindale Water Supply Corporation does not own, install, or maintain fire hydrants. MWSC does own, install, and maintain flush valves that look similar to fire hydrants.

**Hazardous Condition** – A condition that jeopardizes the health and welfare of the Members/Consumers of the Corporation as determined by the Corporation or regulatory authority.

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

**Living Unit Equivalent (LUE) and Equivalent Dwelling Unit (EDU)** – A standardized measure of the consumption and use of water attributable to a single family residence, calculated in accordance with generally accepted engineering or planning standards; Typical water consumption of a single family residence or dwelling for habitation containing standard water using fixtures.

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

**Membership** – A non-interest bearing stock or right of participation purchased from the Corporation evidencing a Member's interest in the Corporation. (See Texas Business Organizations Code Sections 22.053, 22.151(c))

**Membership Fee** – A fee qualified as such under the terms of the tariff and the bylaws of the Corporation assigned to the real estate designated to receive service. The membership fee cannot

be more than 12 times the minimum monthly base rate. (30 TAC Section 291.3(26) Definitions, Texas Water Code Section 13.043(g))

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

**PUC** – Public Utility Commission of Texas.

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

**Renter** – A consumer who rents or leases property from a Member or who may otherwise be termed a tenant.

**Re-Service** – Providing service to an Applicant at a location for which service previously existed and where there is an existing setting for a meter. Costs of such re-servicing shall be based on justifiable expenses in connection with such re-servicing.

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

**Service Inquiry Application Fee** – A fee paid by a potential Member of the Corporation for the purpose of determining the feasibility of a construction and /or expansion project. See also Temporary Service.

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

**Subdivide** – To divide the surface area of land into two or more lots or tracts. (Texas Local Government Code Section 232.021(11) Definitions, Texas Water Code Section 13.2502(e)(1))

**Subdivider** – An individual, firm, corporation, or other legal entity that owns any interest in land and that directly or indirectly subdivides land into two or more lots as a part of a common promotional plan in the ordinary course of business. (Texas Local Government Code Section 232.021(12) Definitions)

**Subdivision** – An area of land that has been subdivided into two or more lots or tracts. (Local Government Code Section 232.021(13) Definitions)

**Tariff** – The Bylaws, operating policies, service rules, service extension policy, service rates, water use restriction policies, sample application packet, and miscellaneous transaction forms

adopted by the Board of Directors. A copy of this Board approved tariff is on file at the Corporation office and as by law at the State office of the TCEQ.

**Temporary Service** – The classification assigned an applicant that is in the process of construction. This could also apply to service for uses other than permanent (agricultural, road construction, drilling, livestock, etc.). The Board will set the length of time associated with this classification. This classification may change to permanent service after all other requirements for permanent service in this Tariff are met. Applicant must have paid all applicable fees/deposits.

**TCEQ** - Texas Commission on Environmental Quality; a Texas State regulatory agency having some jurisdiction of non-profit water supply corporations.

**Transferee** – An Applicant receiving a Martindale WSC Membership by legal means from a person or entity desiring to forfeit and transfer current rights of Membership to another person or entity. (Texas Water Code Section 67.016)

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

**Usage** – Amount billed and to be collected based on the meter reading.

**Water Conservation Penalty** – A penalty that may be assessed in accordance with this Tariff to enforce customer / member water conservation practices during drought contingency or emergency water demand circumstances. (Texas Water Code Section 67.011 (b)).

## **SECTION A. RATES AND SERVICE FEES**

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

1. **Service Investigation Fee.** The Corporation shall conduct a service investigation for each service application submitted at the Corporation office. An initial determination shall be made by the Corporation as to whether the service request is Standard or Non-Standard. An investigation shall then be conducted and the results reported under the following terms:
  - a. All Standard Service requests shall be investigated and all applicable costs for providing service shall be quoted in writing to the Applicant within ten (10) working days of application; Fee \$100.00
  - b. All Non-Standard Service requests shall be subject to a fee, appropriate to each project, of sufficient amount to cover all administrative, legal, and engineering fees associated with investigation of the Corporation's ability to deliver service to the Applicant; this fee is based on the proposed number of LUEs: 1-10 - \$1,000.00; 11-250 - \$1,500.00; 251 or more - \$2,500.00. In the event the investigation fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant agrees to pay all additional expenses that have been or will be incurred by the Corporation and the Corporation will have no obligation to complete processing of the Application until all remaining expenses have been paid.
2. **Membership Fee.** At the time the application for service is approved, a Membership Fee must be paid for each service requested before service shall be provided or reserved for the Applicant by the Corporation.
  - a. The Membership Fee for water service is \$100.00 for each service unit.
  - b. Membership fee for oversized or Master Metered Accounts shall be based on multiples of meter size equivalence, or as determined by the Corporation Engineer.
3. **Easement Fee.** When the Corporation determines that private right-of-way easements and/or facilities sites are necessary to provide service to the Applicant, the Applicant shall be required to make good faith efforts to secure easements in behalf of the Corporation and/or pay all costs incurred by the Corporation in validating, clearing, and retaining such right-of-way in addition to tap fees otherwise required pursuant to the provisions of this Tariff. The costs may include all legal fees and expenses necessary to attempt to secure such right-of-way and/or facilities sites in behalf of the Applicant.
4. **Installation Fee.** The Corporation shall charge an installation fee for service as follows:
  - a. **Standard Service** shall include all current labor, materials, engineering, legal, customer service inspection, and administrative costs necessary to provide individual metered water service and shall be charged on a per tap basis as computed immediately prior to such time as metered service is requested and installed.
  - b. **Non-Standard Service** shall include any and all construction labor and materials, inspection, administration, legal, and engineering fees, as determined by the

- Corporation under the rules of this Tariff.
- c. Standard and Non-Standard Service Installations shall include all costs of any pipeline relocations as per this Tariff.
5. **Equity Buy-In Fee / Capital Recovery Fee.** In addition to the Membership Fee, each Applicant for new service that requires a new service tap shall be required to achieve parity with the contributions to the construction of the Corporation's facilities capacity that have been made previously by existing Members. This fee shall be assessed immediately prior to providing service on a per service unit basis for each service requested and shall be assigned and restricted to that property for which the service was originally requested; Fee \$3065.00
6. **Line Extension Reimbursement Fee.** – An approved Applicant may have to pay on a prorated basis a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other party that made the initial capital outlay to extend service to that area
7. **Monthly Charges.**
- a. **Base Rate**
    - (1) Water Service – The monthly charge for standard metered water service is for a 5/8" by 3/4" meter. The 5/8" X 3/4" meter charge is used as a base multiplier for larger non-standard meters in accordance with the following chart based on American Water Works Association maximum continuous flow specifications:

METER SIZE	5/8" X 3/4" METER EQUIVALENTS	MONTHLY RATE
5/8" X 3/4"	1.0	\$40.00
3/4"	1.5	\$60.00
1"	2.5	\$100.00
1 1/2"	5.0	\$200.00
2"	8.0	\$320.00
3" DISP.	9.0	\$360.00
3" CMPD.	16.0	\$640.00
3" TURB.	17.5	\$700.00
4" CMPD.	25.0	\$1,000.00
4" TURB.	30.0	\$1,200.00
6" CMPD.	50.0	\$2,000.00
6" TURB.	62.5	\$2,500.00
8" CMPD.	80.0	\$3,200.00

Where the actual number of separate LUEs is known, that number will be used to determine the monthly charge.

- b. **Gallonage Charge** - In addition to the Base Rate, a gallonage charge shall be added at the following rates for usage during any one (1) billing period.
  - (1) Water -
    - \$ 6.00 per 1,000 gallons for 0 to 3,000 gallons
    - \$ 6.50 per 1,000 gallons for 3,000 gallons to 8,000 gallons
    - \$ 8.25 per 1,000 gallons for 8,000 gallons to 20,000 gallons
    - \$ 9.00 per 1,000 gallons for 20,000 gallons and over
  - (2) The Corporation shall, as required by Texas Water Code Section 5.701, collect from each of its retail customers a regulatory assessment equal to one-half of one percent of the charge for retail water service. This charge shall be collected in addition to other charges for utility service. This fee is collected on all charges pertaining to Subsection 7. Monthly Charges of this Tariff. (30 TAC 291.76(d))
- 8. **Assessments.** If at the end of the fiscal year, or in the event of emergency repairs, the Board of Directors determines the total amount derived from the collection of water charges to be insufficient for the payment of all costs incident to the operation of the Corporation's system during the year in which such charges are collected, the Board shall make and levy an assessment against each Member of the Corporation as the Board may determine or as may be required by U.S.D.A. Rural Development, so that the sum of such assessments and the amount collected from water and other charges is sufficient to fully pay all costs of the operation, maintenance, replacement and repayment on indebtedness for the year's operations. (See Article XVIII of USDA Model Bylaws, Section 1)
- 9. **Late Payment Fee.** Once per billing period, a penalty of \$20.00 shall be applied to delinquent bills. This late payment penalty shall not be applied to any balance to which the penalty was applied in a previous billing, but shall be applied to any unpaid balance during the current billing period.  
**NOTE:** The Corporation cannot charge political subdivisions and state agencies the late payment fee. (Texas Government Code Chapter 2251.021)
- 10. **Owner Notification Fee.** The Corporation may, at the expense of the Member, notify said Member of a renter/lessee delinquent account status prior to disconnection of service. The Owner Notification Fee shall be \$15.00 per notification.
- 11. **Mortgagee/Guarantor Notification Fee.** The Corporation shall assess a fee of \$ 45.00 for each notification to a Membership lien-holder under agreement prior to Membership cancellation. This notice shall go to those mortgagee/ Guarantors, if any, identified by the Applicant.
- 12. **Returned Check Fee.** In the event a check, draft, or any other similar instrument is given by a person, firm, corporation, or partnership to the Corporation for payment of services provided for in this Tariff, and the instrument is returned by the bank or other similar institution as insufficient or non-negotiable for any reason, the account for which the instrument was issued shall be assessed a return check charge of \$20.00.

13. **Reconnect Fee.** The Corporation shall charge a fee of \$50.00 for reconnecting service after the Corporation has previously disconnected the service for any reason provided for in this Tariff except for activation of service. Reconstructions performed after normal business hours or on the weekends shall incur a Reconnect fee of \$100.00.
14. **Seasonal Reconnect Fee –** Base Rate multiplied by the number of months during which service is suspended, not to exceed nine (9) months during any twelve (12) consecutive months.
15. **Service Trip Fee.** The Corporation shall charge a trip fee of \$25.00 for any service call or trip to the Member's tap as a result of a request by the Member or resident for response to damage of the Corporation's or another Member's facilities, for customer service inspections due to suspicion of meter tampering, bypass or diversion of service, or for the purpose of disconnecting or collecting payment for services. For service trips that extend beyond one hour, such as when an extended line location is required, the Corporation shall charge \$25.00 per employee per hour for each additional hour required.
16. **Equipment Damage Fee.** If the Corporation's facilities or equipment have been damaged by tampering, by-passing, installing unauthorized taps, reconnecting service without authority, or other service diversion, a fee shall be charged equal to the actual costs for all labor, material, and equipment necessary for repair, replacement, and other Corporation actions. This fee shall be charged and paid before service is re-established. If the Corporation's equipment has not been damaged, a fee equal to the actual costs for all labor, material, equipment, and other actions necessary to correct service diversions, unauthorized taps, or reconnection of service without authority shall be charged. All components of this fee will be itemized, and a statement shall be provided to the Member. If the Corporation's facilities or equipment have been damaged due to negligence or unauthorized use of the Corporation's equipment, right-of-way, or meter shut-off valve, or due to other acts for which the Corporation incurs losses or damages, the Member shall be liable for all labor and material charges incurred as a result of said acts or negligence.
17. **Meter Tampering and Damage to Property Penalty.** In addition to the Equipment Damage Fee, the Corporation may charge a penalty for "Tampering" as defined in Service Rules. The penalty may only be assessed against the person who committed the Tampering. An owner cannot be assessed for the Tampering committed by their tenant. The penalty shall not exceed six (6) times the Base Rate.
18. **Customer History Report Fee.** A fee of \$ 5.00 shall be charged to provide a copy of the Members record of past water purchases in response to a Member's request for such a record.
19. **Meter Test Fee.** The Corporation shall test a Member's meter upon written request of the Member. Under the terms of this Tariff, a fee of \$ 25.00 shall be imposed on the member's account. Should the meter test acceptable to AWWA standards, the member will also be charged for the amount billed by the Meter Testing Company.
20. **Administrative Fee.** An Applicant for service who is a Transferee shall complete all

required application forms, etc., and pay a Administrative Fee of \$ 100.00.

21. **Non-Disclosure Fee.** A fee of \$ 25.00 shall be assessed any customer requesting in writing that personal information under the terms of this tariff not be disclosed to the public.
22. **Information Copy Fee.** A fee for the copying of any public information will be charged to the person requesting that information in compliance with the cost rules of the Texas Government Code Section 552.261 et seq.
23. **Customer Service Inspection Fee.** A fee of \$100.00 will be assessed each Applicant before permanent continuous service is provided to new construction.
24. **Franchise Fee Assessment.** A fee of 2% of the amount billed for water service will be assessed each customer whose meter is located inside the corporate limits of the City of Martindale, Texas, as required by the City's ordinance requiring a franchise fee.
25. **Regulatory Assessment.** A fee of 0.5% of the amount billed for water service will be assessed each customer; this assessment is required under Texas law and TCEQ regulations.  
**NOTE:** The regulatory assessment is not to be collected from state agencies, wholesale customers, or buyers of non-potable (not drinkable) water. (Ref. TCEQ RG-199 revised Oct. 2002; TCEQ Section 291.76 (c))
26. **Additional Assessments.** In the event any federal, state or local government imposes on the Corporation a "per meter" fee or an assessment based on a percent of water charges, this fee or assessment will be billed and collected as a "pass through" charge to the customer.

#### **27. Fees for Service Agreement for Hydrant/Flush Valve Meter.**

**Meter Deposit:** \$1000 – Refundable after termination of agreement provided Corporation equipment has not been damaged or stolen

**Water Consumption Deposit:** \$1500 – Any unused portion will be refunded provided Corporation equipment has not been damaged or stolen. Any water consumed above the deposit will be billed separately.

**Professional Services Deposit:** \$300 – Applicant is responsible for paying all professional fees including but not limited to engineering, legal, and administrative, expended by the Corporation to provide service under this agreement.

**Total fees:** \$2800.

Rates:

\$300 – Minimum

Water Used Charged at Current Rate Structure

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

## **SECTION B-1. SERVICE RULES, BILLING, AND COLLECTIONS**

1. **Service Entitlement.** The Applicant(s) shall be considered qualified and entitled to water service when proper application has been made, terms and conditions of Service and Membership have been met and continue to be met, and all fees have been paid as prescribed. (30 TAC 291.85(a))
  
2. **Service Location and Classification.** For the purposes of this Tariff, service requested by the Applicant(s) shall be for real estate designated to receive the service provided by the Corporation. Service shall be through a meter located on that designated real estate unless otherwise approved by the board. Service shall be divided into the following two classes:
 

**Standard Service** is defined as service on a specific property designated to receive service on an existing pipeline where pipeline or service facility extensions are not required and special design and/or engineering considerations are not necessary. Typically, this would include 5/8" X 3/4" or 3/4" sized water meter services set on existing pipelines.

**Non-Standard Service** is defined as any service request which requires a larger meter service, service to a Master Metered Account, or an addition to the supply, storage and/or distribution/collection system. The service requirements as prescribed by this Tariff shall be required of the Non-Standard Service Applicant prior to providing service.
  
3. **Service Requirements.** The Corporation's Standard or Commercial/Non-Standard Service Application and Agreement Form shall be completed in full and signed by the Applicant(s). Where applicable in addition to the applicant any other person sharing an ownership interest in and receiving service at that property shall sign the Service Application and Agreement Form; however, even if the spouse or other person sharing an ownership interest does not sign the Service Application and Agreement Form, they are still responsible for all terms set forth therein, and for any debt obligation related to the account.
  - a. A Right-of-Way Easement Form or other such easement form required by the Corporation must be completed by the Applicant for the purpose of allowing future facility additions and access to Corporation's meters and equipment. **NOTE:** This requirement may be delayed for Non-Standard Service requests.
  - b. The Applicant shall provide proof of ownership to property for which service has been requested in a manner acceptable to the Corporation. Proof of ownership shall consist of warranty deed, deed of trust or other recordable documentation of title to the real estate designated to receive service. (Texas Water Code Sections 67.016 (e), and 13.002 (11)). Any and all lien holders of the property must be identified.
  - c. On the request by the property owner or owner's authorized agent, the Corporation shall install individual meters owned by the Corporation in an apartment house, manufactured home rental community, multiple use facility, or condominium unless the Corporation determines that installation of individual meters is not feasible. If the Corporation determines that installation of meters is not feasible, the property owner or manager shall install a plumbing system that is compatible with the installation of submeters or individual meters. The Corporation shall be entitled to the payment of costs, including the costs of individual meter installations. The cost of individual meter installation shall be prepaid by the property owner as well as the cost of any additional facilities or supply occasioned by the total water service demand represented by full occupancy of the property, as determined under applicable

- provisions of this tariff.
- d. Notice of application approval and costs of service determined by the Corporation shall be presented to the Applicant in writing and shall remain in effect for a period not to exceed thirty (30) days. After that time the Applicant must re-apply for service. (30 TAC 291.81(a)(1))
  - e. If the water main has been located in the public right-of-way and is adjacent to Applicant's property due to the current or previous landowner's refusal to grant easement to the Corporation for the purpose of installing the water main and appurtenances, the Applicant, prior to receiving the requested service, shall grant easement required under this Tariff and in addition to the normally required fees for new customer service, shall pay such sums as are reasonably necessary to cap the existing line in the ROW and construct the appropriate line or lines within that easement for the Corporation's system-wide service.
- 4. Line Extension Reimbursement.** – An approved Applicant may have to pay on a prorated basis a line reimbursement fee to the Corporation for the purpose of reimbursing a member or other party that made the capital outlay to extend service to that area.
- 5. Ownership of equipment.** All water meters and equipment and materials required to provide water service to the point of customer connection, water meter or service tap, is the property of the Corporation upon installation, and shall be maintained by the water system only.
- 6. Activation of Standard Service.**
- a. **New Tap** – The Corporation shall charge a non-refundable service installation fee as required by this tariff. The service installation fee shall be quoted in writing to the Applicant. Any debt owed to the Corporation and all fees shall be paid or, at the sole discretion of the corporation, a deferred payment contract signed in advance of installation. (30 TAC 291.86 (a)(1)(A))
  - b. **Re-Service** – On property where service previously existed, the Corporation shall charge the Membership Fee (where the Membership Fee has been liquidated or refunded), reconnection costs, any debt owed to the Corporation if the applicant is the person that previously incurred those charges, seasonal reconnect fee as appropriate, and other applicable costs necessary to restore service.
  - c. **Performance of Work** – All tap and equipment installations specified by the Corporation shall be completed by the Corporation staff or designated representative after all application requirements have been met and paid for. The tap for a standard service request shall be completed within five (5) working days whenever practicable, but not later than 10 working days. This time may be extended for installation of equipment for Non-Standard Service Request.
  - d. **Inspection of Customer Service Facilities** – The property of the Applicant/Member shall be inspected to insure compliance with state required Minimum Acceptable Operating Practices for Public Drinking Water Systems as promulgated by the Texas Commission on Environmental Quality or successor agency. The customer must, at his or her expense, properly install, inspect, test, maintain and provide all required documentation of any approved backflow prevention device required by the Corporation. (30 TAC 290.46(j))
- 7. Activation of Non-Standard Service.** Activation of Non-Standard Service shall be conducted as prescribed by terms of this Tariff.

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

**9. Membership.**

- a. **Eligibility** – Eligibility for Membership shall not guarantee service to the Applicant or Transferee; however, qualification for service is a prerequisite to Membership eligibility for new Applicants or continued Membership for Transferees.
- b. **Membership** - Upon qualification for service, qualification for Membership, payment of the required fees, and any debt owed to the Corporation, the Corporation shall certify the Applicant as a Member. The Membership shall entitle the Member to one (1) connection to the Corporation's water service and one (1) share of Corporation Stock. The Membership entitles the Member to one (1) vote in the election of directors and in such other matters requiring the approval of the Corporation's Members at any Annual or Special Membership Meeting of the Corporation as prescribed by the Corporation Bylaws. Ownership of more than one (1) Membership shall not authorize the Member to cast more than one (1) vote at any annual or special meeting. Each Membership and Stock thereby represented may be assigned to the specified parcel of land originally designated to receive service at the time of application. (Texas Water Code Section 67.016) **NOTE (1):** In the event that the Corporation is conducting a potential Members survey for indications of interest in future service for the purpose of determining the feasibility of an initial construction or expansion project under Rural Utilities Service guidelines, regular application procedures may be modified. An Indication of Interest Fee may be required prior to qualifications for receipt of service by the Applicant but shall only be used or applied as a Membership Fee for Membership purposes (upon issuance of a Membership) if service is ultimately received or reserved by the Applicant as a result of the planned project facilities. If service is not provided within the scope of this project, Indication of Interest Fees shall be refunded, less expenses, within sixty (60) days of the loan closing with the RUS. **NOTE (2):** In the event the applicant is in the process of construction the Membership will be considered TEMPORARY until such time as the final Customer Service Inspection is completed and the forms are returned as required.
- c. **Transfers of Membership.** – (Texas Water Code Section 67.016)
  - 1) A Member is entitled to transfer Membership in the Corporation only under the following circumstances:
    - (a) The Membership is transferred by will to a person related to the Transferor within the second degree by consanguinity; or
    - (b) The Membership is transferred without compensation to a person related to the Transferor within the second degree by consanguinity; or
    - (c) The Membership is transferred without compensation or by sale to the Corporation; or
    - (d) The Membership is transferred as a part of the conveyance of real estate from which the Membership arose.
  - 2) In the event that Membership is transferred pursuant to the provisions of Subsection 9 c. (1) of this Section, such transfer shall not be completed or

recorded on the books and records of the Corporation until such time as the transferor has provided satisfactory evidence to the Corporation of such transfer. A transfer of Membership shall be considered a new application for service and is not binding on the Corporation until such transfer has been approved as provided by Subsection 9 c.(3) of this Section.

- 3) Qualifications for service upon transfer of Membership set forth in Subsections 9 c. (1) and 9 c. (2) of this Section shall be subject to approval of the Corporation and shall be recorded on the books and records of the Corporation only upon the following terms and conditions:
  - (a) The Transferee has completed the required Application Packet including granting the Corporation with a private utility easement on the form provided by the Corporation;
  - (b) The membership has not been fully or partially liquidated; and
  - (c) The Transferee demonstrates satisfactory evidence of ownership of the property designated to receive service and from which the Membership originally arose.
- 4). If the application packet and other information is not completed on the day transfer of membership is requested the corporation will give the transferee written notice of 10 additional days to produce completed documentation to the corporation office. Service will be disconnected on the day following the 10<sup>th</sup> day according to disconnection with notice requirements. Additional time may be allowed at the directions of the manager or board.
- d. **Cancellation of Membership** – To keep a Membership in good standing, a Base Rate must be paid monthly to the Corporation, whether or not water is used. Failure to pay this monthly charge to the Corporation shall jeopardize the Member's Membership standing and give rise to liquidation of the Membership Fee and forfeiture of the Membership. A Member may be relieved of this obligation to pay by surrendering the Membership, properly documented, to the Corporation. The Member shall also complete a Service Discontinuance Request in writing prior to termination of service. However, a Member is not relieved of any obligations incurred prior to the date of surrender of a properly endorsed Membership prior to termination of service. Rights to future service at this tap shall be extended on an as-available basis and subject to the terms of the Activation of Service Subsection of this Tariff. (Texas Water Code Section 67.016)
- e. **Delinquency** – The Corporation shall collect any remaining account balances by initiation of legal action. Re-instatement of service shall be subject to the terms of the Activation of Service Subsection of this Tariff.
- f. **Cancellation Due To Policy Non-Compliance** – The Corporation may cancel a Membership anytime a Member fails to comply with policies of the Corporation, including but not limited to Member's failure to provide proof of ownership of the property from which the Membership arose. (Texas Water Code Section 67.016)
- g. **Re-assignment of Canceled Membership.**
  - 1) The Corporation, upon cancellation of Membership under the provisions of this Tariff, may issue a new Membership to a person or entity that has legal title to the real estate from which the canceled membership arose and for which water or sewer service is requested (Texas Water Code Section 67.016). Membership will not be re-assigned unless the person or entity that has legal title to the real estate has complied with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package.

- 2) The Corporation shall issue a new Membership to a person or entity that acquires the real estate from which the Membership arose through judicial or nonjudicial foreclosure. The Corporation will require proof of ownership resulting from the foreclosure and compliance with the corporation's current rates, charges, and conditions of service, including current membership fee, set forth in the tariff and service application package. In the event of foreclosure by a mortgage institution, the Corporation may allow a property management company to acquire the Membership if the management company provides written documentation showing that the management company is legally responsible for the management of the property and it is not feasible for the mortgage institution to be the Member.
- h. **Mortgaging of Memberships** – Nothing herein shall preclude a Member from mortgaging his/her Membership. However, notification to the holder of any security interest (mortgagee/lien-holder) of account status of Member/mortgagor will be provided only upon satisfactory completion of requirements for such conditions under the Membership Mortgage Agreement. Prior to the cancellation of any Membership as provided under Subsection 9.d., the Corporation will notify the holder of any security interest in the Membership. The holder of the security interest also must hold a security interest in the real property at which water service is provided under the Membership. The Corporation may transfer the Membership to the holder of such security interest in lieu of cancellation, provided the holder of the security interest pays in full all delinquent and unpaid obligations and provided further that the holder of the security interest has secured title to the real property from which the Membership arose. The Corporation may withhold cancellation of a Membership pending the resolution of any foreclosure proceedings or similar legal proceedings by the holder of the security interest.
- i. **Cancellation and Re-Assignment of Membership as a Result of Bankruptcy Proceedings** – Upon notice of the filing of a petition in bankruptcy, the Corporation may require the posting of a deposit or other form of security, acceptable to the Corporation, as a condition for continuing utility service. Unless special circumstances require otherwise, the amount of security shall equal the amount of charges for the month of greatest use during the preceding 12 months. The Corporation shall not require the payment of any security prior to the expiration of 20 days following the date on which the petition is filed. Failure to provide this security by the date specified by the Corporation may result in termination of service according to the Disconnection with Notice Provisions of Subsection 18 of this Tariff, with a copy of the notice to the bankruptcy Trustee.
- j. **Cancellation and Re-Assignment of Membership as a Result of Divorce (or Dissolution of Joint Tenancy)** – The Corporation shall transfer the membership to a spouse (or joint tenant) who has been awarded the property designated to receive service. The Corporation must be provided adequate documentation of the ownership rights of the spouse (or joint tenant) requesting transfer, such as final divorce decree, temporary court order, or agreement. In no event shall any membership(s) be transferred if the transferee does not otherwise meet the qualifications for membership and for service.

**10. Owners and Renters.** Any Member having complied with the requirements of this Tariff, renting or leasing property designated to receive service according to the terms of this tariff to other parties, is responsible for all charges due the Corporation. The membership for rental or leased properties shall be in the name of the owner of the property as required by this

Tariff. The Corporation may bill the renter or lessee for utility service (at Member Request) as a third party, but the Member is fully responsible for any and all unpaid bills left by the renter/lessee. The owner shall be required to sign an Alternate Billing Agreement if the owner requests that the tenant be billed for utility service. The Member shall take responsibility for any necessary deposits from the renter/lessee to ensure payment of a past due bill. The Corporation will notify the Member of the renter's past due payment status. Such notification will be subject to a service charge.

If at any time the member requests that membership be canceled thereby discontinuing service to an occupied rental property, the Corporation shall provide written notice to the tenant(s) a minimum of five (5) days prior to the scheduled disconnection date.

**11. Denial of Service.** The Corporation may deny service for any of the following reasons:

- a. Failure of the Applicant or Transferee to complete all application requirements, including granting an easement, completing all forms, and paying all required fees and charges.
- b. Failure of the Applicant or Transferee to comply with rules, regulations, policies, and bylaws of the Corporation.
- c. Existence of a hazardous condition at the Applicant's property which would jeopardize the welfare of the Members/Users of the Corporation upon connection.
- d. Failure of Applicant or Transferee to provide representatives or employees of the Corporation reasonable access to property, for which service has been requested;.
- e. Failure of Applicant or Transferee to comply with all governmental rules and regulations of the Corporation's tariff on file with the state regulatory agency governing the service applied for by the Applicant.
- f. Failure of Applicant or Transferee to provide proof of ownership, to the satisfaction of the Corporation, of property for which the tap has been requested.
- g. Applicant's service facilities are known to be inadequate or of such character that satisfactory service cannot be provided.
- h. Failure of Applicant or transferee to comply with applicable regulations for on-site sewage disposal systems if the Corporation has been requested to deny service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
- i. Failure of the Applicant or Transferee to pay any previous outstanding delinquent account(s) in full. This could be delinquencies resulting from the same account location or other service location(s) within the system where the Applicant or Transferee received service.

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

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

- a. Delinquency in payment for service by a previous member or occupant of the premises to be served;
- b. Failure to pay a bill to correct previous underbilling due to misapplication of rates more than six (6) months prior to the date of application;
- c. Violation of the Corporation's rules pertaining to operation of non-standard

- equipment or unauthorized attachments which interferes with the service of others, unless the customer has first been notified and been afforded reasonable opportunity to comply with said requirements;
- d. Failure to pay a bill of another member or customer as guarantor thereof unless the guarantee was made in writing to the Corporation as a condition precedent to service;
  - e. Failure to pay the bill of another member or customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

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

**15. Charge Distribution and Payment Application.**

- a. **The Base Rate** is for the billing period from the 15<sup>th</sup> day of the month to the 15<sup>th</sup> day of the following month. Charges shall be prorated for meter installations and service termination's falling during the billing period. Billings for this amount shall be mailed on or about the 1<sup>st</sup> of the month preceding the month for which this charge is due. All services shall be subject to this charge whether or not the service is in use by the Member.
- b. **Gallonage Charge** shall be billed at the rate specified in the rate schedule and billing shall be calculated in ten (10) gallon increments. Water charges are based on monthly meter readings and are calculated from reading date to reading date. Readings used in all billing calculations shall be taken by the Corporation's employees or designated representative.
- c. **Posting of Payments** – All payments shall be posted against previous balances and late fees prior to posting against current billings.
- d. **Forms of Payment:** The Corporation will accept the following forms of payment: cash, personal check, cashier's check, money order, credit card, automatic debit on customer's bank account, or draft on bank. The Corporation will not accept two-party checks, pay checks, or any other instrument of payment that is not made out to the Corporation. The Corporation reserves the right to require exact change and may refuse to accept payments made using more than \$1.00 in coins.

**16. Due Dates, Delinquent Bills, and Service Disconnection Date.**

- a. The Corporation shall mail all bills on or about the 1<sup>st</sup> of the month. All bills are considered the responsibility of each person signing the Service Application and Agreement Form. All bills shall be due and payable upon receipt and are past due beyond the date indicated on the bill (allowing approximately fifteen (15) days to pay), after which time a penalty shall be applied as described in this Tariff. The time for payment by a political subdivision may be different than your regular due date.

(See Texas Government Code 2251.021) A bill is delinquent if not paid on or before the past due date. Payments made by mail will be considered late if postmarked after the past due date. A 30 day grace period may then be allowed for delayed payments prior to mailing of final notices. Final notices shall be mailed allowing ten (10) additional days for payment prior to disconnection. If no past due amount nor the following month's bill is not cleared by the 15<sup>th</sup> day of the 2<sup>nd</sup> month, then the entire balance is due prior to reconnection. The ten (10) additional days shall begin on the day the final notice is deposited with the U.S. Postal Service with sufficient postage. If the past due date for the regular or final billing is on a weekend or holiday, the past due date for payment purposes shall be the next day the Corporation office is open for business after said weekend or holiday. For all disputed payment deadlines, the date postmarked on each bill will determine the beginning of each billing cycle or final notice mailings.

- b. The board of directors or general manager may elect to not charge a late fee or disconnect fee in accordance with this Tariff during or after the occurrence of a natural disaster or other incident that impacts the property of members or interrupts the management and operation of the system.
- c. Upon written request, any residential customer 60 years of age or older who occupies the entire premises of a dwelling receiving water utility service from the Corporation shall receive extension of the past due date, without penalty. The extension shall not exceed 10 days beyond the usual 15 day payment period for a total of no more than 25 days from the date the bill is issued. The request may specify extension of the late payment periods for current and subsequent billings. (Texas Utilities Code Sections 182.001 - 182.005) If this request originates from a tenant at a rental property the owner / member will be notified in writing of any extension request.
- d. All insufficient fund checks, accounts closed or money orders that have had a "stop payment order" issued for payment of a water bill will be deemed delinquent as if no payment was received and the meter is subject to disconnection with notice on the regular disconnection day.

**17. Rules for Disconnection of Service.** The following describes the rules and conditions for disconnection of service. Notwithstanding any language to the contrary in the Service Application and Agreement Form, the Corporation may only discontinue service for the reasons set forth in this Section.

**Disconnection with Notice** – Water utility service may be disconnected for any of the following reasons after proper notification has been given.

- 1) Returned Checks – The Corporation shall mail, via the U.S. Postal Service, a notice requiring redemption of the returned instrument within ten (10) days of the date of the notice to be made in the Corporation office. Redemption of the returned instrument shall be made by cash, money order, or certified check. Failure to meet these terms shall initiate disconnection of service. Any such instruments returned as insufficient or non-negotiable for any reason for any two billing periods within a 12-month period shall be considered evidence of bad credit risk by the Corporation. The Member/Customer in violation shall be placed on a "cash-only" basis for a period of 12 months. **NOTE:** "cash only," means certified check, money order, or cash.
- 2) Failure to pay a delinquent account for water service, failure to timely provide a deposit or other security under Subsection 9 i or failure to comply with the terms of a deferred payment agreement;
- 3) Violation of the Corporation's rules pertaining to the use of service in a manner

- which interferes with the service of others or the operation of non-standard equipment if a reasonable attempt has been made to notify the Member and the Member is provided with a reasonable opportunity to remedy the situation;
- 4) Failure of the Member to comply with the terms of the Corporation's Service Agreement, Tariff, Bylaws, or Special Contract provided that the Corporation has given notice of said failure to comply, and Member has failed to comply within a specified amount of time after notification.
  - 5) Failure to provide access or hindering access to the meter under the terms of this Tariff or to property at which water service is received when there is reason to believe that a hazardous condition or policy violation exists for which access is necessary to verify. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
  - 6) Misrepresentation by any Applicant or Transferee of any fact on any form, document, or other agreement required to be executed by the Corporation.
  - 7) Failure of Member to re-apply for service upon notification by the Corporation that Member no longer meets the terms of the service classification originally applied for under the original service application.
  - 8) Failure to pay for sewer utility service or solid waste service provided by the City of Martindale pursuant to the Corporation's Agreement with the City of Martindale. (See 30 TAC 291.88(e), 291.87(g); Texas Water Code 13.147, 13.250(b)(2)); solid waste: 30 TAC 291.88(a)(2)(F), Texas Health and Safety Code Section 364.037, Texas Local Government Code Section 552.910.
  - 9) Cancellation of membership by Member on an account that the Member holds for water service to the Member's renter/lessee, even if the renter/lessee has kept the account balance current under an Alternate Billing Agreement. (Note: The cancellation of membership must be in writing and signed by the Member.  
**CORPORATION ASSUMES NO LIABILITY TO RENTER/LESSEE;  
MEMBER IS SOLELY RESPONSIBLE FOR COMPLIANCE WITH, AND  
LIABILITY UNDER ANY FEDERAL, STATE OR LOCAL LAW CREATING  
OR PROTECTING RIGHTS OF RENTERS/LEESSEES.)**
  - 10) Violation of any applicable regulation or pertaining to on-site sewage disposal systems if the Corporation has been requested in writing to disconnect service by the TCEQ or the TCEQ's designated representative under Chapter 366 of the Texas Health and Safety Code.
  - 11) Failure to pay charges arising from service trip fee as defined in this Tariff, meter re-read fee, or meter read fee when customer on self-read plan failed to submit their meter reading.
  - 12) Failure by a Member to pay for all repair or replacement costs resulting from the Member damaging system facilities including, but not limited to water lines, service taps, meter boxes, valves, or meters by engaging in activities such as property excavations, installment of a driveway or roadway requiring encasements, lowering or re-routing of lines or system components, or by any other action. The Corporation will provide the Member with notice detailing the extent of the damage, the location of the damage, the cost of repair, and whether the damage occurred on private property or on a public right-of-way. Failure to pay the cost of repair or replacement will result in the Member's service being disconnected in accordance with the Disconnection with Notice Provisions in this Section. Service will remain disconnected until payment is received or an acceptable payment plan is approved.

- 13) Failure to disconnect or secure additional service tap(s) for an RV or other service connection after notification by the Corporation of violation of the Prohibition of Multiple Connections.

**Disconnection Without Notice** – Water utility service may be disconnected without notice for any of the following conditions:

- 1) A known dangerous or hazardous condition exists for which service may remain disconnected for as long as the condition exists, including but not limited to a public health nuisance as defined in Texas Health and Safety Code Sections 341.011 or 343.011. If there is reason to believe a dangerous or hazardous condition exists, the Corporation may conduct a customer service inspection (CSI) to verify the hazardous condition and may notify the local county health office. The Corporation will disconnect without notice if the Member refuses to allow access for the purpose of confirming the existence of such condition and/or removing the dangerous or hazardous condition (30 TAC 290.46(i) and 290.46(j)). Service will be restored when a CSI confirms no health hazard exists, the health hazard has been removed or repaired, or the health hazard has been isolated from the Corporation's water system by the installation of a backflow prevention device.
- 2) A line leak on the member's side of the meter is considered a potential hazardous condition under b 1. If the Corporation conducts a CSI and discovers that the line leak has created a hazardous condition, the Corporation will provide the member up to five (5) business days, or another time period determined reasonable under the circumstances, to repair the line prior to disconnection of service.
- 3) Service is connected without authority by a person who has not made application for service or who has reconnected service without authority following termination of service for nonpayment; and
- 4) In instances of tampering with the Corporation's meter or equipment, by-passing the meter or equipment, or other diversion of water or sewer service.

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

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

- 1) Failure of the Member to pay for merchandise or charges for non-utility service provided by the Corporation, unless an agreement exists between the Applicant and the Corporation whereby the Member guarantees payment of non-utility service as a condition of service;
- 2) Failure of the Member to pay charges arising from an underbilling occurring due to any misapplication of rates more than six (6) months prior to the current billing;
- 3) Failure of the Member to pay the account of another Member as guarantor thereof, unless the Corporation has in writing the guarantee as a condition precedent to service;
- 4) Failure of the Member to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under the Inoperative Meters subsection of this Tariff.

- 5) Failure of the Member to pay estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Corporation is unable to read the meter due to circumstances beyond its control.
  - d. **Disconnection on Holidays and Weekends** – Unless a dangerous condition exists or the Member requests disconnection, service shall not be disconnected on a day, or on a day preceding a day, when personnel of the Corporation are not available to the public for the purpose of making collections and reconnecting service.
  - e. **Disconnection Due to Utility Abandonment** – The Corporation may not abandon a Member or a Certificated Service Area without written notice to its Members and all similar neighboring utilities and approval from the Texas Commission on Environmental Quality.
  - f. **Disconnection for Ill Customers** – The Corporation may not discontinue service to a delinquent residential Member or tenant under an alternative billing agreement permanently residing in an individually metered dwelling unit when that Member or tenant establishes that discontinuance of service will result in some person at that residence becoming seriously ill or more seriously ill if service is discontinued. To avoid disconnection under these circumstances, the Member or tenant must provide a written statement from a physician to the Corporation prior to the stated date of disconnection. Service may be disconnected in accordance with Subsection (a) of this Section if the next month's bill and the past due bill are not paid by the due date of the next month's bill, unless the Member or tenant enters into a Deferred Payment Agreement. The Corporation shall provide notice to an owner of rental property in the event a tenant requests service not be discontinued due to illness as per this subsection.
  - g. **Disconnection of Master-Metered Accounts** – When a bill for water utility services is delinquent for a master-metered service complex (defined as a complex in which a single meter serves two (2) or more residential dwelling units), the following shall apply:
    - 1) The Corporation shall send a notice to the Member as required. This notice shall also inform the Member that notice of possible disconnection will be provided to the tenants of the service complex in five (5) days if payment is not rendered before that time.
    - 2) At least five (5) days after providing notice to the Member and at least five (5) days prior to disconnection, the Corporation shall post at notices, stating "Termination Notice" in public areas of the service complex notifying the residents of the scheduled date for disconnection of service.
    - 3) The tenants may pay the Corporation for any delinquent bill in behalf of the owner to avert disconnection or to reconnect service to the complex.
  - h. **Disconnection of Temporary Service** – When an applicant with a Temporary service fails to comply with the conditions stated in the Service Application and Agreement Form or other rules of this Tariff service may be terminated with notice.
- 18. Billing Cycle Changes.** The Corporation reserves the right to change its billing cycles if the workload requires such practice. After a billing period has been changed, the billings shall be sent on the new change date unless otherwise determined by the Corporation.
- 19. Back-billing.** The Corporation may back-bill a Member for up to four (4) years (48 months) for meter error, misapplied meter multiplier, incorrect meter readings, or error in computing a Member's bill. Failure to pay the most recent six (6) months billing will result in disconnection of service.

- 20. Disputed Bills.** In the event of a dispute between the Member and the Corporation regarding any bill, the Corporation shall make and conduct an investigation as required by the particular case, and report the results in writing thereof to the Member. All disputes under this Subsection must be submitted to the Corporation, in writing, prior to the due date posted on said bill.
- 21. Inoperative Meters.** Water meters found inoperative will be repaired or replaced within a reasonable time. If a meter is found not to register for any period, unless by-passed or tampered with, the Corporation shall make a charge for units used, but not metered, for a period not to exceed six (6) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.
- 22. Bill Adjustment.**
- Due to Meter Error. The Corporation shall test any Member's meter upon written request of the Member. In the event the meter tests within the accuracy standards of The American Water Works Association, a test fee as prescribed in this Tariff shall be imposed. In the event the test results indicate that the meter is faulty or inaccurate, the test fee shall be waived, the meter shall be calibrated or replaced, and a billing adjustment may be made as far back as six (6) months. The billing adjustment shall be made to the degree of the meter's inaccuracy as determined by the test. The Member shall complete a Meter Test Request Form prior to the test.
  - Due to Estimated Billing. If the Corporation has estimated usage because the Corporation is unable to access the meter due to circumstances beyond the Corporation's control, such as a natural disaster; or because access is hindered or denied by a Member, the Corporation shall adjust the bill once access has been regained and actual usage is determined.

- 23. Meter Tampering and Damage to Property.**
- For purposes of this Section, the term "Tampering" shall mean meter-tampering, by-passing, or diversion of the Corporation's service equipment, or other instances of diversion, including:
    - removing a locking or shut-off devise used by the Corporation to discontinue service,
    - physically disorienting the meter,
    - attaching objects to the meter to divert service or to by-pass,
    - inserting objects into the meter,
    - other electrical and mechanical means of tampering with, by-passing, or diverting service,
    - connection or reconnection of service without Corporation authorization; and
    - connection into the service line of adjacent customers of the Corporation..

The burden of proof of Tampering is on the Corporation. Photographic evidence or any other reliable and credible evidence may be used; however, any evidence shall be accompanied by a sworn affidavit by the Corporation's staff when any action regarding Tampering is initiated. A court finding of Tampering may be used instead of photographic or other evidence, if applicable. Unauthorized users of services of the Corporation shall be prosecuted to the extent allowed by law under the Texas Penal Code

Sections 28.03 and 12.21 and 12.22.

- b. If the Corporation determines under subsection (a) that Tampering has occurred, the Corporation shall disconnect service without notice as set forth in Subsection 18.b. and charge the person who committed the Tampering the total actual loss to the Corporation, including the cost of repairs, replacement of damaged facilities, and lost water revenues.

A person who otherwise destroys, defaces, damages or interferes with Corporation property will be charged the total actual loss to the Corporation including but not limited to the cost of repairs, replacement of damaged facilities, lost water revenues, and attorney's fees. The Corporation also will prosecute the offending party to the extent allowed under law pursuant to Texas Water Code Section 49.228 and other applicable laws.

In addition to actual damages charged under subsection (b), the Corporation may assess a penalty against the offending party. The penalty shall not exceed six (6) times the Base Rate.

**Note:** For purposes of this section, "offending party" means the person who owns the membership of the property that the meter serves committed the Tampering or damaged the property.

**24. Meter Relocation.** Relocation of services shall be allowed by the Corporation provided that:

- a. The relocation is limited to the existing property designated to receive service;
- b. A current easement for the proposed location has been granted to the Corporation; and
- c. The Member pays the actual cost of relocation plus administrative fees.

**25. Prohibition of Multiple Connections to a Single Tap.**

a. No more than one (1) residential, commercial, or industrial service connection is allowed per meter. The Corporation may consider allowing an apartment building or mobile home/RV park to apply as a "Master Metered Account" and have a single meter (See Subsection 26.) If the Corporation has sufficient reason to believe a Multiple Connection exists, the Corporation shall discontinue service under the Disconnection with Notice provisions of this Tariff for a first violation and for subsequent violations, service will be disconnected without notice in accordance with Subsection 18. b.

- b. For purposes of this section, the following definitions shall apply:
  - 1) A "multiple connection" is the connection to any portion of a member's water system that is connected to a primary delivery point already servicing one residence, one commercial or industrial facility or a water or sewer line serving another residence or commercial or industrial facility. Water lines to outbuildings, barns or other accessory structures shall not be considered a multiple connection if: (i) those structures are located on the same tract as the primary delivery point and (ii) such structures are not used as a residence or as a commercial or industrial facility.
  - 2) A "primary delivery point" shall mean the physical location of a meter that is installed in accordance with this Tariff and applicable law and which provides water or sewer service to the residence or commercial or industrial facility of a

- member.
- 3) A “residence” shall mean any structure which is being used for human habitation, which may include kitchen and bathroom facilities or other evidence of habitation as defined by the Corporation.
  - 4) “Commercial” facility shall mean any structure or combination of structures at which any business, trade, occupation, profession, or other commercial activity is conducted. A business conducted within a member’s residence or property that does not require water in addition to that provided to the member’s residence shall not be considered a separate commercial facility.
  - c. The corporation agrees to allow members in good standing to share water usage with a visitor on their property with a recreation vehicle (RV) or travel trailer for a period of no longer than three months. If the recreation vehicle/travel trailer is being used for a permanent residence, this Tariff requires that an additional meter installation and membership be purchased. If the member routinely has more than one visitor at a time with recreation vehicles or travel trailers or has multiple visitors throughout the year, the corporation may require that a second or additional meter(s) be purchased. The member must submit a written request to the corporation’s business office at least five (5) business days prior to sharing corporation water with a visitor. The corporation has the right to refuse or deny the shared usage for any reason. The corporation also has the right to inspect the premises for any potential cross-contamination issues as outlined in the Customer Service Inspection requirements and to ensure that the meter is properly sized for the additional usage at the time of total peak water demand. These requirements pertain to visitors ONLY. No commercial usage where fees for water are charged is allowed. If a member is found to violate these conditions, the member will be sent a letter of notice stating that water service will be cut off in ten days if the situation is not corrected. A member in good standing may re-apply for shared usage with an RV for the purpose of major modifications of construction of a permanent/primary residence.
- 26. Master Metered Account Regulations.** An apartment building, condominium, manufactured housing (modular, mobile or RV) community, business center or other similar type enterprise may be considered by the Corporation to be a single commercial facility if the owner applies for a meter as a “master metered account” and complies with the requirements set forth in TCEQ rules, this Tariff and applicable law. The Corporation may allow master metering service to these facilities at an Applicant’s request.
- 27. Member’s Responsibility.**
- a. The Member shall provide access to the meter location as per the easement and service agreement. If access to the meter is hindered or denied preventing the reading of the meter, an estimated bill shall be rendered to the Member for the month; and a notice shall be sent to the effect that access could not be gained. If access is denied for three (3) consecutive months after proper notification to the Member, then service shall be discontinued and the meter removed with no further notice. Conditions that may hinder access include, but are not limited to, fences with locked gates, vehicles or objects placed on top of meters or meter boxes, and unrestrained animals.
  - b. The Member shall be responsible for compliance with all utility, local, and state codes, flood plain regulations, requirements, and regulations concerning on-site service and plumbing facilities.
    - 1) All water connections shall be designed to ensure against on-site sewage contamination, back-flow or siphonage into the Corporation’s water supply. In particular, livestock water troughs shall be plumbed above the top of the trough

- with air space between the discharge and the water level in the trough. (30 TAC 290.46, Texas Health & Safety Code Chapter 366)
- 2) The use of pipe and pipe fittings that contain lead is prohibited. The use of solder and flux that contain more than 0.2% lead is also prohibited. This prohibition applies to any plumbing installation or repair of any residential or non-residential facility providing water for human consumption and connected to the Corporation's facilities. Customer service pipelines shall be installed by the applicant. (30 TAC 290.46 )
  - 3) All sewer and potable water service pipeline installations must be a minimum of nine feet apart and meet all applicable plumbing standards for crossings, etc. Potable water service pipelines must be 10 feet from the spray area of on-site sewage facilities utilizing surface spray disposal systems or other disposal areas.
  - c. A Member owning more than one (1) Membership shall keep all payments current on all accounts. Failure to maintain current status on all accounts shall be enforceable as per Service Application and Agreement executed by the Member.
  - d. The Corporation's ownership and maintenance responsibility of water supply and metering equipment shall end at the meter or other service equipment as installed. Therefore, all water usage registering upon and/or damages occurring to the metering equipment owned and maintained by the Corporation shall be subject to charges as determined by the Corporation's Tariff as amended from time to time by the Board of Directors.
  - e. The Corporation shall require each Member to have a cut-off valve within two feet of the meter on the Member's side of the meter for purposes of isolating the Member's service pipeline and plumbing facilities from the Corporation's water pressure. The valve shall meet American Water Works Association (AWWA) standards (a ball valve is preferred). The Member's use of the Corporation's curb stop or other similar valve for such purposes is prohibited. Any damage to the Corporation's equipment shall be subject to service charges. This cut-off valve is installed as a part of the original meter installation by the Corporation. If replacement or relocation is necessary, this is the responsibility of the member.
  - f. The member is required to notify the system 48 hours prior to digging or excavation activities along or near water lines and appurtenances.

**MARTINDALE WATER SUPPLY CORPORATION  
SERVICE APPLICATION AND AGREEMENT**

Please Print: DATE \_\_\_\_\_

**CORPORATION USE ONLY**

Date Approved \_\_\_\_\_  
 Service Classification \_\_\_\_\_  
 Cost \$ \_\_\_\_\_  
 Work Order Number \_\_\_\_\_  
 Eng. Update \_\_\_\_\_  
 Account Number \_\_\_\_\_  
 Service Inspection Date \_\_\_\_\_

APPLICANT'S NAME \_\_\_\_\_

CO-APPLICANT'S NAME \_\_\_\_\_

CURRENT BILLING ADDRESS:

FUTURE BILLING ADDRESS:

---



---

PHONE NUMBER -Home (\_\_\_\_) \_\_\_\_-\_\_\_\_\_ Work (\_\_\_\_) \_\_\_\_-\_\_\_\_\_

PROOF OF OWNERSHIP PROVIDED BY \_\_\_\_\_

DRIVER'S LICENSE NUMBER OF APPLICANT \_\_\_\_\_

LEGAL DESCRIPTION OF PROPERTY (Include name of road, subdivision with lot and block number)

---

PREVIOUS OWNER'S NAME AND ADDRESS (if transferring Membership)

---



---

**Construction Type:** Conventional  CSI

Manufactured  Existing

ACREAGE \_\_\_\_\_ HOUSEHOLD SIZE \_\_\_\_\_ NUMBER IN FAMILY \_\_\_\_\_

LIVESTOCK & NUMBER \_\_\_\_\_

SPECIAL SERVICE NEEDS OF APPLICANT: \_\_\_\_\_

NOTE: FORM MUST BE COMPLETED BY APPLICANT ONLY. A MAP OF SERVICE LOCATION REQUEST MUST BE ATTATCHED

The following information is requested by the Federal Government in order to monitor compliance with Federal laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

White, Not of

Black, Not of

American Indian or

Hispanic

Asian or

Other

Male

This employer is an equal opportunity provider and employer.

AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
Between \_\_\_\_\_  
**(PLEASE PRINT)**

(hereinafter called the Applicant and/or Member), and Martindale Water Supply Corporation, a corporation organized under the laws of the State of Texas (hereinafter called the Corporation).

Witnesseth:

The Corporation shall sell and deliver water and/or wastewater service to the Applicant and the Applicant shall purchase, receive, and/or reserve service from the Corporation in accordance with the bylaws and tariff of the Corporation as amended from time to time by the Board of Directors of the Corporation. Upon compliance with said policies, including payment of a Membership Fee, the Applicant qualifies for Membership as a new applicant or continued Membership as a transferee and thereby may hereinafter be called a Member.

The Member shall pay the Corporation for service hereunder as determined by the Corporation's tariff and upon the terms and conditions set forth therein, a copy of which has been provided as an information packet, for which Member acknowledges receipt hereof by execution of this agreement. A copy of this agreement shall be executed before service may be provided to the Applicant.

The Board of Directors shall have the authority to discontinue service and cancel the Membership of any Member not complying with any policy or not paying any utility fees or charges as required by the Corporation's published rates, fees, and conditions of service. At any time service is discontinued, terminated or suspended, the Corporation shall not re-establish service unless it has a current, signed copy of this agreement.

If this agreement is completed for the purpose of assigning utility service as a part of a rural domestic water and/or wastewater system loan project contemplated with the Rural Development, an Applicant shall pay an Indication of Interest Fee in lieu of a Membership Fee for the purposes of determining:

- a. The number of taps to be considered in the design and
- b. The number of potential ratepayers considered in determining the financial feasibility of constructing
  - 1) a new water system or
  - 2) expanding the facilities of an existing water system.

The Applicant hereby agrees to obtain, utilize, and/or reserve service as soon as it is available. Applicant, upon qualification for service under the terms of the Corporation's policies, shall further qualify as a Member and the Indication of Interest Fee shall then be converted by the Corporation to a Membership Fee. Applicant further agrees to pay, upon becoming a Member, the monthly charges for such service as prescribed in the Corporation's tariff. Any breach of this agreement shall give cause for the Corporation to liquidate, as damages, the fees previously paid as an indication of interest. In addition to any Indication of Interest Fees forfeited, the Corporation may assess a lump sum of \$300.00 as liquidated damages to defray any losses incurred by the Corporation. If delivery of service to said location is deemed infeasible by the Corporation as a part of this project, the Applicant shall be denied Membership in the Corporation and the Indication of Interest Fee, less expenses, shall be refunded. The Applicant may re-apply for service at a later date under the terms and conditions of the Corporation's policy. For the purposes of this agreement, an Indication of Interest Fee shall be of an amount equal to the Corporation's Membership Fees.

This employer is an equal opportunity provider and employer.

All water shall be metered by meters to be furnished and installed by the Corporation. The meter and/or wastewater connection is for the sole use of the Member or customer and is to provide service to only one (1) dwelling or one (1) business. **Extension of pipe(s) to transfer utility service from one property to another, to share, resell, or sub-meter water to any other persons, dwellings, businesses, or property, etc., is prohibited. The Applicant and the Applicant's assigns have the responsibility to notify the Corporation in writing within 30 days of any change in water supply service initiated or continued under this Service Application and Agreement.**

The Corporation shall have the right to locate a water service meter and the pipe necessary to connect the meter on the Member's property at a point to be chosen by the Corporation, and shall have access to its property and equipment located upon Member's premises at all reasonable and necessary times for any purpose connected with or in the furtherance of its business operations, and upon discontinuance of service the Corporation shall have the right to remove any of its equipment from the Member's property. The Member shall install, at their own expense, any necessary service lines from the Corporation's facilities and equipment to the point of use, including any customer service isolation valves, backflow prevention devices, clean-outs, and other equipment as may be specified by the Corporation. The Corporation's authorized employees shall also have access to the Member's property for the purpose of inspecting for possible cross-connections, potential contamination hazards, illegal lead materials, and any other violations or possible violations of state and federal statutes and regulations relating to the federal Safe Drinking Water Act or Chapter 341 of the Texas Health & Safety Code or and the corporation's tariff and service policies.

The Corporation is responsible for protecting the drinking water supply from contamination or pollution which could result from improper practices. This service agreement serves as notice to each customer of the restrictions which are in place to provide this protection. The Corporation shall enforce these restrictions to ensure the public health and welfare. The following undesirable practices are prohibited by state regulations:

- a. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an airgap or an appropriate backflow prevention assembly in accordance with state regulations.
  - b. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the proper installation of an
  - c. Air gap or a reduced pressure-zone backflow prevention assembly and a service agreement must exist for annual inspection and testing by a certified backflow prevention device tester.
  - d. No connection which allows condensing, cooling, or industrial process water to be returned to the public drinking water supply is permitted.
  - e. No pipe or pipe fitting which contains more than 0.25 % lead may be used for the installation or repair of plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
  - f. No solder or flux which contains more than 0.2 % lead may be used for the installation or repair plumbing on or after July 1, 1988, at any connection which provides water for human consumption.
- The Corporation shall maintain a copy of this agreement as long as the Member and/or premises is connected to the public water system.

The Member shall allow their property to be inspected for possible cross-connections, potential contamination hazards, and illegal lead materials. These inspections shall be conducted by the Corporation or its designated agent prior to initiating service and periodically thereafter. The inspections shall be conducted during the Corporation's normal business hours.

This employer is an equal opportunity provider and employer.

The Corporation shall notify the Member in writing of any cross-connections or other undesirable practices which have been identified during the initial or subsequent inspection. The Member shall immediately correct any undesirable practice on their premises. The Member shall, at their expense, properly install, test, and maintain any backflow prevention device required by the Corporation. Copies of all testing and maintenance records shall be provided to the Corporation as required. Failure to comply with the terms of this service agreement shall cause the Corporation to either, terminate service, or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Member.

In the event the total water supply is insufficient to meet all of the Members, or in the event there is a shortage of water, the Corporation may initiate the Emergency Rationing Program as specified in the Corporation's Tariff. By execution of this agreement, the Applicant hereby shall comply with the terms of said program.

By execution hereof, the Applicant shall hold the Corporation harmless from any and all claims for damages caused by service interruptions due to waterline breaks by utility or like contractors, tampering by other Member/users of the Corporation, normal failures of the system, or other events beyond the Corporation's control.

The Applicant shall grant to the Corporation permanent recorded easement(s) dedicated to the Corporation for the purpose of providing reasonable rights of access and use to allow the Corporation to construct, maintain, replace, upgrade, parallel, inspect, test and operate any facilities necessary to serve that Applicant as well as the Corporation's purposes in providing system wide service for existing or future members.

By execution hereof, the Applicant shall guarantee payment of all other rates, fees, and charges due on any account for which said Applicant owns a Membership. Said guarantee shall pledge any and all Membership Fees against any balance due the Corporation. Liquidation of said Membership Fees shall give rise to discontinuance of service under the terms and conditions of the Corporation's tariff.

By execution hereof, the Applicant agrees that non-compliance with the terms of this agreement by said Applicant shall constitute denial or discontinuance of service until such time as the violation is corrected to the satisfaction of the Corporation.

Any misrepresentation of the facts by the Applicant on any of the four pages of this agreement shall result in discontinuance of service pursuant to the terms and conditions of the Corporation's tariff.

512-357-6951 fax 512-357-0028 martwsc@austin.rr.com

---

Witnesseth

---



---

Applicant Member

---

Approved and Accepted  
Martindale W.S.C.  
P.O. Box 175  
Martindale, TX 78655-0175

Date Approved

This employer is an equal opportunity provider and employer.

## SECTION C-1. DEVELOPER, SUBDIVISION AND NON-STANDARD SERVICE REQUIREMENTS

**Part I. General Requirements.** This section details the requirements for all types of non-standard service requests.

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

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

2. **Application of Rules.** This Section is applicable to subdivisions, additions to subdivisions, developments, or whenever additional service facilities are required for a single tract of property. Examples of non-standard services for a single tract of land can include, but are not limited to, road bores, extensions to the distribution system, service lines exceeding 3/4" diameter and service lines exceeding 60 feet. Non-residential or residential service applications requiring a larger sized meter typically will be considered non-standard. For the purposes of this Tariff, Applications subject to this Section shall be defined as Non-Standard. The Board of Directors of the Corporation or their designee shall interpret on an individual basis whether or not the Applicant's service request shall be subject to all or part of the conditions of this Section.

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

3. **Non-Standard Service Inquiry Application.** The Applicant shall meet the following requirements prior to the initiation of a Non-Standard Service Contract by the Corporation:
  - a. The Applicant shall provide the Corporation a completed Non-Standard Service Inquiry Application. The Applicant shall specify any Special Service Needs, such as large meter size, size of subdivision or multi-use facility.
  - b. A final plat (see Tariff Definition - Final Plat) approved by the Corporation must accompany the Application showing the Applicant's requested service area. The plat must be approved by all governmental authorities exercising jurisdiction over lot sizes, sewage control, drainage, right-of-way, flood plain administrator, and other service facilities. Plans, specifications, and special requirements of such governmental

authorities shall be submitted with the plat. Applicants for single taps involving extension or upsizing of facilities shall be required to submit maps or plans detailing the location of the requested extension and details of demand requirements.

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

- c. A Non-Standard Service Investigation Fee shall be paid to the Corporation for purposes of paying initial administrative, legal, and engineering fees. The Corporation shall refund any balance that remains after it has completed its service investigation, and has completed all legal and engineering services associated with processing a request. In the event such a fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant shall pay to the Corporation upon the Corporation's request all additional expenses that have been, or will be incurred by the Corporation and Corporation shall have no obligation to complete processing of the Application until all remaining expenses have been paid.
- d. If after the service investigation has been completed, the Corporation determines that the Applicant's service request is for property located, in whole or in part, outside the area described in the Corporation's Certificate of Convenience and Necessity, service may be extended provided that:
  - 1). The service location is not in an area receiving similar service from another retail Corporation;
  - 2). The service location is not within another retail Corporation's Certificate of Convenience and Necessity; and
  - 3). The Corporation's Certificate of Convenience and Necessity shall be amended to include the entirety of Applicant's property for which service is requested. Applicant shall pay all costs incurred by Corporation in amending its CCN, including but not limited to engineering and professional fees. If the service location is contiguous to or within one-fourth (1/4) mile of Corporation's Certificate of Convenience and Necessity, Corporation may extend service prior to completing the amendment to its CCN, but will do so only upon Applicant's legally enforceable agreement to fully support such amendment (including but not limited to payment of all professional fees, including legal, surveying and engineering fees incurred by Corporation in securing the amendment).

**4. Design.** The Corporation shall approve the design requirements of the Applicant's required facilities prior to initiation of a Non-Standard Service Agreement in accordance with the following schedule:

- a. The Corporation's engineer shall design, or review and approve plans for, all on-site and off-site service facilities for the Applicant's requested service within the Corporation's specifications, incorporating any applicable municipal or other governmental codes and specifications.
- b. The engineer's fees shall be paid out of the Non-Standard Service Investigation Fee.
- c. The Applicant shall submit to the Corporation a set of detailed plans, specifications, and cost estimates for the project.
- d. The Corporation's engineer shall ensure that all facilities for any Applicant meet the demand for service as platted and/or requested in the plans or plat submitted in application for service. The Corporation reserves the right to upgrade design of service facilities to meet future demands provided however, that the Corporation shall pay the expense of such upgrading in excess of that which is reasonably allocable to the level and manner of service requested by the Applicant.

- e. The Corporation's engineer will determine the fire flow design for any non-standard service request, including new subdivisions, based on density, type of structure, and other factors.
- 5. Non-Standard Service Agreement.** Applicants requesting or requiring Non-Standard Service shall be requested to execute a written contract, drawn up by the Corporation's Attorney, in addition to submitting the Corporation's Non-Standard Service Inquiry Application. Said contract shall define the terms of service prior to construction of required service facilities. The service agreement may include, but is not limited to:
- a. All costs associated with required administration, design, construction, and inspection of facilities for water service to the Applicant's service area and terms by which these costs are to be paid.
  - b. Procedures by which the Applicant shall accept or deny a contractor's bid, thereby committing to continue or discontinue the project.
  - c. Terms by which service capacity shall be reserved for the Applicant and duration of reserved service with respect to the demand which the level and manner of the service will have upon the Corporation's system facilities.
  - d. Terms by which the Applicant shall be reimbursed or compensated for fees duplicated in assessments for monthly rates and Buy-In Fees.
  - e. Terms by which the Corporation shall administer the Applicant's project with respect to:
    - 1. Design of the Applicant's service facilities;
    - 2. Securing and qualifying bids;
    - 3. Execution of the Service Contract;
    - 4. Selection of a qualified bidder for construction;
    - 5. Dispensing advanced funds for construction of facilities required for the Applicant's service;
    - 6. Inspecting construction of facilities; and
    - 7. Testing facilities and closing the project.
  - f. Terms by which the Applicant shall indemnify the Corporation from all third party claims or lawsuits in connection with the project.
  - g. Terms by which the Applicant shall dedicate, assign and convey to the Corporation all constructed facilities and related rights (including contracts, easements, rights-of-way, deeds, warranties, and so forth) by which the Corporation shall assume operation and maintenance responsibility for the Applicant's project. The Applicant shall also provide reproducible as-built drawings of all constructed facilities. The as-built drawings must verify that all facilities have been properly located within the easements conveyed to the Corporation.
  - h. Terms by which the Board of Directors shall review and approve the Service Agreement pursuant to current rules, regulations, and bylaws.
- 6. Construction of Facilities by Applicant Prior to Execution of Service Agreement.** – The Corporation and the Applicant must execute a Non-Standard Service Agreement prior to the purchase of supplies and materials or initiation of construction of facilities by the Applicant. In the event that the Applicant commences construction of any such facilities prior to execution of an Agreement with the Corporation, then the Corporation may refuse to provide service to the Applicant or, in a subdivision, to any person purchasing a lot or home from the Applicant. Alternatively the Corporation may require full costs of replacing/repairing any facilities constructed without prior execution of a contract from any person buying a lot or home from Applicant. At a minimum, the Corporation will require that all facilities be

uncovered by the Applicant for inspection by the Corporation, require that any facilities not approved by the Corporation be replaced, and take any other lawful action determined appropriate by the Board of Directors of the Corporation.

## **7. Dedication of Water System Extension to WSC.**

- a. Upon proper completion of construction of all on-site and off-site service facilities to meet the level and manner of service requested by the Applicant (the “Facilities”), the Facilities shall become the property of the WSC. The Facilities shall thereafter be owned and maintained by WSC subject to the warranties required of Applicant under Subsection (b). Any connection of individual customers to the Facilities shall be made by the WSC.
- b. Upon transfer of ownership of the Facilities, Applicant shall warrant materials and performance of the Facilities constructed by Applicant for 12 months following the date of the transfer.

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

If the Corporation determines that right-of-way easements or facility sites outside the Applicant’s property are required, the Applicant shall secure easements or else title to facility sites in behalf of the Corporation. All right-of-way easements and property titles shall be researched, validated, and filed by the Corporation at the expense of the Applicant.

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

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

- a. The Applicant shall sign the Service Agreement noting willingness to proceed with the project and shall pay all costs in advance of construction associated with the project;
- b. The Contractor shall provide an adequate bid bond under terms acceptable to the Corporation. The Contractor shall secure adequate performance and payment bonding for the project under terms acceptable to the Corporation;
- c. The Contractor shall supply favorable references acceptable to the Corporation;
- d. The Contractor shall qualify with the Corporation as competent to complete the work (including but not limited to current water license, OSHA competent person training, and other licenses / certificates as required to complete the project); and

- e. The Contractor shall provide adequate certificates of insurance as required by the Corporation.

**10. Pre-Payment for Construction and Service.** – After the Applicant has executed the Service Agreement, the Applicant shall pay to the Corporation all costs necessary for completion of the project prior to construction and in accordance with the terms of the Non-Standard Service Agreement.

## **11. Construction.**

- a. All roadwork pursuant to state, county and/or municipal standards (as applicable) shall be completed prior to facility construction to avoid future problems resulting from road right-of-way completion and excavation. Subject to approval of the requisite authority, approved road sleeves /casings may be installed prior to road construction to avoid road damage during construction of Applicant's facilities.
- b. The Corporation shall, at the expense of the Applicant, inspect the facilities to ensure compliance with Corporation standards.
- c. Construction plans and specifications shall be strictly adhered to, but the Corporation reserves the right to issue change-orders of any specifications, due to unforeseen circumstances during the design phase, to better facilitate construction or operation of the Applicant's facility. All change-order amounts shall be charged to the Applicant.

## **PART II. Request for Service to Subdivided Property**

This section contains additional requirements for applicants that are developers.

- 1. Sufficient Information** - Applicants shall provide the corporation sufficient information describing the level and manner of service requested and the timeline for initiation of this service. The following is the minimum information needed for an engineering evaluation of the requested service to the property described in the application.
  - a. Completion of requirements described herein, including but not limited to completing the *Non-Standard Service Inquiry Application*.
  - b. Applicant shall provide the Corporation with details concerning access to the property during evaluation of application.
  - c. Applicant shall be notified in writing by the Corporation or designated representative the timeframe within which the requested service can be provided and the costs for which the applicant will be responsible, in accordance with the details described on the Applicant's request for service.
- 2. Service within Subdivisions** – The Corporation's obligation to provide service to any customer located within a subdivision governed by this Section is strictly limited to the level and manner of the nonstandard service specified by the Applicant. The Applicant is responsible for paying for all costs necessary for non-standard service to a subdivision as determined by the Corporation under the provisions of this Tariff and specifically the provisions of this Section; if the Applicant fails to pay these costs, the Corporation has the right to require payment of these costs by any one or more of the persons purchasing lots or homes within such subdivision before the Corporation is obligated to provide water service (Texas Water Code Section 13.2502). In addition, Corporation may elect to pursue any remedies provided by the Non-Standard Service Agreement if one has been executed. Applicant is advised that purchasers of lots also may have legal recourse to the Applicant under Texas law, including but not limited to Texas Water Code Section 13.257, and the

Texas Business and Commerce Code Chapter 17, Subchapter E Deceptive Trade Practices & Consumer Protection Act.

- .
  - a.) The Applicant must provide the following in addition to all other information otherwise required by this Section:
    - i. Map and legal description of the area to be served using map criteria in 30 TAC 291.105(a)(2)(A-G)).
    - ii. Time frame for:
      - a. Initiation of service
      - b. Service to each additional or projected phase following the initial service
    - iii. Detailed description of the nature and scope of the project/development for:
      - a. Initial needs
      - b. Phased and final needs, including a map showing each phase, and the projected land uses that support the requested level of service for each phase
    - iv. Flow and pressure for anticipated level of fire protection, including line size and capacity
    - v. Specific infrastructure needs for anticipated level of fire protection, including line size and capacity
    - vi. Any additional information requested by the Corporation necessary to determine the capacity and the costs for providing the requested service.
    - vii. Copies of all required approvals, reports and studies done by or for the Applicant to support the viability of the proposed development.

Applicant must provide reasonably sufficient information, in writing, to allow the Corporation to determine whether the level and manner of service specified by the Applicant can be provided within the time frame specified by the Applicant and to generally determine what capital improvements, including expansion of capacity of the Corporation's production, treatment and/or storage facilities and/or general transmission facilities properly allocable directly to the service request are needed. If the Applicant proposes development in phases, the Applicant should specify the level and manner of service and the estimated time frame within which that service must be provided for each phase, and the Applicant must depict the currently estimated location of each phase on the maps required under 30 TAC Section 291.105(a)(2)(A-G). It is important that the Applicant's written request (Service Inquiry) be complete. A complete application by the Applicant should include:

- (a) the proposed improvements to be constructed by the Applicant;
- (b) a map or plat signed and sealed by a licensed surveyor or registered professional engineer;
- (c) the intended land use of the development, including detailed information concerning the types of land uses proposed;
- (d) the projected water demand of the development when fully built out and occupied, the anticipated water demands for each type of land use, and a projected schedule of build-out;
- (e) a schedule of events leading up to the anticipated date upon which service from the CCN holder will first be needed; and
- (f) a proposed calendar of events, including design, plat approval, construction phasing and initial occupancy.

Applicant must establish that current and projected service demands justify the level and manner of service being requested. In making his/her written request for service, the Applicant must advise the Corporation that he/she/it may request expedited decertification from the TCEQ.

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

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

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

3. **Final approval** – Upon final approval by the Corporation and acceptance of proposal for service by the Applicant, a non-standard service contract will be executed and the corporation shall provide service according to the conditions contained in the Non-Standard Service Contract.
4. The Corporation currently owns the rights to sources of raw water, the volume of which sources currently exceeds the total volume of potable water the Corporation has contracted to supply to the various water meter owners of the Corporation; a surplus capacity. The Corporation welcomes new applications for service but hereby notifies potential applicants for service that its surplus capacity is limited. Therefore, the Corporation will allocate its surplus capacity to supply water to new service Inquiry Applications on a first-come first-served basis.

**MARTINDALE WATER SUPPLY CORPORATION  
NON-STANDARD SERVICE INQUIRY APPLICATION**

**Please Print or Type**

Applicant name/company \_\_\_\_\_

Name of Applicant's Contact Person \_\_\_\_\_

Applicant mailing address/city/state/zip  
\_\_\_\_\_

Phone number (\_\_\_\_\_) \_\_\_\_ - \_\_\_\_\_ FAX (\_\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

E-mail \_\_\_\_\_

Please attach a legal description of the proposed development as listed in deed records as a filed plat or parcel of land where other types of non-standard water/sewer service is requested. Plat requirements include name of subdivision, 911 address of tract, owner/developer's name, lot sizes and lot lines, lot numbers, right of way dimensions and dedicated utility easements, legal description, highway and county road numbers, total acreage, adjoining property owners, flood plain, and vicinity map. Instrument must show proof of ownership; preliminary plats are acceptable for discussion purposes but an "approved plat" must be provided before contract closing.

Check type of service application or development:

- Residential Subdivision     Multi-family     Mobile Home Park     Trailer Park  
 School     Line Extension     Commercial/Industrial Park     Large Meter (>1")  
 Multi-use Facility     Other

Please list all water demand criteria for each meter or meter equivalent, or attach any engineering studies completed for the proposed service:

---



---

Maximum number of proposed lots/LUEs: \_\_\_\_\_ Range of standard lot sizes:  
\_\_\_\_\_

Acreage \_\_\_\_\_

Is the tract proposed for development within a regulatory flood hazard zone? \_\_\_\_\_ yes \_\_\_\_\_ no

Please describe in detail the nature and scope of the project/development.

Initial needs \_\_\_\_\_

---

Phased and final needs, including a map showing each phase, and the projected land uses that support the requested level of service for each phase.

---



---

Please list any additional special service needs not listed above.

---

Please provide the flow, pressure and infrastructure needs for anticipated level of fire protection requested or required by ordinance, including line sizes and capacity.

---



---

Please provide the timeline for initiation of this service, and for service to each additional or projected phase following initial service, including a schedule of events leading up to the anticipated date of service. Specify this for all additional or projected phases.

---



---

Please describe how the utility may access the property during evaluation of application.

---



---

**Please attach the following information, as applicable:**

- A proposed calendar of events, including design, plat approval, construction phasing and initial occupancy.
- If applying for a single tap that requires a line extension, road bore, or upsizing of facilities, maps or plans detailing the location of the requested service installation and/or extension and details of demand requirements.

**Required Fees**

Applicant is required to pay an initial minimum Non-Standard Service Investigation Fee based on the number of proposed LUEs: 1-10 LUEs - \$1,000.00; 11-250 LUEs - \$1,500.00; 251 or more LUEs - \$2,500.00. This fee is to cover the initial administrative, legal, and engineering costs.

In the event the Investigation Fee is not sufficient to pay all expenses incurred by the Corporation, the Applicant agrees to pay all additional expenses that have been or will be incurred by the Corporation and Corporation will have no obligation to complete processing of the Applications until all remaining expenses have been paid.

**Corporation's response to service request**

The Corporation will prepare a written response to Applicant's service request within 90 days from the date the application was submitted and the required fees were paid. The Corporation's response will state the timeframe within which the requested service can be provided, and the costs for which the Applicant will be responsible, which may include capital improvements, easements or land acquisition costs, and professional fees.

*Applicant has received and reviewed all applicable sections of the Corporation's tariff and agrees to comply with all the requirements contained therein.*

*Under penalties of perjury, I declare that I have reviewed the information presented in this Application, including accompanying documents, and to the best of my knowledge and belief, the information is true, correct and complete.*

---

Print Applicant/Name of Company

---

Signature of Authorized Representative

---

Date

**NON-STANDARD RETAIL WATER SERVICE AGREEMENT  
BETWEEN  
MARTINDALE WATER SUPPLY CORPORATION  
AND**

---

This Non-Standard Retail Water Service Agreement (the "Agreement") is made and entered into on the date set forth below, by and between MARTINDALE WATER SUPPLY CORPORATION (the "Corporation") a Texas non-profit, member-owned water supply corporation operating under the authority of Chapter 67 of the Texas Water Code, as amended, and \_\_\_\_\_ (the "Developer"). The Corporation and Developer are each a "Party" and are collectively referred to herein as the "Parties."

**ARTICLE 1.A.**

**1.** The Corporation was created, organized and exists for the purpose of furnishing water utility facilities and service to areas within its certified service area (the "Service Area") under Certificate of Convenience and Necessity No. 10293 (the "CCN").

**2.** Developer owns and is now developing approximately \_\_\_\_\_ acres of land referred to as the \_\_\_\_\_ (the "Property"), more particularly described on **Exhibit "A"** attached hereto and incorporated by reference herein. Developer intends to subdivide the Property into \_\_\_\_\_ residential lots. Most of the Property is not located within the Corporation's present Service Area

**3.** The Corporation owns, operates and maintains water supply wells and a water supply and delivery system consisting of water storage facilities, water transmission and distribution facilities, and related appurtenances to serve the needs of its customers (the "Water System"), as more fully described below;

**4.** Developer has a need for water service to be provided by the Corporation through the Water System;

**5.** Developer will provide the Corporation with easements and rights-of-way in order to adequately serve the Property.

**6.** Developer's need for retail water service can be phased-in over a period of time commensurate with Developer's projected housing build-out schedule within the Property as provided below.

**7.** Developer has received and reviewed the Corporation's Tariff, and Developer understands and acknowledges that Developer must, among other conditions, pay Corporation all costs reasonable and necessary for Corporation to provide retail water service to the Subdivision, and Developer understands and acknowledges that such costs are Developer's costs and must be paid to Corporation as set forth in this Agreement;

**8.** Developer understands that it is the Corporation's policy for developers to pay one-hundred percent (100%) of all the cost and expenses to extend the necessary Corporation facilities to provide retail water service to the Property.

**9.** Subject to the terms and conditions of the Corporation's Bylaws, Tariff, Policies, rules and regulations as now existing or as hereinafter amended, the Parties desire to enter into this Agreement setting forth the terms and conditions pursuant to which the Corporation will provide water service to the Property and pursuant to which certain additions to the Water System that are necessary to extend water services to the Property will be constructed and installed.

## **ARTICLE I.B. DEFINITIONS**

Section 1.01 Definition of Terms. As used in this Agreement, except as otherwise provided herein, the following terms have the meanings ascribed in this section.

**"Agreement"** means this "Non-Standard Retail Water services Agreement Between Martindale Water Supply Corporation and River Bridge Ranch LLC.

**"Corporation"** means the Martindale Water Supply Corporation, a Texas non-profit, member-owned water supply corporation operating pursuant to Chapter 67 of the Texas Water Code, as amended.

**"Corporation's Service Area"** means the Corporation's water supply service area as described in its Certificate of Convenience and Necessity.

**"Costs of the Water System"** means all costs of acquiring, constructing, developing, permitting, implementing, expanding, improving, enlarging, bettering, extending, replacing, repairing, maintaining and operating the Water System, including, without limiting the generality of the foregoing, the costs or property, interests in property, capitalized interest, land, water, water rights, water leases, easements and rights-of-way, damages to land and property, leases, facilities, equipment, machinery, pumps, pipes, tanks, valves, fittings, mechanical devices, office equipment, assets, contract rights, wages and salaries, employee benefits, chemicals, stores, material, supplies, power, supervision, engineering, testing, auditing, franchises, charges, assessments, claims, insurance, engineering, financing, consultants, administrative expenses, auditing expenses, legal expenses and other similar or dissimilar expenses and costs required for the Water System. Costs of the Water System will include reasonable amounts for an operation and maintenance reserve fund, debt service reserve fund, required coverage of debt service, working capital and appropriate and general administrative costs.

**"Developer"** means \_\_\_\_\_, the developer of the Property.

**"Emergency"** means a sudden unexpected happening; an unforeseen occurrence or condition; exigency; pressing necessity; or a relatively permanent condition of insufficiency of service or facilities resulting in social distress. The term includes force majeure and acts of third parties which cause the Water System to be unable to provide the water services agreed to be provided herein.

**"External Facilities"** means all water transmission and distribution facilities, lines, mains, storage facilities, reservoirs, elevated water storage tanks and towers, ground level and below ground level water storage tanks, pump stations, and any other parts or components that comprise the public water system outside the boundary of the Property, together with all

extensions, expansions, improvements, enlargements, betterments, and replacements thereof.

**"Front-End Capital Contribution Fee"** means that certain fee assessed new applicants for water service to acquire and to defray capital costs as more fully described in the Tariff.

**"Internal Facilities"** means all water transmission and distribution facilities, lines, mains, storage facilities, reservoirs, pump stations, residential, commercial and industrial connections and any other parts or components that comprise the public water system within the Property, together with all extensions, expansions, improvements, enlargements, betterments, and replacements thereof.

**"LUE"** means an amount of water services sufficient for one living unit equivalent which is defined as an annual daily average of 350 gallons per day per connection served by one standard 5/8-inch by 3/4-inch meter.

**"Reservation Fee"** means that dollar amount that Developer will pay each month for each meter.

**"Tariff"** means the Corporation's By-Laws, rules, regulations, policies, fees, rates, operations, agreements and specifications as approved by the Corporation's members and the Board of Directors which may be modified from time to time.

**"Water System"** means all water supply, treatment, transmission and distribution facilities, lines, mains, reservoirs, pump stations, residential, commercial and industrial connections, and any other parts or components that comprise the public water system of the Corporation, together with all extensions, expansions, improvements, enlargements, betterments and replacements thereof, as additionally described in Article 1.A. above.

## **ARTICLE II. WATER SERVICE**

Section 2.01 Subject to the terms and conditions set forth herein, the Corporation shall provide retail water service for single family residential use within the boundaries of the Property up to the amount of, but not to exceed, the total equivalent of \_\_\_\_\_

(\_\_\_\_\_) LUEs of water service. Subject to the terms and conditions set forth in this Agreement and the Corporation's Tariff the Corporation shall make such retail water service available to the Property in phases subject to Developer's completion of the improvements described in Article IV below. All the details of each phase shall be clearly defined on the official Plat of the Project. No water service will be provided by the Corporation until each and every obligation due from the Developer to the Corporation for a previous Phase has been fully completed, paid for and accepted by the Corporation.

Section 2.02 No LUE of water service that is the subject of this Agreement shall be reserved for Developer for its use unless and until fifty percent (50%) of Front-End Capital Contribution Fee has been paid for that respective LUE pursuant to Section 3.02, below. Until such time that any one LUE is reserved, the Corporation may in its discretion terminate its agreement to such LUE for Developer without recourse and may sell or reserve it to another potential user of the said LUE of water service.

Section 2.03 Notwithstanding the provisions in Section 2.01 above, the Corporation shall have no obligation to provide water service to a specified portion of the Property until: (i) a final plat

for such specified portion of the Property has been approved by the applicable governmental authority and recorded in the appropriate real property records; (ii) all of the water facilities serving the Property are completed for each respective phase of development, become operational and are inspected and tested, are approved by the Corporation and any other agency or entity with jurisdiction, and are accepted by the Corporation, which shall not be unreasonably withheld or delayed by the Corporation; (iii) all required fees and charges have been paid to the corporation for such phase of development, and all applicable expenses and costs have been reimbursed to the Corporation as set forth in Articles III, IV, V and VI hereof or as otherwise applicable; and (iv) all other applicable requirements for water service as set forth in this Agreement, in the Corporation's Bylaws, Tariff, rules and regulations have been complied with. Water taps and connections to the Project may be made thereafter only in compliance with the Bylaws, Tariff, rules and regulations of the Corporation.

### **ARTICLE III. CHARGES TO DEVELOPER**

Section 3 .01 Developer, Developer's assignee, or individual lot owners shall pay to the Corporation the Corporation's Front-End Capital Contribution Fee and the Connection Fee (as described in the Tariff) on a per residential meter equivalent basis (standard 5/8" x 3/4" meter size) for each LUE of water service to be provided to the Property.

Section 3 .02 The amount of the Corporation's Front End Capital Contribution Fee shall be the amount as set forth in the Corporation's Tariff as of the Effective Date of this Agreement, and is due and payable as set forth below. As of the Effective Date of this Agreement, the amount of the Corporation's Front-End Capital Contribution is

\_\_\_\_ Dollars (\$\_\_\_\_\_) per standard 5/8" x  
3/4" meter size or a total of \$\_\_\_\_\_).

Section 3.03 At the time the Project plat for the Property is recorded in the \_\_\_\_\_ County Real Property Records, developer shall pay Corporation a non-refundable sum of Fifty Percent (50%) of the Corporation's Front-End Contribution Fees owed for the respective number of lots in the first Phase of the Project shown on the plat,

\$\_\_\_\_\_. Upon receipt of such payment, the Corporation shall reserve water service for the respective lots within that Phase of the Plat for a period of two years. The remaining portions of the Corporation's Front-End Contribution Fees must be paid in full within such two-year period. Upon Developer's failure to pay any part of the remaining portions of the Front-End Contribution Fees, the respective number of reserved LUEs shall revert to the corporation without recourse.

Section 3.04 No LUE or LUEs of water service that are the subject of this Agreement are reserved for Developer for its use and are subject to forfeiture unless and until fifty percent (50%) of the Corporation's Front-End Capital Contribution Fee has been paid for the respective particular LUE or LUEs that have not been reserved pursuant to section 3.03, above, without recourse. If the Corporation exercises its right herein to terminate its agreement to provide Developer with an LUE or LUEs of service, Developer shall have no right to receive the respective amount of water service and the Corporation shall have full rights to use such Water Service as it deems appropriate.

Section 3.05 Beginning with the first full calendar month following the date that the Developer pays the second installment of the Front-End Capital Contribution Fee as described in Section 3.02 above, Developer shall pay Corporation the Monthly Minimum Charge for each respective

lot.

Section 3.06 Developer shall pay the Corporation one Membership Fee for one membership to the Corporation on the Effective Date of this Agreement

Section 3 .07 At any time that this Agreement is in effect, the Corporation, subject to applicable law, may modify the above rates and charges as appropriate to recover the cost of the Corporation's System in a just and reasonable manner; provided, however, that any such modification shall not change the amount of the Developer's payment obligations under Section 3 .02, herein.

#### **ARTICLE IV. CONSTRUCTION, MAINTENANCE AND ADMINISTRATION OF WATER FACILITIES**

Section 4.01 The Developer agrees to pay all costs and expenses of construction and installation, including without limitation, all planning, engineering, design, surveying, geotechnical, materials, labor, inspection, workers' compensation and general liability insurance, payment, performance and maintenance bond(s) coverage, capital, and easement acquisition costs, of all water mains, water lines, and related fittings, equipment and appurtenances necessary to transmit water from the existing Water System to, and distribute the same internally within the Property all such facilities and improvements, and as applicable the construction and installation of the same, being referred to herein as the "**Project**". The Parties agree that the plans and specifications for the offsite facilities necessary to transmit water from the Water System to the Property are generally described in the plans and specifications attached hereto as **Exhibit B** but that's a required offsite facilities and/or the plans and specifications for the same may be changed at the reasonable discretion of the Corporation's engineer.

Section 4 .02 The Developer shall pay the Corporation all costs incurred by the Corporation in connection with the Project, including without limitation (a) the Corporation's costs for reviewing, inspecting, and testing the Project, and for the acquisition, validation and retention of waterline easements related to the Project, if any, and (c) all administrative and professional costs incurred by the Corporation related to the Project, including but not limited to costs for outside engineering and legal Consultants.

Section 4 .03 The Parties agree that the Developer will provide all necessary easements to the Corporation. If it becomes necessary, the Developer may request that the Corporation obtain the easements by eminent domain and the Corporation may, in its sole discretion determine to exercise this power in a manner it deems appropriate. Subject to the final approval of the Corporation's engineer, the Developer may determine the routes of any and all water easements inside the Property. The Parties agree to work together to determine the most cost efficient route for any and all water lines necessary to deliver water to the Property, and to utilize public rights-of-way, where possible.

Section 4.04 The design, construction and installation of the Internal Facilities shall meet those planning and design standards and specifications established by the Corporation's Tariff, rules and regulations; the Texas Commission on Environmental Quality ("TCEQ"), the Public Utility Commission ("PUC"); and any municipality, county or other governmental entity of relevant jurisdiction. The Corporation's construction standards and specifications showing minimum requirements to Developer are attached hereto as **Exhibit C**.

The Facilities with the Project shall be constructed in a good and workmanlike manner and fit for its intended purpose, and all material used in such construction shall be new, not used, and shall be free from defects. The designs (including phases of construction), plans (including in engineering plans), specifications, and contract documents for the construction and installation of the Internal Facilities shall be prepared by the Developer at Developer's sole cost and expense and shall be submitted to and for approval by the Corporation and its consulting engineer, and, as required, to and for approval by any municipality, agency or other governmental entity with jurisdiction, prior to the start of construction of any such facilities and improvements. The Corporation's review and approval of such designs, plans, specifications, and contract documents shall not be unreasonably delayed or withheld.

**Section 4.05** Developer may advertise for bids for the construction of the Internal Facilities in accordance with generally accepted bidding practices and may award the contract for the construction of the Internal Facilities to the lowest or most qualified bidder. The contractor selected to undertake construction of the Internal Facilities shall be experienced in waterline construction and shall be subject to approval by the Corporation prior to notification of the award of the contract, which approval shall not be unreasonably delayed or withheld. Within ten (10) days after written notification of the award of and prior initiation of the construction of the Internal Facilities, Developer shall furnish payment and performance bonds to the Corporation and a certificate of insurance evidencing that the insurance required by section 12.04, below, has been obtained and is in place.

**Section 4.06** Prior to commencing construction and installation of the Internal Facilities, Developer shall provide at least two (2) weeks' advance written notification to the Corporation of such commencement so that a pre-construction meeting may be scheduled. At least forty-eight (48) hours advance notice to the Corporation's engineer shall be given before making any tap or connection into the Water System. Absolutely no water flow into the Project from the Corporation shall start until Developer receives written permission to commence water flow. This permission to commence water flow may be conditioned upon Developer's continued compliance with the terms of this Agreement.

**Section 4.07** Corporation may require any part of the Project to be oversized in anticipation of the needs of other customers. Notification of such over sizing shall be in writing and, with respect to any over sizing of any portion of the Internal Facilities, provided to Developer at the time of the Corporation's review of the bid form associated with the Internal Facilities. The Corporation shall be responsible for any additional costs of construction attributable to the over sizing, as reasonably determined by Corporation's consulting engineer and Developer's consulting engineer. Payment for costs incurred by Developer and attributable to over sizing shall occur within thirty (30) days after such costs are accrued. This payment(s) by the corporation to the Developer may be in the form of credits or set-offs.

**Section 4.08** Corporation shall have the right to inspect all phases of the construction. Developer agrees that the Corporation's engineers or other representatives may inspect, test and approve the construction of the Internal Facilities, based upon compliance with the approved designs, plans and specifications therefore, and shall inspect all taps or connections made to the Water System; provided, however, that such approval shall not be unreasonably withheld or delayed.

**Section 4.09** Developer shall furnish the Corporation with one reproduction and two copies of the as-built or record drawings of the Internal Facilities promptly upon completion of

construction and installation of such facilities and improvements.

Section 4.10 The Developer shall obtain bacteriological samples and shall perform pressure tests in the presence of the Corporation's manager or other representative, at no cost to the Corporation, on the Internal Facilities in accordance with TCEQ rules and regulations. Corporation shall take possession of bacteriological samples and deliver samples to a certified laboratory for testing. Developer shall provide the results of the pressure test to the Corporation promptly upon completion of such testing.

Section 4.11 After completion of construction of a phase of the Internal Facilities, Developer will provide to Corporation a concurrence letter from Developer's engineers certifying that the construction of such Internal Facilities has been completed in accordance with the designs, plans, specifications and change orders approved by Corporation, that the facilities have been tested and approved for use in accordance with the approved contract documents, the Corporation's Bylaws, Tariff, rules and regulations, and TCEQ rules, and that such facilities are properly located within easements. Developer shall also provide Corporation with a two-year maintenance bond in the amount of thirty-five percent (35%) of the final construction cost of the Internal Facilities. Upon Corporation's inspection and acceptance of the applicable portion of the Internal Facilities and as a condition for Corporation's acceptance, Developer shall dedicate such Internal Facilities (including dedication of all easements necessary to access, operate, maintain and repair the facilities and improvements) to the Corporation, free and clear of any and all construction liens or other liens related thereto. The document dedicating the Internal Facilities shall be in a form approved by Corporation's attorney and shall include a representation by Developer that the Internal Facilities have all been constructed in rights-of-way or within legal easements that are a minimum of fifteen (15) feet wide and dedicated to the Corporation, and Developer shall bind itself and its successors and assigns to warrant and defend the title to the Internal Facilities, including against any claims that such lines have been constructed illegally or not within proper easements or rights-of-way. The Parties agree that Corporation's agreement to provide retail water service to the Property pursuant to the terms and conditions of this Agreement constitutes satisfactory and complete consideration for the Developer's dedication of the Internal Facilities.

Section 4.12 Upon the Developer's dedication of Internal Facilities and the Corporation's inspection and acceptance of the same, and subject to Section 5.03, Corporation shall be solely responsible for operation, maintenance and administration of the accepted Internal Facilities. Notwithstanding the foregoing, it is expressly understood and agreed by the Parties that the Corporation shall not accept ownership of, shall have no responsibility for, and shall not operate or maintain any facilities constructed on the customer's side of individual meters located within the Property.

Section 4.13 The corporation agrees to install standard residential water meters to service each approved service address within the Property receiving water service from the Corporation in accordance with a Corporation's Bylaws, Tariff, rules and regulations governing the same and subject to payment of all applicable security deposits, membership fees, capital contribution fees, impact fees, installation fees, connection fees and other charges. To receive water service from the Corporation, individual customers shall make application for service and meet all terms and conditions of service and membership as provided for by the Corporation's Bylaws, Tariff, policies, rules and regulations which Bylaws, Tariff, policies, rules and regulations may be changed from time to time.

## **ARTICLE V. PAYMENT OF DESIGN AND CONSTRUCTION COSTS**

Section 5.01 Within two (2) weeks of execution of this Agreement, the Developer shall pay the Corporation \_\_\_\_\_ (\$\_\_\_\_\_) for its costs and expenses estimated to be incurred by the Corporation in connection with the Project. These estimated costs and expenses may be increased if required by the Corporation and paid for by the Developer.

Section 5.02 The Project shall be constructed, and all related easements, equipment, materials and supplies shall be acquired, in the name of Developer, and all construction contracts and other agreements pertaining to the construction and installation of the Project shall contain provisions to the effect that any contractor, material supplier or other party thereto shall look solely to Developer for payment of all sums coming due thereunder and that the Corporation shall have no obligation whatsoever to any such party.

Section 5.03 The Developer shall be required to post payment, performance and maintenance bonds in forms acceptable to the Corporation prior to the initiation of any construction and installation of the Project. The performance and payment bonds shall be submitted to and approved by the Corporation prior to the initiation of construction and installation of the Project and shall designate the Corporation as a beneficiary. Alternatively, upon prior written approval of the Corporation, the Developer may assign to the Corporation payment and performance bonds posted by the contractor for the Project. The payment and performance bonds shall be posted in the amount of one hundred ten percent (110%) of the construction and installation costs of the Project and shall provide that the Corporation may utilize the bond to complete or repair (as applicable) the Project in the event of any default by the Developer or Developer's contractor. The bonds must be issued by an approved surety company holding a permit from the State of Texas, indicating it is authorized and admitted to write surety bonds in this state. One original copy of the payment, performance and maintenance bonds shall be provided to the Corporation and one shall be retained by the Developer and Developer's contractor. The Developer shall also require its contractors to remain responsible for defects in materials, construction or installation which occur within two (2) years from the date the applicable portion of the Project is accepted by the Corporation (the "Warranty Period") and provide a maintenance bond in the amount of thirty-five percent (35%) of the final construction cost as a condition of the Corporation accepting that portion of the Project. The contractors shall be responsible to replace, or pay for the replacement by Corporation of all materials and work involving any part of the project which is found by Corporation's consulting engineer to be reasonably necessary for continued operation of the Project. Developer shall obtain this warranty from its contractors prior to the initiation of construction. Upon receipt of written notice from Corporation within the Warranty Period of the discovery of defects in the Project, the Developer's contractor shall therefore have ninety (90) days to replace or pay for the replacement of the necessary materials and work. In case of emergency where delay in such replacement would cause serious risk of loss or damage to Corporation or its customers, Corporation may have the defects corrected and the contractor shall be liable for all costs and expenses incurred.

## **ARTICLE VI. CHARGES, RATES AND COLLECTION**

Section 6.01 The customers within the Property (the "Customers") shall be members and retail customers of the Corporation. The Corporation shall have the right to assess those Customers the fees and charges, listed in Section 6.02 of this Agreement. Fees and charges for water service

provided by the Corporation shall be billed on an individual customer basis, and the majeure of water service provided shall be determined in the manner of followed by the Corporation for other water customers of the corporation.

**Section 6.02** The Corporation reserves the right to levy, assess and collect the following fees, and all other rates, fees and charges set forth in the then current version of its Tariff, from any applicants for water service located within the Property.

**Section 6.03** Except as otherwise provided hereunder, the fees set forth in section 6.02 and other similar charges of the Corporation, if any, shall be paid to the Corporation by a Customer prior to the time in initial service to the Customer's lot is requested from the Corporation. The Corporation shall have no obligation to provide water service to any lot until all fees owed to the Corporation for that lot have been paid by the owner of the lot or by Developer to the Corporation, and the owner of the lot has applied for and met other terms and conditions for membership and service in accordance with the Corporation's Bylaws, Tariff, rules and regulations. Individual Customers shall not be required to pay the Corporation's Front-End Capital Contribution Fee provided such fees have been paid by the Developer as provided by Article III of this Agreement.

## **ARTICLE VII. ADDITIONAL REGULATORY MATTERS**

**Section 7.01** Corporation will not provide water service to any new structures proposed to be built within the 100-year flood plain, as determined by then current FEMA maps. As part of the submission of engineering plans, Developer shall provide to Corporation a wetland map identifying wetland areas for each phase of the Subdivision for which service is sought. Corporation will not provide service to any phase of the Subdivision where wetlands may be impacted by the development unless Developer provides written confirmation to Corporation that Developer has complied with the appropriate U.S. Army Corps of Engineers 404 permit process.

**Section 7.02** Corporation will have no obligation with regard to the construction, ownership, operation or maintenance of wastewater, drainage, or other non-potable water service facilities. Corporation shall use good faith efforts to negotiate and execute a billing or service disconnection agreement with any retail wastewater service provider to the Customers located within the Property.

**Section 7.03** The parties understand that their rights and obligations under this Agreement are, or may be, subject to, without limitation: (i) the laws of the State of Texas; (ii) the laws of the United States; (iii) the regulations promulgated by the TCEQ; (iv) the regulations promulgated by the United States Environmental Protection Agency; (v) the regulations promulgated by the United States Fish & Wildlife Service; (vi) the United States Army Corps of Engineers; and (vii) the regulations promulgated by any other regulatory agency(s), which may now or in the future have jurisdiction over Corporation. Developer is responsible for obtaining all permit(s) and approval(s), if any, required by the United States Fish & Wildlife Service, the United States Army Corps of Engineers and/or any other regulatory agency (s) for construction of the Project pursuant to this Agreement.

**Section 7.04** Developer shall ensure that all non-Corporation workers involved with the installation and construction of the Internal Facilities are covered by workers' compensation insurance as required by the laws of the State of Texas. Developer shall also procure and

maintain, at its own cost, comprehensive general liability insurance insuring against the risks of bodily injury, property damage, and personal injury liability occurring from, or arising out of, construction of the Internal Facilities, with such insurance in the amount of a combined single limit of liability of at least \$500,000 and a general aggregate limit of at least \$1,000,000. Such insurance coverage shall be maintained in force at least until the inspection and acceptance of the Internal Facilities by Corporation.

## **ARTICLE VIII. COVENANTS, REPRESENTATIONS, AND CONDITIONS**

Section 8.01 Except as otherwise provided in this Section 8.01, if any approvals or authorizations from any governmental bodies are required for the Project or for the Corporation to provide retail water service to the Property, the Corporation and Developer agree to cooperate fully in any requests to such bodies for additional authorizations or approvals necessary to provide water service to the Property. Such authorizations and approvals shall be obtained at no cost to the Corporation. Developer shall pay the Corporation in advance for any reasonable expenses expected to be incurred by the Corporation in connection with seeking and obtaining such approvals and authorizations. Upon completion of the efforts to obtain such approval and authorizations, the Corporation and Developer shall settle such expenses between them. The Corporation shall not be responsible for any default or failure under this Agreement caused by the failure of either Party to obtain any such approvals or authorizations in a timely manner. The Corporation represents that the Property is within its water CCN and that no modifications to such CCN are necessary for the Corporation to provide retail water service to the Property. The Parties further agree that Developer shall not be responsible for any costs pertaining to any enforcement matters against the Corporation, to the extent such matters impact the delivery of water to the Property.

Section 8.02 Developer covenants to provide to the Corporation one reproducible and three copies of the approved plat of the Property prior to recordation thereof.

Section 8.03 Each party ("***Indemnifying Entity***") agrees to protect, indemnify, defend and hold the other Party ("***Indemnified Entity***") and its directors, officers, employees, agents and representatives free and harmless from and against any and all claims, demands, debts, suits, causes of action, losses, damages, judgments, fines, penalties, liabilities, and costs, including reasonable attorney fees and defense costs, of every kind and character occurring or in any way incident to, in connection with, or arising out of, the Project, including without limitation, such claims or demands associated with the Indemnifying Entity's breach of this Agreement, delays concerning the completion of construction of the Project, or water pressure or adequacy of service arising out of the length of service lines of the Internal Facilities, and excepting only those damages, liabilities, or costs to the extent the same are attributable to the gross negligence or willful misconduct of the Indemnified Entity. The Indemnifying Entity further agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Indemnified Entity, its officers, directors, employees, agents and representatives from and against any and all claims, demands, debts, suits, causes of action, losses, damages, judgments, fines, penalties, liabilities, and costs, including reasonable attorney fees and defense costs of every kind and character occurring or in any way incident to, in connection with, or arising out of, the Indemnifying Entity's noncompliance with applicable laws, ordinances and regulations and/or failure to obtain required permit(s) and approval(s) regarding this Agreement, excepting only those damages, liabilities, or costs to the extent the same are attributable to the gross negligence or willful misconduct of the Indemnified Entity. This indemnity shall survive the termination of this Agreement and shall be binding upon and inure to the benefit of the Parties and their respective

successors, representatives and assigns.

Section 8.04 For each lot within the Property designated for single family residential purposes, the Developer shall record deed restrictions which provide that private water wells are prohibited.

Section 8.05 Developer shall require all residential, commercial, institutional, and/or other entities located within the Property that will be provided potable water by the Corporation to permanently use water conservation oriented fixtures and devices and to encourage the selection of grasses and landscaping vegetation on lots which are drought tolerant and which minimize the need for landscape irrigation to comply with the Corporation's requirements.

Section 8.06 The Developer acknowledges, represents and agrees that:

1. It is a Texas corporation qualified in all respects to conduct business within the State of Texas;
2. It has not created or permitted any third person to create any liens, leases, options, claims, encumbrances or any other adverse rights, claims or interests with respect to the Internal Facilities that will prevent or hinder its ability to transfer good and warrantable title in same to the Corporation;
3. It or its assignee will be the true and lawful owner of the Internal Facilities to be conveyed hereunder and, no other third person or entity, public or private, will possess a right or interest, legal or equitable, nor any lien, encumbrance or other adverse claim, present or contingent, in or the Internal Facilities;
4. It has not previously sold, assigned, transferred, leased, pledged or hypothecated its ownership interest in or to the Internal Facilities and, it will not sell, assign, transfer, lease, pledge, or otherwise hypothecate any interest in or to the Internal Facilities to any third person or entity;
5. It has not entered into any agreement, written or oral, with any third party, wherein any such third party has agreed to reimburse it for the cost of design or construction of the Internal Facilities or any portion thereof, or wherein any third party has acquired a right to purchase such facilities.
6. The contemplated transfer of the Internal Facilities to the Corporation will not violate any term, condition or covenant of any agreement to which it is a party;
7. Execution of this Agreement and the consummation of the transactions contemplated hereunder will not constitute an event of default under any contract, covenant or agreement binding upon it;
8. The contemplated transfer of the Internal Facilities to the Corporation will not violate the provisions of the United States Constitution, the Texas Constitution, or any federal, state or local law, ordinance or regulation;
9. It has not previously granted any right or option to any other person, entity or political

subdivision to acquire or use the Internal Facilities and agrees to defend and hold the Corporation harmless from all claims or causes of action asserted by any third person, entity or political subdivision alleging a right or option to acquire or use the Internal Facilities or any portion thereof; and

**10.** Except as provided herein, it has no previously entered into any agreement or caused or otherwise authorized any action that would diminish, eliminate or adversely affect the Corporation's contemplated ownership or use of the Internal Facilities or the value of same.

Section 8.07 The Corporation acknowledges, represents and agrees that:

**1.** This Agreement has been duly and validly executed and delivered by Corporation and that this Agreement constitutes the legal, valid and binding agreement of the Corporation enforceable against the Corporation in accordance with its terms.

**2.** The representative of the Corporation signing this Agreement has full power and authority to execute and deliver this Agreement and to carry out the transaction(s) contemplated hereby.

**3.** Corporation has taken all actions required by applicable laws and its constituent documents to carry out the provisions in this Agreement. This Agreement has been duly executed and delivered by Corporation.

**4.** Corporation has the financial ability to complete the transactions contemplated by this Agreement.

**5.** Corporation possesses a water CNN that includes the Property, and Corporation is not subject to any order or enforcement action from the TCEQ prohibiting it from providing retail water service to the Property in the quantities provided herein.

## **ARTICLE IX. TERM AND CANCELLATION**

Section 9.01 This Agreement will be effective on the date of execution set forth below by the authorized representatives of the Corporation and the Developer and will continue in effect for a period of twenty (20) years unless earlier terminated in accordance with the provisions hereof. This Agreement may be extended from time to time by mutual agreement of the parties in writing.

Section 9.02 Developer shall commence substantial construction of the Project within twenty-six (26) weeks of the execution of this Agreement and shall complete the construction and installation of the Project and deliver all appropriate concurrence letters as contemplated in Section 4.11 within fifty-two (52) weeks. Failure to do so shall result in termination of the Agreement.

Section 9.03 In the event the Corporation's service obligation terminates pursuant to this Article IX, Developer shall have responsibility for any liability, costs or damages incurred by Corporation and shall have the obligation to reimburse the Corporation for any costs or expenses. Corporation shall have no obligation to reimburse the Developer for any costs or expenses and shall have no responsibility for any liability, costs or damages incurred by the Developer. Further, in the event of termination of this Contract, the Developer shall not be authorized to

proceed with construction and installation of the Project and shall enter into a new agreement with the Corporation setting forth the terms and conditions pursuant to which the Corporation will provide service to the Property thereafter.

## **ARTICLE X. NOTICE**

Section 10.01 All notices, demands, requests, and other communications between the Parties required or permitted hereunder shall be in writing, except where otherwise expressly provided herein, and shall be deemed to be delivered when actually received; provided that if the communication is sent by depositing it in a regularly maintained receptacle for the United States mail, registered or certified, postage prepaid, addressed to the appropriate addressee as follows, or to such other location or address for a party for which notice has been given by such party in the same manner, the same shall be deemed to have been received on the second mail delivery day following the day on which the communication is so postmarked.

If to the Corporation:

Martindale Water Supply Corporation  
ATTN: General Manager  
P. O. Box 175  
Martindale, Texas 78666

If to the Developer:

---

---

---

---

## **ARTICLE XI. DEFAULT**

Section 11.01 In the event a Party defaults in the payment of any amounts due under this Agreement or in the performance of any material obligation to be performed by that Party ("**Defaulting Party**"), under this Agreement, the other Party ("**Non-Defaulting Party**") will have the right to temporarily limit performance under this Agreement until such default is cured by the Defaulting Party. Before exercising this right, the Non-Defaulting Party will give the Defaulting Party ninety (90) days written notice of the default and of the opportunity to cure the same. In the event the default remains uncured, after the Non-Defaulting Party gives the Defaulting Party the aforesaid written notice of default, for a period of (i) fifteen (15) days in the event of a monetary default or (ii) thirty (30) days in the event of a non-monetary default, then the Non-Defaulting Party will have the right to permanently limit performance under this Agreement to a level commensurate with the financial or operational impact on the Non-Defaulting Party resulting from such default and/or, for the Corporation, stop making new retail connections to Customers. Before permanently restricting water services to the Customers, the Corporation will give the Developer thirty (30) days' written notice of its intent to do so and the opportunity to cure the default, failing which the permanent restrictions will take effect. Finally, in the event the default remains uncured by Developer, the Corporation may terminate its obligation to provide water service to all areas within the Property other than Customers receiving water service at that time.

Section 11.02 It is not intended hereby to specify (and this Agreement will not be considered as specifying) an inclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any Party hereto and will be cumulative of the remedies provided herein. Recognizing however, that the failure in the performance of the Corporation's obligations hereunder could not be adequately compensated in money damages alone, the Corporation agrees, in the event of any default on its part, that the Developer will have available to it the equitable remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination of this Agreement) which may also be available. Recognizing that failure in the performance of the Developer's obligations hereunder could not be adequately compensated in money damages alone, the Developer agrees in the event of any default on its part that the Corporation will have available to it the equitable remedies of mandamus and specific performance in addition to any other legal or equitable remedies, which may also be available to the Corporation including, without limitation, the right of the Corporation to obtain a writ of mandamus or an injunction against the Developer.

**Section 11.03 EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, EACH PARTY HERETO (THE "IDENTIFYING PARTY") WILL INDEMNIFY AND SAVE THE OTHER PARTY (THE "INDEMNIFIED PARTY") HARMLESS FROM ANY AND ALL CLAIMS, COSTS OR DEMANDS WHATSOEVER, INCLUDING COSTS OF COURT AND REASONABLE WITNESS AND ATTORNEYS' FEES, TO WHICH THE INDEMNIFIED PARTY MAY BE SUBJECTED BY REASON OF ANY INJURY TO ANY PERSON OR DAMAGE TO ANY PROPERTY TO THE EXTENT RESULTING FROM OR IN ANY WAY CONNECTED WITH ANY AND ALL ACTIONS AND ACTIVITIES OR ANY FAILURE TO ACT CONSTITUTING NEGLIGENCE, RECKLESSNESS OR INTENTIONAL MISCONDUCT OF THE INDEMNIFYING PARTY UNDER THIS AGREEMENT.**

Session 11.04 To the extent that similar insurance is usually carried or self-insurance is usually maintained by public or private entities operating like properties, each party (the "Insured Party") will carry at all times with responsible insurers insurance on, and/or maintain a self-insurance program with respect to, the Insured Party's properties and its activities conducted pursuant to this Agreement, including activities that may subject the Insured Party to liability for bodily injury or property damage. The policies will be payable to the Insured Party and/or the self-insurance program will cover the Insured Party to the extent of its interest against risks of direct physical loss, damage to, or destruction of such properties or any part thereof, and against accidents, casualties, or negligence, including liability arising out of its activities. The Insured Party will name the other party as an additional insured under the Insured Party's insurance policies and/or self-insurance program with respect to any liability the other party may be exposed to or incur as a result of the Insured Party's actions or failure to act under this Agreement. The Insured Party will also furnish the other party copies of certificates of insurance showing that the other party is covered by the insurance policies of the Insured Party and/or a notification that the other party is covered under the Insured Party's self-insurance program. The certificates of insurance coverage for an Insured Party and/or notification of coverage under the Insured Party's self-insurance program will be updated as necessary to evidence coverage of the other party on a continuing basis.

## **ARTICLE XII. FORCE MAJEURE**

Section 12.01 In the event either Developer or Corporation is rendered unable by force majeure

to carry out any of its obligations under this Agreement, in whole or in part, then the obligations of that party, to the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party.

Section 12.02 The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the government of the United States or the State of Texas (including any agencies or political subdivisions thereof) or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or partial or complete failure of water supply, and any other inability of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is unfavorable to it in the judgment of the party having the difficulty.

### **ARTICLE XIII. GENERAL PROVISIONS**

Section 13.01 Developer shall comply with, and all rights accruing to Developer pursuant to this Agreement shall be subject to, the Corporation's Bylaws, Tariff, rules, and regulations, as they are promulgated from time to time.

Section 13.02 The Constitution and the laws of the State of Texas and the decisions of its courts shall govern with respect to any question or controversy which may arise under this Agreement.

Section 13.03 A waiver by any Party hereto of any default by another party hereunder shall not be deemed a waiver by such Party of any default by other Parties which may thereafter occur.

Section 13.04 This Agreement contains the entire agreement between the Parties, and may be amended only by an express written agreement signed by the Parties.

Section 13.05 This Agreement is binding upon and inures to the benefit of the Parties hereto, and their respective successors, representatives and assigns. This agreement may not be assigned by any Party without the prior written consent of the other Party.

Section 13.06 The water service to be provided under this Agreement by the Corporation applies only to the Property and may not be assigned or transferred to any other property without the prior written consent of the Corporation.

Section 13.07 Each of the Parties hereto agrees to take all such further actions as may be reasonably required from time to time, in order to fulfill their respective obligations and agreements hereunder and to ensure the binding effect of this Agreement.

Section 13.08 This Agreement shall be executed in duplicate originals, each of which, for all purposes, shall be deemed to be an original.

Section 13.09 This Agreement shall be construed and enforced in accordance with Texas law. Venue for the litigation of any dispute arising hereunder shall be in \_\_\_\_\_ County Texas; venue for any dispute within the jurisdiction of the TCEQ shall be before the TCEQ and for any appeal from a final decision of the TCEQ shall be in Travis County, Texas.

Section 13.10 In the event any provision contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, it should be reformed and construed in such a manner that it will, to the maximum extent practicable, be deemed to be valid and enforceable. Otherwise, such invalidity, illegality, or unenforceability shall not affect any other provision hereto and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein; provided, however, if the deletion of such provision would materially and adversely affect the consideration given or received by either party under the agreement, the affected party may elect to terminate this agreement by promptly providing notice to the other party.

Section 13.11 The title of this Agreement, titles and headings of articles and sections hereof have been inserted for convenience of reference only and are not to be considered a part hereof and will not in any way modify or restrict any of the terms or provisions hereof and will never be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 13.12 The undersigned signatory for Developer hereby represents and warrants that such signatory has full and complete authority to enter into this Agreement on behalf of Developer.

*[Execution Page Follows]*

EXECUTED AS OF THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2021  
(the "*Effective Date*").

MARTINDALE WATER SUPPLY  
CORPORATION

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

Title:\_\_\_\_\_

Name:\_\_\_\_\_

ATTEST:

---

Secretary

(SEAL)

DEVELOPER,

---

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

Title:\_\_\_\_\_

Name:\_\_\_\_\_

ATTEST:

---

Secretary

(SEAL)

THE STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_ of Martindale Water Supply Corporation, on behalf of said Corporation.

---

Notary Public, State of Texas

(SEAL)

THE STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_ for (the Developer)

---

---

Notary Public, State of Texas

(SEAL)

**Exhibit "A"****Description of the Property**

**Exhibit "B"****Plans and Specifications for Facilities to Bring Water to the Property**

**Exhibit “C”, Corporation’s Construction Standards.**

## **SECTION D-1: CORPORATION CONTRACTS:**

Except as otherwise provided by the law of the state or federal government, the Corporation shall adhere to the following policy for awarding contracts:

- a. The board shall advertise for bids for contracts for the purchase of materials, machinery, and all things to constitute the plant, works, facilities, and improvements of the Corporation or for construction.
- b. A contract may cover all the improvements to be provided by the Corporation, or the various elements of the improvements may be segregated for the purpose of receiving bids and awarding contracts. A contract may provide that the improvements will be constructed in stages over a period of years.
- c. A contract may provide for the payment of a total sum that is the completed cost of the improvement or may be based on bids to cover cost of units of the various elements entering into the work as estimated and approximately specified by the Corporation's engineers, or a contract may be let and awarded in any other form or composite of forms and to any responsible person or persons that, in the Board's judgment, will be most advantageous to the Corporation and result in the best and most economical completion of the Corporation's proposed plants, improvements, facilities, works, equipment, and appliances.
- d. For contracts for \$75,000 or more, the Board shall advertise the letting of the contract, including the general conditions, time, and place of opening of sealed bids. The notice shall be published in one or more newspapers with general circulation in the state, and one or more newspapers published in each county in which part of the Corporation is located. If there are more than four counties in the Corporation's area, notice may be published in any newspaper with general circulation in the area. If no newspaper is published in the county or counties in which the Corporation is located, publication in one or more newspapers with general circulation in the state is sufficient. The notice shall be published once a week for three consecutive weeks before the date that the bids are opened, and the first publication shall be not later than the 21st day before the date of the opening of the sealed bids.
- e. For contracts for \$20,000 or more but less than \$75,000, the Board shall solicit written competitive bids on uniform written specifications from at least three bidders.
- f. For contracts of less than \$20,000, the Board or General Manager is not required to advertise or seek competitive bids. The Board may select a contractor recommended by the Corporation Engineer, or select a contractor from the Corporation's list of approved contractors.

- g. The Board may not subdivide work to avoid the advertising requirements specified in this policy.
- h. The Board may not accept bids that include substituted items, either before or after the Corporation enters into a construction contract, unless the substituted items were included in the original bid proposal and all bidders had the opportunity to bid on the substituted items.
- i. Change orders to contracts may be issued only as a result of unanticipated conditions encountered during construction or changes in regulatory criteria, or to facilitate project coordination with other political entities.
- j. These policy provisions do not apply to contracts for personal or professional services or for a utility service operator.
- k. Developers may select a contractor from the Corporation's approved contractor list, or request a contractor for a specific project. The contractor submitted shall be fully vetted and approved by the Corporation Engineer. The Board will give final approval based on the recommendation of the Corporation's Engineer.
- l. The Corporation with the assistance of the Corporation's Engineer shall maintain a list of vetted and approved contractors for work on the Corporation's equipment.

## **SECTION D- 2: WATER CONSERVATION PLAN**

**including:**  
**Long Term Water Conservation,**  
**Emergency Water Rationing,**  
**and**  
**Drought management**

### **Martindale Water Supply Corporation**

#### **A. Introduction**

Martindale Water Supply Corporation is a non-profit water supply corporation organized originally as a rural water supply in 1965, managed by a seven member Board of Directors. The Corporation received a Certificate of Convenience and Necessity from the Texas Public Utility Commission on November 1, 1979, CCN number 10312. The Corporation has a service area of 8.2 square miles in Southern Caldwell County and also Northwestern Guadalupe County. The service area is bisected by the San Marcos River. The service area contains the corporate area of the City of Martindale. Currently this service area contains 28.6 miles of water distribution mains servicing 850 connections (2007) to an estimated population base of 3000. Our water treatment plant and raw water resources allow an increase to 1300 connections eventually.

In order to best serve its customers under all conditions the Corporation relies on three different sources of raw water as well as two separate water treatment plants (WTP). The first source of raw water is a group of shallow wells adjacent to the primary WTP owned by the Corporation, which is located in Martindale, Texas. The next source is leased rights to 50 acre-feet of Canyon Lake water which is led to the Corporation's system via a GBRA pipeline, thence to an additional WTP owned by the members of Canyon Regional Water Authority (CRWA). The Corporation is a member of CRWA and partial owner of this WTP, called the Hayes-Caldwell (H-C) WTP. The H-C plant has a large emergency electricity generator with sufficient capacity to power all of its pumps and control equipment: this provides a back-up source of water to the Corporation's customers in the event of electric power failure. The Corporation's third source of raw water is a 396 acre-feet combination of leases and owned water rights in the San Marcos River. These senior (1905) water rights are rated as "firm water" by the State. The river water rights are accessed by a river water intake structure adjacent to the H-C WTP: this plant has equipment capable of processing river water. Under normal conditions the needs of all the Corporation's customers are met by pumping from wells adjacent to the primary WTP since this is the lowest cost water supply. When these wells prove insufficient, additional water from the various raw water leases and ownerships is drawn through the H-C WTP. At the Corporation's current size, 870 connections in 2007, the H-C WTP and the relevant non-well raw water sources can supply all customer needs indefinitely. During 2006, the Corporation used 59 acre-feet from the H-C WTP when nitrate levels from the shallow well field proved

excessive, and when the primary WTP was shut for repairs. The H-C plant, and the raw water feeding it, supplied essentially all customer water needs for three months in 2006.

## B. Goals of the Water Conservation Plan

This plan has two (2) components – The long term Water Conservation Plan and the Emergency Water Demand Management Plan. Both of these plans have been reviewed and approved by the Texas Water Development Board and the Corporation's Board of Directors. The plans were implemented by a resolution of the Board and by incorporation into the Corporation's Tariff. A copy of this resolution is in Exhibit 2. The plan, the methods of implementation and the actions carried out constitute the Water Conservation Program.

The goals and timeline of implementation of the Water Conservation Plan is to establish a set of policies which:

1. Reduce water usage to no more than 10,000 gallons per connection per month.
2. Limit peak water use during the months of May through September.
3. Provide all citizens with informational packets and brochures outlining methods of water conservation, and encouraging non-wasteful use of water.
4. Reduce unaccounted for water to less than ten (10) percent of that supplied.
5. Construct a rain water collection system at the water plant site for educational and demonstration purposes, and to provide water for acceptable raw water uses such as construction projects and agricultural development.

## C. Water Conservation Plan

### 1. Plan Elements

- a. Informative Programs The Texas Water Development Board is a source of low cost printed material covering water conservation, water use reduction, leak prevention and xeriscaping.

The corporation has developed a "new member" packet which includes material on the Water Conservation Plan and an Emergency Demand Management "fact sheet." This is automatically provided to new customers. The corporation provides pertinent conservation brochures to the customers by mail during conservation awareness times.

Brochures and fact sheet are courtesy of William Hoffman of the TWDB.

- b. Conservation-Oriented Rate Structure The water rate structure adopted by the corporation contains increasing gallonage charges

for consumption in excess of the goal of 10,000 gallon usage per connection. The rate structure is described in the Corporation's Tariff.

- c. Universal Metering and Repair Program The Board has a policy of metering all customers on the system. It is recommended that each user be metered individually. Master metering may be approved by the Board provided the master meter account customer complies with the TNRCC Chapter 291 Subchapter H rules pertaining to submetering.

The following program of meter testing and repair has been established.

- d. Metering Program

Production Master Meters	Test each year and recalibrate as necessary
Customer Meters 5/8" x 3/4" size	Test 10% of total meters annually and replace as necessary. Typical rated life of each meter is greater than 10 years.
Meters 3/4" to 2" size	Remove and test each meter every 2 years.

The corporation will also test a customer's meter at the customer's request. The meter test authorization and test report is included in Exhibit 3.

- e. Leak Detection and Repair An important element in efficient water system operation is to reduce water losses as much as possible. A significant increase in losses or losses greater than 15 percent of water received is an indication of a possible leak in the system. Unaccounted for water needs to be no greater than 10 percent of the water produced. When leakage is excessive the corporation contracts with a qualified leak detection company to survey the distribution system.

- f. Controls on Commercial Customers If and when there are commercial connections added to the system, guidelines should be established for car washes, commercial laundries and other types of high water use businesses. For example, only car washes which recycle wash water would be allowed to use MWSC water or economic incentives could be implemented to reuse processed water in small industries which may be located in the service area.

- g. Other Conservation Practices Since the corporation does not have ordinance making authority, the Board is somewhat limited in power to implement water conservation policies; however, much can be done to encourage water conservation by promoting low water use

landscaping and water recycling or reuse through exhibits or demonstration projects. The conservation committee shall investigate various types of conservation projects, and resources to provide these demonstrations such as the Texas Water Development Board, The Guadalupe-Blanco River Authority, and prepare a recommendation to the Board on whether these projects should be sponsored by the corporation.

- h. Retrofitting of Plumbing fixtures Senate bill 587 has recently been adopted which prohibits the sale of plumbing fixtures in Texas which do not meet the Water Saving Performance Standards. The standards include:
  - i. Faucet aerators with maximum flow rate of 2.2 gallons per minute (gpm) at 60 pounds per square inch (psi).
  - ii. Shower head maximum flow rates of 2.75 gpm at 80 psi.
  - iii. Urinal flush valve with maximum flow rate of 1 gallon per flush.
  - iv. Toilet with a maximum of 1.6 gallons per flush.
  - v. Self-closing drinking fountain valves.
- i. Contracts with other Political Subdivisions The corporation will require, through contractual agreements, that any political subdivision or utility contracting with the corporation in the future for heated water adopt a water conservation plan be acceptable to the Texas Water Development Board.

## 2. Plan Implementation

The plan elements not already in place shall be adopted by Board Resolution. The corporation may also want to adopt specific recommendations which can be added to the sample resolution in Exhibit 2.

Other plan elements which cannot be enforced by the corporation can be promoted and encouraged by the Board's policies and procedures.

## 3. Annual Reporting and Future Planning

The corporation is obligated to the TWDB (under Rule 31 Tac 363.71) to submit an annual report describing the implementation, status and quantitative effectiveness of the water conservation program (which includes the plan and the implementation procedures). This report is due within 60 days of the anniversary of the date of loan closing.

A conservation committee consisting of two Board Members and the System Manager will undertake this task which would also monitor water usage patterns, public education efforts and make recommendations to the Board on future water conservation efforts. This Committee will also be responsible for an in-depth review and evaluation of the plan to service

area population, distribution system or supply. This work is in addition to the annual review and should be done at least every five (5) years or more frequently if conditions require it.

## D. Emergency Water Demand Management Plan

### 1. Introduction

The plan has two aspects. The first aspect is an automatic switch-over to back-up water sources whenever the primary water supply is insufficient to meet customer needs. Since the Corporation has three sources of raw water as well as two water treatment plants, these capabilities allow the Corporation to continue to service customers under a wide range of problematic conditions. The second aspect of this plan is steps that can be taken to cause a reduction in water use in response to emergency conditions so that water availability can be preserved. Since emergency conditions can occur rapidly, responses must also be enacted quickly, hence, a plan must be prepared in advance with the necessary conditions defined to initiate and terminate actions.

The plan has been implemented in the Corporate tariff which has an "Emergency Rationing Program," derived from this plan. There is one (1) voluntary stage and three mandatory stages of rationing which can be imposed by the Board. The next section describes the conditions which will trigger the stages when adopted by resolution of the Board.

2. Trigger Conditions – The following trigger conditions have been prepared with data gathered over the last thirty-three years the Martindale Water Supply Corporation has been in operation. This information has been gathered daily. Any one trigger condition may incur the adoption of rationing.

#### a. Stage 1 Voluntary –

- i. The USGS gauge station #008170000, for the San Marcos River at San Marcos, Texas, drops below 135 cfs (cubic feet/second) for more than 10 days.
- ii. Rainfall Data from the San Marcos, Texas National Weather Service Station #41-78893-07 is two and a half (2.5) inches below the 50 year average.
- iii. Demand is at seventy-five (75) percent of total water production capacity.

b. Stage 2 Mandatory Mild Conditions – may be implemented when one of the following conditions exist.

- i. The USGS gauge station #008170000, for the San Marcos River at San Marcos, Texas, drops below 125 cfs (cubic feet/second) for more than 10 days.

- ii. Rainfall Data from the San Marcos, Texas National Weather Service Station #41-78893-07 is three (3) inches below the 50 year average.
  - iii. Demand is at eighty (80) percent of total water production capacity.
- c. Stage 3 Mandatory Moderate Conditions – Rationing conditions may be implemented when one of the following conditions exist.
- i. The USGS gauge station #008170000 for the San Marcos River at San Marcos, Texas, drops below 110 cfs.
  - ii. Rainfall data from the San Marcos National Weather Service Station #41-7983-07 is four and one half (4.5) inches below the 50 year average.
  - iii. Demand is at eighty-five (85) percent of total water production capacity.
- d. Stage 4 Mandatory Severe Conditions – Rationing Conditions may be implemented when one of the following conditions exist:
- i. Failure of a major component of the system or an event which reduces the minimum residual pressure in the system below 20 psi for a period of 24 hours or longer.
  - ii. The USGS gauge station #08170000 for the San Marcos River at San Marcos, Texas, drops below 100 cfs.
  - iii. Rainfall data from the San Marcos National Weather Service Station #41-7983-07 is six (6) inches below the 50 year average.
  - iv. Demand is at ninety (90) percent of total water production capacity.
  - v. Other unforeseen events which could cause imminent health or safety risks to the public.

### 3. Stage Level of Rationing

The stage levels of rationing are listed in the Emergency Water Demand Management Measures. The four (4) stages are to be placed in effect by the triggers in the previous section. The measures are summarized below.

- a. Stage 1 Voluntary –
- i. Customers within the city limits of Martindale may water outside on Tuesday and Saturday.
  - ii. Customers outside the city limits of Martindale may water outside on Thursdays and Sundays.
  - iii. No sprinklers may be used between 10:00 am and 6:00 pm.
  - iv. Watering dates shall be posted in the *San Marcos Daily Record*.

b. Stage 2 Mandatory Mild Conditions –

- i. Customers within the city limits of Martindale may water outside on Tuesday and Saturday.
- ii. Customers outside the city limits of Martindale may water outside on Thursdays and Sundays.
- iii. No sprinklers may be used between 10:00 am and 6:00 pm.
- iv. Watering dates shall be posted in the *San Marcos Daily Record*.
- v. Water flow restrictions may be installed on high water use customers.
- vi. The Corporation should terminate pipeline flushing operations.
- vii. Encourage reduction of water use through the news media.

c. Stage 3 Mandatory Moderate Conditions –

- i. Customers within the city limits of Martindale may water outside on Tuesday.
- ii. Customers outside the city limits of Martindale may water outside on Thursdays only.
- iii. Hand held hose watering only.
- iv. Institute system monitoring and enforce violation penalties.
- v. Make public service announcements on local radio and newspapers.
- vi. Be prepared to move to Stage 4.
- vii. Corporation shall continue enforcement and educational efforts of Stages 1 and 2.

d. Stage 4 Mandatory Severe Conditions –

- i. All outside water use prohibited except for livestock.
- ii. In case of emergency the Corporation may prohibit livestock watering by notice.
- iii. Water use will be restricted to a percentage of members' winter months usage. Notice of this amount will be sent to each customer.
- iv. Corporation shall continue enforcement and educational efforts of Stages 1 and 2.

4. Initiation and Termination Procedures

Once a trigger condition occurs, the Corporation, or its designated responsible representative, shall, through the Chairperson of the Conservation Committee, decide if the appropriate stage of rationing shall be initiated. The initiation may be compromised by the condition. If rationing is to be instituted, written notice to customers shall be given.

Written notice of the proposed rationing shall be mailed or delivered to each affected customer, placed in a local newspaper and announced on a

local radio station. The customer notice shall contain the following information:

- a. The date rationing shall begin.
- b. The stage (level) of rationing to be employed.
- c. Evidence of this rationing authority.
- d. Affected area to be rationed.

The rationing shall take effect as soon as notice is received. A sample Customer Water Conservation Notice is included in the Exhibit 4.

If the rationing period extends 30 days then the Chairperson of the Conservation Committee shall present the reasons for the rationing at the next scheduled Board Meeting and shall request the concurrence of the Board to extend the rationing period.

When the trigger condition no longer exists then the responsible official may terminate the rationing provided that such an action is based on sound judgment. Written notice of the end of the rationing shall be given to customers. A rationing period may not exceed 60 days without extension by action of the Board.

## 5. Penalties for Violations

For the first violation of a rationing provision the Corporation may install a flow restrictor in the customer's service line. The cost of this shall be the actual cost to do the work and not to exceed \$50.00

For the second violation, the Corporation may terminate service for up to seven (7) days and charge for the service call to restore the service.

These provisions are in the Tariff; hence, they apply to all customers of the Corporation.

## 6. Implementation

The Board shall annually establish a Conservation Committee by Resolution (Exhibit 2), the chairperson of which is the responsible representative to make Emergency Water Management actions. This committee should also review the procedures in this plan annually so that modifications can be made to accommodate system growth.

The provisions which affect customers in the plan are in the present Tariff. The procedures to be followed by the Board, or its representative, have been put into effect by passing a resolution.

## 7. Information and Education

The Corporation has developed a "Fact Sheet" which is given to all new customers so that they will be prepared for Emergency Demand

Management or Rationing before it occurs. This Fact Sheet on "EMERGENCY RATIONING PROGRAM" EXHIBIT 5 will be provided in a new customer packet which also includes Water Conservation brochures. The brochures will be provided by:

Water Conservation Manager  
The Texas Water Development Board  
(512) 463-7932

#### 8. Authorization

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

#### 9. Variances

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

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

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

- a. Name and address of the petitioner(s).
- b. Purpose of water use.
- c. Specific provision(s) of the Plan from which the petitioner is requesting relief.
- d. Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.

- e. Description of the relief requested.
- f. Period of time for which the variance is sought.
- g. Alternative water use restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- h. Other pertinent information.

Variances granted by the MWSC shall be subject to the following conditions, unless waived or modified by the Chairperson or his/her designee:

- a. Variances granted shall include a timetable for compliance.
- b. Variances granted shall expire when the Plan is no longer in effect, unless the petitioner has failed to meet specified requirements.

No variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

## Section E- OPERATOR/PLANT & DISTRIBUTION LINE JOB DESCRIPTION, AND CONDITIONS FOR EMPLOYMENT

1. Must be certified by TCEQ and hold a valid Grade C or higher surface water operator's license. Operator shall attend schools and seminars to remain abreast of changes to rules and regulations of TCEQ. The Board of Directors will reimburse the operator for these expenses.
2. Must operate and maintain the water system in accordance with all local policies, state and federal regulations.
3. Shall practice good public relations with members of the Board of Directors, members of the water system, fellow employees, and all governing agencies in a manner expressing professionalism and courtesy to all.
4. Operator must have basic electrical, hydraulic mechanical skills necessary to maintain a water plant and distribution system economically with maximum efficiency. Also, must have knowledge and skills in proper use of tools and equipment needed in operation and maintenance of a water system.
5. The plant Operator must cooperate with the office Administrator very closely in performing emergency jobs, work orders (job tickets). Specific information is very important on each job (large or small). The Administrator is required to make a schedule of small jobs to eliminate excessive travel and time.
6. The Operators will be reimbursed for the use of their private vehicle for corporation business, when authorized and approved by the Board of Directors. Texas State Rates paid.
7. The Operator must keep all corporation property clean, painted, repaired and neat so that the sites present a pleasant appearance to the public and exhibit a safe environment.
8. Must maintain an accurate, detailed and current map of the distribution system, including all water lines, connections, valves, dead ends, control cables, water source, sample collection sites, flush valves, fire hydrants, road bores and other items required by the Board of Directors.
9. The Operator must keep the Board of Directors informed on the basic operation of the water system with current log and report at each regular meeting. Taking water samples for test shall be taken accurately and systematically when due.
10. An accurate and current inventory of all tools and repair parts shall be kept in adequate quantities to make rapid repairs in a cost efficient manner. Unsafe or broken tools must be reported to the Board of Directors and repaired or replaced. Charge accounts and places of business must be approved by the Board.
11. The Operator shall be subject to call for corporation emergencies twenty-four (24) hours daily, seven (7) days per week, year round. Official holidays will be

determined by the Board of Directors to be observed, but the operator or official substitute will be on call for emergencies.

12. The Operator must notify the office manager and/or the Board President if he plans to be unavailable overnight or longer than four (4) consecutive hours.
13. The Operator (full time on salary) will be allowed vacation time, after one year of service with compensation, one week (5) days of annual vacation. Upon termination of employment employee will be compensated for any unused vacation time (rate 1/2 day per month) for the current year - nonaccumulative.
14. If the Operator (full-time on annual salary) becomes unable to work due to illness or injury he may take (without loss of compensation) up to five (5) days of sick leave per year. Upon termination employee will not be compensated for any unused sick leave. Sick leave does not accumulate from one year to the next year.
15. The employees of the corporation are covered by Workman's Compensation Insurance in compliance with the laws of Texas (exception contract labor). That insurance covers the salaried (including hourly wages) employees only in the performance of duties on the job.
16. Reporting for work under the influence of alcohol or non-prescription and/or illegal drugs is forbidden and will result in immediate termination of employment.
17. The Operator must serve the Water Supply Corporation to the best of his or her ability and under the supervision of the Board of Directors. He or she shall work in a cooperative and professional manner with the Board of Directors, employees and the Membership of the Water Supply Corporation.
18. No cashing of personal checks from the corporation funds will be allowed.
19. Resignation of full-time employees shall be submitted in writing thirty (30) days in advance.
20. Failure to comply with any of the above and any futures duties added to this job description may result in disciplinary action and possible termination of employment.
21. The Board may add or delete requirements at any time.

## SECRETARY/OFFICE MANAGER JOB DESCRIPTION:

1. The Secretary shall type and prepare any and all correspondence that the Board of Directors and the Plant Operator may need to perform the office related tasks for the Board of Directors.
2. Must be proficient in the use of the office equipment including the computer system. Responsible for systematic billing to all members, collecting all monies and depositing all funds as directed by the Board of Directors.
3. Shall be proficient in keeping records and files required by the Board of Directors. The Secretary must be responsible for keeping all pertinent records in the office and be familiar with the Open Records Act to adequately serve the members of the corporation.
4. The Secretary shall prepare the corporation's records for the Annual Audit by January 31st each year.
5. The Secretary must see that the office is kept clean and orderly, including no smoking.
6. The Secretary shall make all preparations for regular/special board and membership meetings, such as posting notices and preparation of materials and reports required for each meeting. The Secretary shall reproduce the minutes of these meetings. A notebook containing a copy of these minutes shall be available at all times to the membership, during office hours.
7. The Secretary will be reimbursed for the use of his/her private vehicle for corporation business when authorized and approved by the Board of Directors. Texas State Rates paid.
8. Receive messages, requests, reports of problems, etc., refer them to the proper person. Write job tickets (work orders) to the Operator. These work orders shall be returned to the office with detail information for a permanent record and to be reviewed by the Board Members.
9. If it is necessary for a Board Member or employee to remove any record or item from the office, the Secretary shall make notes with name of person, item, date taken and returned.
10. The Secretary/Office Manager (full time on salary) will be allowed vacation time, after one year of service with compensation, one week (5) days of annual vacation. Upon termination of employment, employee will be compensated for any unused vacation time (rate  $\frac{1}{2}$  day per month) for the current year—nonaccumulative.
11. If the Secretary/Office Manager (full time on annual salary) becomes unable to work due to illness or injury she/he may take (without loss of compensation) up to five (5) days of sick leave per year. Upon termination employee will not be

compensated for any unused sick leave. Sick leave does not accumulate from one year to the next year.

12. The employees of the corporation are covered by Workman's Compensation Insurance in compliance to the laws of Texas (exception contract labor). That insurance covers the salaried (including hourly wages) employees only in the performance of duties on the job.
13. Reporting for work under the influence of alcohol or non-prescription and/or illegal drugs is forbidden and will result in immediate termination of employment.
14. The Secretary/Office Manager must serve the Water Supply Corporation to the best of his or her ability and under the supervision of the Board of Directors. He or she shall work in a cooperative and professional manner with the Board of Directors, employees and the Membership of the Water Supply Corporation.
15. No cashing of personal checks from the corporation funds will be allowed.
16. Resignation of full-time employees shall be submitted in writing thirty (30) days in advance.
17. The Secretary will be responsible for purchasing all office supplies as needed.
18. The Secretary will process all incoming and out-going mail.
19. The office hours are: Monday through Friday 9:00 A.M. to 5:00 P.M. with one hour off for lunch being 12:00 P.M. to 1:00 P.M. Also to work the first Saturday of the month from 8:00 A.M. to 12:00 P.M.
20. The official holidays are: New Year's Day, Good Friday, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and one floater day.
21. Failure to comply with any of the above and future amendments will result in disciplinary action and possible termination of employment.
22. The Board may add or delete requirements at any time.

#### CONDITIONS OF EMPLOYMENT:

For so long as the Corporation is indebted for a loan or liens made to it by the State of Texas through the Texas Water Development Board, these By-Laws shall not be altered, amended, or repealed without the prior written consent of the Development Fund Manager of the Texas Water Development Board of the State of Texas. (Adopted 3/2008)

The primary responsibility of the Martindale Water Supply Corporation (MWSC) is to provide its members with a reliable source of potable water at a cost that will assure

adequate funds for the maintenance and upgrade of and upgrade of the facility. Such a high level of corporate responsibility dictates that all of its employees consistently conform to a high standard of performance. In an effort to assure all work performance MWSC hereby codifies the following conditions of work performance

A. Work Hours.

- (1) The standard work hours are Monday through Friday from 8:00 a.m. to 4:30 p.m. which includes a 30 minute lunch period.
- (2) All permanent employees are expected to serve on an as needed basis that will include, on occasions, more than a forty hour work week. Adjustments to these work hours are to be adjusted according to the needs of the Corporation as determined by the General Manager for themselves and the other employees to maintain continuous operation of the water purification and delivery system.
- (3) Holidays
  - (a) All employees will receive federal holidays
  - (b) In addition to the above holidays each salaried employee shall receive a "floating holiday" for each six months service. These special holidays will be selected by the employee and may be accumulated over a calendar year.
  - (c) The taking of any and all holidays shall be subject to cancellation by the needs of the Corporation as determined by the General Manager.

(4) Salaried employees will receive paid vacations as follows:

- (a) From start date to one year one-week vacation
- (b) From one year to three years two-week vacation
- (c) Thereafter three-week vacation

Employees may accumulate/earn up to 240 hours (6 weeks) of vacation. Four (4) week's notice must be given if using five (5) or more consecutive days.

(5) Sick leave

After six-months of employment each employee earns four (4) hours of sick leave per month (not to exceed 480 hours). Sick leave may be used for employee or immediate family member. Sick leave days/hours may be donated to another employee on a voluntary basis.

B. Personal Appearance.

- (1) All employees are to report for work and maintain during all work hours a clean and neat appearance in person and garments as the work environment allows.
- (2) The Corporation does not supply uniforms or work clothing other than safety

equipment as needed. Employees are expected to request any additional safety equipment they deem necessary for their protection while engaged in Corporation business. Some employees may receive a clothing stipend.

#### B. Safety

- (1) All employees shall familiarize themselves with all equipment and its safe operation
- (2) All employees shall familiarize themselves with hazardous materials present in the plant and procedures for safe handling.
- (3) All employees shall report any unsafe equipment or procedures to the General Manager.
- (4) All employees shall report any improper handling or conditions of hazardous materials to the General Manager promptly.

#### D. Controlled Substances.

- (1) All employees are required to report to work and during all work periods be free of mind-altering substances other than those drugs prescribed by their doctors(s).
- (2) The possession or use by any and all employees of mind altering substances other than those drugs prescribed by their doctor's during periods of employment is prohibited.
- (3) All employees of the Corporation agree as a condition of continued employment with the Corporation to submit to testing of their person for the presence of mind altering substances without notice and at any random times.
- (4) This prohibition of mind altering substances is a zero tolerance policy.

#### E. Public Demeanor.

- (1) All employees are expected to work closely with members of the Corporation and the public on a constant basis and should treat them with respect and courtesy.
- (2) During all periods when working with members of the Corporation and the public all employees are to exhibit a calm and steady demeanor. If a situation becomes one in which the employee could not be expected to continue on such a basis the employee is directed to remove themselves from the presence of the other person(s) with all reasonable haste to protect the employee and others from abuse and to preserve their safety. If a situation deteriorates to a state where bodily harm might result, the employee should contact the City Martindale Police Department [sic] for assistance.

#### F. Performance Evaluation/Personnel Files.

- (1) The work product and performance of all employees of the Corporation except the General Manager will be conducted by the General Manager on an

annual basis and this evaluation reduced to writing and placed in the employment records of the Corporation.

(2) The work product and performance of the General Manager will be conducted by the Corporation President with input from the Board on an annual basis and this evaluation reduced to writing and placed in the employment records of the Corporation.

(3) To assure the confidentiality of employment personnel records these records will be retained by the Corporation Secretary-Treasurer in a secure place which place may be other than the corporate office on Main Street.

(4) All employees have open access to the contents of their personnel files upon request.

#### G. Acknowledgement of Conditions of Employment.

All individuals to be employed and those currently employed by the Corporation will be required to acknowledge in writing their notice of the existence of these conditions of employment and their agreement to accept all these conditions for their employment by the Corporation.

#### H. Termination of Employment.

If an employee is determined by the Corporation to be in violation of any of the above listed conditions of employment their employment by the Corporation may at the Corporation's Board of Directors sole discretion be immediately and permanently terminated.

#### I. Compliance with Federal and State Non-Discrimination Laws.

All employees will comply with and conform to all Federal and State Laws regarding the prohibition of discrimination against any person due to that person's race, religion, sex, age, or national origin.

J. A person is disqualified from employment by the Corporation if he or she is a member of the immediate family of any Director of the Corporation or of any other person serving in a managerial capacity on behalf of the Corporation.

K. Any relationship or employment which constitutes a disqualification as set forth herein shall be considered grounds for removal or for termination of employment.

**Section F- CONDUCT OF REGULAR BOARD MEETINGS**

1. Will follow Robert's Rules of Order.
2. Agenda of meetings will be properly posted.
3. The Secretary/Treasurer will submit copies of required monthly reports and other pertinent information to each board member at each regular meeting.
4. The Board will abide by the Open Meeting Act, the Open Records Act, the FHmA By-Laws, and the Conflict of Interest Policy at all times.
5. This corporation follows Equal Employment Opportunity laws.
6. The Board of Directors may change policy items in this tariff at any time.

Section G- PROCEDURES FOR CONDUCTING AN ANNUAL  
OR  
SPECIAL STOCKHOLDERS' MEETING

MARTINDALE WATER SUPPLY CORPORATION

Table of Contents

- I. Selection or Appointment of Credentials Committee
- II. Establishment of Policies and Implementation Procedures
  - A. Nominations
  - B. Annual (or Special) Stockholders' Meeting Packet
    - 1. Official Ballot Form
    - 2. Notice of Meeting Information
    - 3. Nomination Information
    - 4. Agenda Items
- III. Board Action to Confirm Policies, Implementation Procedures and Authority of the Credentials Committee
- IV. Conducting the Annual (or Special) Stockholders Meeting

Attachment 1: Sample Nomination Form

Attachment 2: Sample Ballot Form

Attachment 3A: Sample Notice of Meeting and Agenda

(To be used when one or more open Director positions are contested.)

Attachment 3B: Sample Notice of Meeting and Agenda

(To be used if all of the open Director positions are uncontested and there are no issues to be voted.)

Attachment 4: Sample Time Line for Events Leading up to Meeting

Attachment 5: Questionnaire on Conflict of Interest

## **I. A. Selection or Appointment of Credentials Committee**

A. The Board of Directors will appoint a Credentials Committee of three individuals. The appointments to the Credentials Committee will be made during the Board of Directors' scheduled meeting next following each Annual Stockholders' Meeting. The chairperson of the Credentials Committee shall be the Secretary-Treasurer, as required in the Corporation's By-Laws. In filling the other two positions, the Board of Directors shall appoint one other member of the Board and one other person from the membership or an employee of the Corporation.

### **I.B. Board Selection of Independent Election Auditor**

The board shall select an independent election auditor not later than the 30<sup>th</sup> day before the scheduled date of the annual meeting. The independent election auditor is not required to be an experienced election judge or auditor and may serve as an unpaid volunteer. At the time of the selection and while serving in the capacity of an independent election auditor, the independent election auditor may not be associated with the corporation as:

- (1) an employee;
- (2) a director or candidate for director; or
- (3) an independent contractor engaged by the corporation as part of the corporation's regular course of business. See Texas Water Code, 67.007 B(d).

## **II. Establishment of Policies and Implementation Procedures**

The Credentials Committee will make recommendations regarding the written procedures for nominations, forms, voting, and how the result of the election of directors and business of the stockholders is to be accomplished. These procedures will be presented to the Board for approval no later than 90 days prior to the annual Stockholders' meeting. The Credentials Committee shall schedule sufficient meetings as necessary to accomplish these tasks prior to the deadline for submission to the Board. Once these procedures are adopted they will remain in effect for any subsequent Annual or Special Stockholders' meeting until they are changed by formal action of the Board. The Credentials Committee will periodically review these procedures to consider comments or recommendations from the Board or the members, at least on an annual basis. The written procedures shall be made available for review by the members, shareholders or general public.

### **A. Nominations**

The Credentials Committee recommends for adoption by the Board the time and manner nominations for vacancies on the Board of Directors will be received.

1. General Guidelines - All nominees shall meet the requirements set forth in Chapter 67 of the Texas Water Code, the Texas Non-Profit Corporation Act and the By-Laws of the Corporation.

2. The nomination period shall be for a period of 30 days. This 30-day period shall begin 75 days prior to the scheduled Annual (or Special) Stockholders' Meeting and end 45 days prior to that meeting.
3. The Credentials Committee will notify all members in writing of their opportunity to submit nominations to the Board.
4. All nominations must be received at the Corporation's office or other designated location not later than 30 days prior to date of Stockholders scheduled meeting.

Nominations will be submitted on the official forms approved and supplied by the Corporation [Sample Nomination Form is included as Attachment 1 and Questionnaire on Conflict-of-Interest as Attachment 5]. These forms include the name, mailing address, physical address, phone number, length of time nominee has been receiving service from system, and a declaration statement that nominee is qualified and willing to serve if elected, including the signature of the nominee. A nomination may be submitted by the nominee or by another member sponsoring that nominee, but the nomination form must be signed by the nominee. If enough nominations are not received to fill the vacant Board positions, the Credentials Committee is authorized to contact members to generate a sufficient number of nominations.

5. The nominee is allowed to submit a brief description of their experience which is then included as an informational sheet with the ballot. All descriptions of experience shall have a limit of 150 words. The Nominations Committee reserves the right to edit the submission for length and clarity.

The election to fill vacant positions will be held on a specific position basis. All applicants for positions on the board must designate one (and only one) of the vacant positions for which that candidate is applying. The individual receiving the most votes for that vacant position wins the election for that vacant position. See Texas Water Code, Section 67.0054(c).

## **B. ANNUAL (or Special) STOCKHOLDERS' MEETING PACKET**

The Annual (or Special) Stockholders' Meeting Packet will be mailed to all members of the Corporation at least 15 days in advance of the Annual (or Special) Stockholders Meeting. As required in the By-Laws, entitlement to vote is vested in those persons who are the recorded members as of the 15th day of the month preceding the month wherein the meeting is to be held. The Packet shall contain an official ballot form, a meeting notice, information on nominees to the Board, and an agenda. The Meeting Packet shall clearly inform members that only the official ballot will be used in conducting any business of the Corporation.

### **1. Official Ballot Form**

Members may only use the Ballot Form that has been approved and adopted by the Board. To cast an absentee vote the Ballot Form must be returned to the Corporation's office before 12:00 noon the day prior to the day of the meeting for validation by the Credentials Committee. The Ballot

Form should be signed by the member and returned to the Corporation if the member plans on not attending the meeting.

The form includes the date, time, place, and purpose of the meeting; the vote cast by the member and the signature of Member. (Sample Ballot Form is included as Attachment 2.)

These forms shall be presented at the Stockholders Meeting for the purpose of establishing a quorum or any rescheduling of the meeting due to the lack of a quorum, not to exceed ninety (90) days. Forms that are unsigned or ambiguous will not be accepted. Only the official form approved by the Board and included in the Meeting Packet or distributed at the Corporation's business office will be recognized.

Either husband or wife may sign the form, but only one vote per member may be cast regardless of number of memberships owned by both. Only one officer or partner may sign a form for memberships owned by a corporation, limited liability company or partnership. Such officer or partner must have authority to vote the interests of the corporation, limited liability company or partnership.

The Official Ballot Form is also used to cast the member's vote on each issue requiring a vote of the members at the Annual or Special Stockholders' Meeting whenever the member does not anticipate being able to attend the Annual (or Special) Stockholders Meeting.

Also, the Official Ballot Form is the only form that may be used by a stockholder to vote in person at the Annual (or Special) Stockholders Meeting.

At a minimum:

- A. The form to be used by the Corporation shall be marked with some type of unique mark new to each annual election machine printed on each form and have sequential numbering to represent the number of active memberships in the Corporation.
- B. The Ballots shall be placed in random order in membership packets. An effort shall be made to vary inserts to better ensure secret voting.
- C. Ballot shall have a complete list of nominees.
- D. Ballot shall have instructions describing how to indicate vote.
- E. Ballot shall have sufficient information printed on the ballot to describe any business items that require a vote (e.g., By-Laws changes).
- F. Ballot shall clearly state the number of board positions that are to be filled and the term of the positions (e.g., "two years" or "three years").

- G. Ballot shall include a statement informing the member that if more than the total number of positions to be filled are voted, then the ballot shall be considered void.
- H. Ballot shall include a statement that the ballots are exempted from disclosure until after the relevant election.

**NOTE: ONLY ONE BALLOT MAY BE CAST BY ANY MEMBER REGARDLESS OF THE NUMBER OF MEMBERSHIPS OWNED.**

## **2. Notice of Meeting Information**

An informational sheet containing the time, date, place, and purpose of the meeting (See Attachment 3 - Sample Notice of Meeting and Agenda) will be included. A statement will be included concerning the number of members present or ballots submitted that are needed to constitute a quorum.

This mailing can also be used to educate the membership about upcoming improvements or system changes that could affect their service, rates, or responsibilities.

## **3. Nominee Information**

Short biographies on each nominee stating his or her name and address (location in the system) and any other information supplied by the nominee (150 word limit).

## **4. Agenda Items**

These can include: any proposed changes in the By-Laws or Articles of Incorporation (including the actual text of the proposed change and an explanation of that change); previous minutes, audit or financial statements; construction projects for extensions or improvements to system; any report to the membership; any special speakers with the topics to be discussed; and a time for member questions and comments.

## **III. Board Action to Confirm Policies, Implementation Procedure, and Authority of the Credentials Committee**

1. The Credentials Committee will present its recommendations on procedures and the official form of the ballots to be followed for conducting annual and special meetings at a scheduled meeting of the Board of Directors.
2. Board will approve recommendations, including any and all notification materials, Official Ballot Form and other required procedural guidelines and instructions.

3. The Credentials Committee will resolve any and all disputes regarding interpretation of these procedures, validation of eligible voters, ballots and election results.

#### **IV. CONDUCTING THE ANNUAL (OR SPECIAL) STOCKHOLDERS' MEETING**

The following procedure will be used to conduct the Annual (or Special) Stockholders' Meeting, **provided** a quorum is present. The Corporation will post the Open Meetings notice as required at least 72 hours in advance of the meeting.

1. Members will sign-in as they enter the meeting for the purpose of validating a quorum.
2. Members who want to address the board or membership must sign-in and list the topic or topics they want to discuss. Notice should be provided on the sign-up sheet that members would be given three (3) minutes each to speak. Members may address the Board prior to any voting on any issue on the ballot.
3. The meeting will start on time and the posted agenda will be followed for conducting the business of the meeting.
4. The Credential Committee shall be responsible for counting the votes cast while being monitored by the independent election auditor.
5. The Board President, manager and/or professional consultants (if available) will be present to inform the membership and answer questions about the status of the system, improvement projects, financial condition, legal responsibilities, and customer problem resolution.
6. Voting on the vacant director positions, amendments to the By-Laws and any other business addressed on the ballot is conducted.
7. No motions can be accepted or action taken on issues brought up at the meeting from the floor. All action items must have been included on the posted agenda. During their three (3) minutes, members can request that items be placed on the agenda for future annual (or special) meetings or for future meetings of the Board of Directors. This limitation is required by the public notice requirements of the Texas Open Meetings Act and is not an attempt to limit any member's access to the Board of Directors or the membership.
8. An intermission is called of the Annual (or Special) Stockholders, meeting while the votes are counted.

9. The Credentials Committee reports election results of voting on:
  - Directors
  - Amendments to By-Laws
  - Any other business addressed on the ballot.
10. The Board President introduces the newly elected directors and declares them as Board members, provided there are no objections from the floor or from other Board members.
11. If a recount is requested, the Chairperson will have the Credentials Committee recount the ballot with the person requesting the recount present during the recount.
12. The results of the recount are announced and the winning nominees are declared board members to assume the position of directors immediately. Meeting is adjourned.

**ATTACHMENT 1 - SAMPLE NOMINATION FORM**

**NOMINATION FORM  
FOR BOARD OF DIRECTORS POSITION  
OF THE MARTINDALE WATER SUPPLY CORPORATION**

This form must be completed and submitted to the Board before \_\_\_\_\_ (date) \_\_\_\_\_ for nomination to be included on the ballot.

There is/are \_\_\_\_\_ position(s) to be filled on the Board during this election.  
This is a position specific election and the Applicant is filing for vacant Position No. \_\_\_\_.

Nominee's name \_\_\_\_\_

Mailing address \_\_\_\_\_

City \_\_\_\_\_, TX

Zip Code \_\_\_\_\_

Address of place you reside within water service area \_\_\_\_\_  
\_\_\_\_\_

Phone # \_\_\_\_\_ Length of time receiving MWSC Service \_\_\_\_\_

Member submitting nomination (if applicable) \_\_\_\_\_

**Nominee's Affirmation and Pledge to Serve:**

I, \_\_\_\_\_, place my name in nomination for the director position on Martindale Water Supply Corporation; am willing to attend all meetings, regular or called, as designated by the board; and am qualified to serve as director under the provisions of the Corporation's By-Laws, including the conflict of interest policy contained in the Corporation's Tariff.

All candidates are required to fill out, sign and submit the attached Questionnaire on Conflict-of-Interest form.

Signature of Nominee \_\_\_\_\_

Dated \_\_\_\_\_

You have the option of stating (in 150 words or less) a description of your experience that will help those voting to fill the vacant position for which you are running to have a better understanding of your qualifications to serve on the Board. This information will be included with the ballot to be used in the coming election.

---

---

---

---

---

(If you need more space please write on the back of this form.)

**ATTACHMENT 2 - SAMPLE BALLOT FORM**

**OFFICIAL BALLOT FORM FOR THE ANNUAL (OR SPECIAL) STOCKHOLDERS'  
MEETING OF THE  
MARTINDALE WATER SUPPLY CORPORATION**

**TO BE HELD ON THE 2nd Thursday of April, 20\_\_\_\_, being \_\_\_\_, 20\_\_\_\_  
At the Office of the Martindale Water Supply Corporation, 206 Main Street,  
Martindale, Texas.**

This Ballot Form must be mailed and received by or delivered in person to the Corporation's Office at 206 Main Street, or P.O. Box 175, Martindale, by Noon on \_\_\_\_\_, 20\_\_\_\_ (day before the annual meeting) if voting absentee, or brought to the meeting and placed in the ballot box.

[To use this form for absentee voting, print your name in designated space, sign and date, fill in the appropriate box next to the name(s) of your selected candidate, fill in the box next to your choice on business item(s), if any, and return form as directed above.]

I, \_\_\_\_\_, the undersigned, hereby acknowledge

(Print name)

receipt of Notice of the Annual (or Special) Meeting of Stockholders and receipt of the Official Ballot forms.

Signature of Member \_\_\_\_\_ Dated \_\_\_\_\_

**NOTICE:** Unclear or unsigned ballots will not be counted.

**NOMINEES FOR DIRECTORS POSITIONS:**

Place an "X" in the bracket next to the nominee of your choice. Vote for one candidate for each position. [The candidate(s) receiving the most vote(s) will win the vacant position(s).]

- [ ] Robert Apple
- [ ] Ethel Everts
- [ ] Pat Person

**ISSUES**

[ ]FOR [ ]AGAINST

Should the By-Laws be amended to \_\_\_\_\_.

**Notice:** This Ballot Form is confidential and exempted from disclosure as provided by law until the relevant election is completed. Only this official approved and sealed Ballot will be recognized and counted.

**ATTACHMENT 3A - SAMPLE NOTICE OF MEETING AND AGENDA**  
**(To be used when one or more open Director positions are contested.)**

The Annual Shareholders Meeting for the MARTINDALE WATER SUPPLY CORPORATION will be held at the Corporation's office located at 206 Main Street, Martindale, Texas. The meeting will start at 7:00 PM on the \_\_\_th of \_\_\_\_\_, 20\_\_\_.

Those members who will not be attending the meeting can return their official Ballot Form by mail or hand delivered (must be received by MWSC or the Independent Election Auditor by noon the day before the meeting). The Absentee Ballot Box will close at noon the day before the meeting for verification by the Credentials Committee and the Independent Election Auditor prior to the meeting.

Members attending the meeting can cast their ballot upon arrival at the meeting. Members attending the meeting will be required to sign a Voting Roster to assure that only one vote is cast by a member regardless of the number of memberships owned.

There will be no nominations from the floor for director's positions or issues raised for vote from the floor.

**\$100 DOOR PRIZE TO BE DRAWN FROM THOSE MEMBERS ATTENDING.**

The agenda for the Annual Stockholders' meeting is as follows:

- I. Call the meeting to order at 7:00 PM by Presiding Director;
- II. Credentials Committee Chairperson reports a Quorum is established consisting of the absentee ballots and the members or shareholders present in person (TexWaterCode§67.007);
- III. Open or Public Forum (comments from the Membership - limit of three minutes per member). Member wishing to speak must sign card and list the topics they want to discuss;
- VI. Reading and Approval of the previous Annual Meeting Minutes;
- V. A. Report of President:  
B. Report of Manager:  
C. Auditor's Report on system finances:  
D. Engineer's Report on projects:
- VI. Presiding Director makes last call for remaining ballots to be cast. Independent Election Auditor with the assistance of the Credentials Committee adjourns to tally ballots:
- VII. Election Results:  
A. Election results are announced:  
B. Entertain protest of the election, if any:  
C. Re-count ballots if necessary and announce results:  
D. Comments from the newly elected directors, if any:
- VIII. Closing Comments by President
- IX. Drawing for Door Prize
- X. Adjournment of Annual Meeting.
- XI. Call to Order: Board Meeting for election of new Corporation Officers
- XII. Election of new Corporation Officers
- XIII. Adjournment of Board Meeting .

**ATTACHMENT 3B - SAMPLE NOTICE OF MEETING AND AGENDA**

**(This form to be used if all the open Director positions are uncontested and there are no corporation issues to be voted upon.)**

The Annual Shareholders Meeting for the MARTINDALE WATER SUPPLY CORPORATION will be held at the Corporation's office located at 206 Main Street, Martindale, Texas. The meeting will start at 7:00 PM on the \_\_\_th of April, 20\_\_\_.

By Act of the 83<sup>rd</sup> Texas Legislature, 2013, if there are no contested board positions and there are no corporation issues to be voted upon the election part of the annual meeting may be cancelled. There are no contested board positions for this coming year. Also, there are no corporate issues to be voted upon by the membership this year. Therefore, the annual meeting will be held as scheduled and will not include any voting for elections or corporation issues.

**A DOOR PRIZE OF \$100 WILL BE DRAWN FROM THOSE MEMBERS ATTENDING.**

The agenda for the Annual Stockholders' meeting is as follows:

1. Call the meeting to order at 7:00 PM by Presiding Director
2. The Presiding Director reports the presence of a Quorum of the membership
3. Open or Public Forum (comments from the Membership - limit of three minutes per member). Member wishing to speak must sign card and list the topics they want to discuss.
4. Reading and Approval of the previous Annual Meeting Minutes.
5.
  - A. Report of the Corporation President.
  - B. Report of Corporation General Manager
  - C. Auditor's Report on corporation finances
  - D. Engineer's Report on corporation projects
6. Closing Comments by President
7. Drawing for Door Prize.
8. Adjournment of Annual Meeting.
9. Call to Order: Board Meeting for election of new officers
10. Election of Corporation Officers
11. Adjournment of Board Meeting

**ATTACHMENT 4 - TIME LINE – ANNUAL MEETING****TIME LINE FOR EVENTS LEADING UP TO ANNUAL MEETING****Time prior to Meeting.**

**Next Board  
Meeting After  
Annual  
Meeting**

Board appoints Credentials Committee: 3 members; Chairperson Secretary-Treasurer. Can also select Independent Election Auditor. (By-Laws Article XI, Section 3; Procedure for Annual Meeting, Section I.)

**90 Days**

Ballot, voting procedures, and verification procedures are submitted to the Board for review and adoption. (Allow one to two months or a couple of board meetings to complete adoption.)

**75 Day Min.**

Last day to notify membership of their opportunity to submit nominations for vacant Board positions.

**75 to 45 Days**

Nomination period for Board vacancies.

**30 Days**

Board finalizes the agenda for the meeting.  
Board selects an Independent Election Auditor

**15 to 25 Days**

Stockholder's meeting packets are mailed. (By Laws required a minimum of 15 day written notice for annual meetings)

**12 Noon, 1 Day  
Prior to meeting**

Absentee ballot box closed for verification.

**Day of Meeting**

Meeting convened at 7:00 p.m. and ballots accepted until President makes a last call for ballots. (See Art. XI.)

## **ATTACHMENT 5- QUESTIONNAIRE ON CONFLICT OF INTEREST**

The Tariff of Martindale Water Supply Corporation (the compilation of the By-Laws and Rules under which the Corporation operates) contains a Part that defines a number of circumstances under which a person may not serve as a Director of the Martindale Water Supply Corporation (“MWSC”). It is the function of this form to make all candidates who seek to run for election to the Board of Directors aware of the existence of the Corporation’s Conflict of Interest Policy and to satisfy the Corporation shareholders, through the Candidates completion of this form, that no such conflicts exist.

Please fill in the appropriate box:

1. I [ ]am [ ] am not a developer of property within the service area of the MWSC.
2. I [ ]am [ ] am not an employee of any developer of property within the service area of the MWSC.
3. I [ ]am [ ] am not an employee of any director, manager, engineer, or attorney for the MWSC.
4. I [ ]am [ ] am not serving as a consultant, engineer, attorney, manager, or in any other professional capacity for the MWSC or for a developer of property within the service area of the MWSC.
5. I [ ]am [ ] am not a party to a contract with the MWSC, except a contract for the purchase of water/sewer services furnished by the MWSC to the MWSC’s members generally.
6. I [ ]am [ ] am not a party to a contract with any developer of property within the service area of the MWSC, other than a contract limited solely to the purpose of purchasing or conveying real property within the service area of the MWSC for the purpose of establishing a residence or establishing a commercial business within the service area of the MWSC.
7. I [ ]am [ ] am not serving as a decision-maker, managerial employee, or in some professional capacity representing a municipality, district, or utility which is currently contracting with the MWSC for water utility or other service or other conditions or considerations.
8. I [ ]am [ ] am not a member of the immediate family of any Director of the MWSC or of any other person serving in a managerial capacity, as attorney, accountant, or as engineer on behalf of the MWSC or if he or she serves as a director or as an officer for any bank or savings and loan association retained as a depository for the funds of the MWSC, or any bank or savings and loan association which holds any indebtedness of the MWSC.
9. I [ ]do [ ] do not nor does any member of my immediate family hold an elected or appointed office or is a member of any Board or Council of any private or public organization that deals in any manner with the MWSC.
10. If you are uncertain about a potential conflict of interest participation/role/organization, please identify this for determination by the Credential Committee.

SIGNATURE OF CANDIDATE      Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

## CONFLICT-OF-INTEREST POLICY

1. A person is disqualified from serving as a Director on the Board for the Corporation if:
  - a. He or she is a developer of property within the service area of the Corporation;
  - b. He or she is an employee of any developer of property within the service area of the Corporation;
  - c. He or she is an employee of any director, manager, engineer, or attorney for the Corporation;
  - d. He or she is serving as a consultant, engineer, attorney, manager, or in any other professional capacity for the Corporation or for a developer of property within the service area of the Corporation;
  - e. He or she is a party to a contract with the Corporation, except a contract for the purchase of water/sewer services furnished by the Corporation to the Corporation's members generally, or;
  - f. He or she is a party to a contract with any developer of property within the service area of the Corporation, other than a contract limited solely to the purpose of purchasing or conveying real property within the service area of the Corporation for the purpose of establishing a residence or establishing a commercial business within the service area of the Corporation.
  - g. He or she is serving as a decision-maker, managerial employee, or in some professional capacity representing a municipality, district, or utility which is currently contracting with the Corporation for water utility or other service or other conditions or considerations.
  - h. He or she or any member of their immediate family holds an elected or appointed office or is a member of any Board or Council of any private or public organization that deals in any manner with the MWSC.
  - i. He or she is a member of the immediate family of any Director of the Corporation or of any other person serving in a managerial capacity, as attorney, accountant, or as engineer on behalf of the Corporation or if he or she serves as a director or as an officer for any bank or savings and loan association retained as a depository for the funds of the Corporation, or any bank or savings and loan association which holds any indebtedness of the Corporation.
2. As used in this policy, the term "developer of property within the service area of the Corporation" refers to any person who owns land located within an area served by the Corporation, or obligated to be served by the Corporation under a

certificate of convenience and necessity, and who has divided or proposes to divide the land into two or more parts for the purpose of laying out a subdivision, or any tract of land or any addition to any subdivision, or for laying out residential lots or commercial lots, or any lots intended for any uses which require, or may require, water/sewer service from the Corporation.

3. No Officer or Director of the Corporation shall be entitled to any compensation for or in consideration of the execution of his duties as such Officer or Director, provided, however, that the actual, reasonable expenses of an Officer or Director incurred on the business of the Corporation may, with the approval of the Board of Directors, be paid to them.
4. No Officer or Director of the Corporation shall:
  - a. Solicit or accept or agree to accept a financial benefit, other than from the Corporation, that might reasonably tend to influence his or her performance of duties for the Corporation or that he or she knows or should know is offered with the intent to influence the Officer's or Director's performance of his or her duties;
  - b. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;
  - c. Accept outside employment or compensation that might reasonably be expected to create a substantial conflict between the Officer's and Director's private interest and duties of the Corporation; or
  - d. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as an Officer or Director of the Corporation in favor of that person.
5. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the Corporation, provided, however, that the Board of Directors may reject any donation made upon a condition or restriction if in the discretion of the Board of Directors the acceptance of the donation as so conditioned or restricted will not be in the best interest of the Corporation.
6. The removal of any Director of the Corporation because of disqualification under this policy shall not affect the validity of any action taken by the Corporation through its Board of Directors during the time of service by that Director, even though the Director may have been acting under the disqualification at the time of such service.
7. If at any time any Officer or Director is required to vote in his or her capacity as a director on an issue which may create a conflict of interest, which may be deemed a conflict of interest by the Board, or which may be interpreted by the membership as a conflict of interest, the Officer or Director shall abstain from voting, as a matter of record, on that issue.

**Exhibit A**  
**To Resolution 2020-12-2**  
**Martindale WSC (MWSC) Social Media Policy**

This document is intended to provide guidance to any MWSC employees participating on social media. Instead of focusing on specific media, this Policy applies across platforms and creates a universal standard for communicating online, including but not limited to social networking sites, user-generated video and audio sites, blogs, wikis and file-sharing.

**Definition of Social Media.**

1. "Social media" is the term commonly given to websites and online tools that allow users to interact with each other in some way - by sharing information, opinions, knowledge and interests. For the purpose of this policy, "social media" should be broadly understood to include blogs, wikis, micro blogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others in a contemporaneous manner.
2. "Corporation" means Martindale Water Supply Corporation ("MWSC").
3. "General Manager" means the General Manager of the Corporation.

**Rules and Guidelines**

Guidelines for conduct on social media are generally the same as the values, ethics, and confidentiality policies employees are expected to follow every day. For that reason, these rules and guidelines apply to personal social media as it relates to the Corporation.

**Etiquette and engagement**

1. **Use sound judgment and common sense in any online activity. Assume anyone can access and view postings,** including those which may exist in some form long after considered "deleted."
2. **Practice due diligence to ensure the accuracy of all postings.** Verify and double-check all content before posting. If for whatever reason a posting is found to be inaccurate, retract or correct it as quickly as possible.
3. **Do not engage in vulgar or abusive language, personal attacks of any kind, or offensive terms targeting individuals or groups.**
4. **Avoid online confrontations and conflicts.** Comments that include profanity or similarly inappropriate language, or are threatening should be deleted. Otherwise, comments that are merely negative should either be ignored or should receive a polite, constructive response. If you're unsure how to handle a negative comment, contact the Corporation's General Manager.

- 5. Encourage open conversation.** Listen to people and respond to as many comments as possible with constructive feedback. Permit negative comments and seek to respond rather than censor, but delete spam and anything inappropriate, such as profanity. Be respectful of others' posted opinions, even if they are critical of the Corporation.
- 6. Do not advocate for political or other polarizing issues online, or post on behalf of the Corporation.**
- 7. Do not endorse commercial products, services or entities.**
- 8. Give credit where credit is due and don't violate others' rights.** Do not claim authorship of something that is not yours. If you are using another party's content, make certain that they are credited for it in your post and that they approve of you using their content. Do not use the copyrights, trademarks, publicity rights or other rights of others without the necessary permissions of the rights holder(s).
- 9. Do not comment on work-related matters unless you are an official spokesperson of the Corporation.**
- 10. Don't cite or reference clients, partners or suppliers without their approval.** When you do make a reference, where possible, link back to the source.
- 11. Do not use the likeness of any individuals on social media without their permission.**
- 12. Do not post confidential or proprietary information about the Corporation, its members or its employees.** Use good ethical judgment and follow the Social Media Policy outlined in MWSC's Personnel Policies.

### **Personal Accounts**

Employees should consider how their personal online activity can reflect on the Corporation. Use sound judgment at all times, and be especially cognizant of what you are posting while on the Corporation's time, even if it's to a personal account. Online, your personal and business personas are likely to intersect. Please keep in mind that the public, your colleagues, and supervisors often have access to the online content that you post, and that content originally intended just for friends and family can be forwarded on.

Remember, even when you are on a personal account, your social media activity could be seen by Members or potential Members, so you should treat every interaction on social media as if you are dealing with a potential Member. While we value employee privacy and a diversity of perspectives across our workforce, **MWSC has zero tolerance for racism, bigotry, misogyny, express or implied threats of harassment or physical harm, or hate speech.** "Hate speech" includes any speech – or endorsement or promotion of speech – that is

derogatory toward a group of people based on a protected classification. This can include race, ethnicity, nationality, religion, sexuality, caste, gender or disability. For example, speech that dehumanizes, ridicules, or condones or promotes violence against a protected class of people is hate speech.

How you say something can matter as much as what you say. **You should not bully, harass or threaten violence against anyone on or outside of social media.** If you find yourself in a disagreement on social media, use a respectful tone or disengage.

### Policy Statements

1. The Corporation recognizes that social media (such as personal web sites, blogs, Facebook, Twitter, Instagram, LinkedIn, Wikipedia, Yelp, online group discussions, message boards, chat rooms, etc.) can be used by employees for personal reasons as well as legitimate business purposes. The Corporation also understands how the use of social media can shape the way the public views our services, employees, vendors, affiliates and Members. This policy has been developed to help each employee monitor their personal conduct so as not to bring discredit to the Corporation or themselves.
2. The Corporation respects the right of any employee to maintain a blog or post a comment on social media. However, we are also committed to ensuring that the use of such communications serves the needs of our business by maintaining the Corporation's identity, integrity, and reputation in a manner consistent with our values and policies.
3. Generally, what employees do on their own time is their own affair. However, employees should consider the impact such activities may have on their job performance or upon the Corporation's business interests. **Employees should be aware that their actions captured via images, posts, or comments can reflect on the Corporation.**
4. Social media often attracts the attention of the news media. Employees should remember that they are responsible for any personal opinions or commentary aired via a blog or social networking site and should take steps to protect their privacy.
5. This policy is not intended to restrict an employee's right to discuss working conditions and other work-related information with co-workers. The Corporation wants to ensure that its Members, employees, and vendors are not defamed or injured through use of social media content containing false information or false accusations.

**Employees Should:**

1. Use sound and ethical judgment at all times. They should demonstrate positive attitudes, common courtesy, and respect for their fellow employees and Members and uphold the professional standards set forth by Corporation. Never engage in antagonistic or combative behavior.
2. Know and adhere to the Corporation's personnel policies when using social media in reference to Corporation.
3. Be aware that the Corporation may observe the content and information they post on social media, and should use their best judgment in posting material that is neither inappropriate nor harmful to the Corporation, its employees, or Members.
4. Refer to General Manager any press or legal questions arising out of social media content related to the Corporation.
5. Disengage politely from any social media situation that threatens to become antagonistic.
6. Get appropriate permission before referring to or posting images of current or former employees, members, vendors or suppliers. Additionally, employees should get appropriate permission to use a third party's copyrights, copyrighted material, trademarks, service marks or other intellectual property.
7. Use clear disclaimers on personal social media that any statements or opinions that involve any subjects associated with the Corporation are the author's alone and do not represent the views of the Corporation. The following is an adequate disclaimer: "The postings on this site are my own and I do not intend to make them on behalf of the Corporation."

**Employees Should Not:**

1. Post any commentary, content, or images that are defamatory, pornographic, proprietary, harassing, libelous, or that can create a hostile work environment.
2. Publish, post or release any information that is considered confidential or not public. If there are questions about what is considered confidential, employees should check with the General Manager.
3. Allow social media use to interfere with employee's work responsibilities. The Corporation's computer systems are to be used for business purposes only, and personal use of social media on those systems could result in disciplinary action.
4. Engage in any conduct on social media at any time that violates the Corporation's policies.
5. Reference or cite Corporation Members, vendors, or partners without their express consent.

6. Use any Corporation logos or trademarks without written consent.
7. Post any electronic images (photos or video) from the workplace without the General Manager's express written consent. Such images have the potential of disclosing confidential Corporation information.

**Administration and Enforcement**

1. This policy will be administered and enforced by the General Manager.
2. An employee who violated this policy will be subject to discipline up to and including termination.

I have read and agree to abide by these guidelines:

Signature: \_\_\_\_\_

Name Printed: \_\_\_\_\_

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

**Section J- APPENDIX, INDEX**

	Page
Transfer Agreement	103
Deferred Payment Agreement	104
Right-Of-Way Easement	105
CCN Vicinity Map	107

Account # \_\_\_\_\_

(date)

(signature)

# STATE OF TEXAS

COUNTY OF

BEFORE ME, a Notary Public for the County of \_\_\_\_\_ appeared  
\_\_\_\_\_ known by me to be the person represented in the  
above instrument. Dated this \_\_\_\_\_ day of \_\_\_\_\_,  
20 \_\_\_\_.

SEAL

---

Notary Public

**New Owner's Address:**

MARTINDALE WATER SUPPLY CORPORATION  
DEFERRED PAYMENT AGREEMENT

By execution of this Agreement, the undersigned Member agrees to payment of outstanding debt for water utility service as set forth below:

Member agrees to pay the current monthly water utility service rates, fees, and charges, as set forth in the Corporation's Tariff, and one sixth (16.667%) of the past due each month until the account is paid in full. The past due portion of the account must be zero (0) six months after the effective date of the deferred payment agreement. Any fees normally assessed by the Corporation on any unpaid balance shall apply to the declining unpaid balance.

Failure to fulfill the terms of this Agreement shall institute the Corporation's disconnection procedures as set forth in the Corporation's Tariff unless other satisfactory arrangements are made by the Member and approved by the Corporation's authorized representative.

---

Member

---

Date

---

Martindale Water Supply Corporation Authorized Representative

# **WATER PIPELINE EASEMENT**

STATE OF TEXAS §  
§  
§  
COUNTY OF \_\_\_\_\_ §

**KNOW ALL PERSONS:**

[hereinafter "Owner(s)" or "Grantor"] is the owner of that parcel of real estate ("the Property") described in the Official Record of Caldwell or Guadalupe Counties at Vol. \_\_\_\_\_, Page \_\_\_\_\_ or under Document Number \_\_\_\_\_. Martindale Water Supply Corporation ("MWSC" or "Grantee") either has a potable water supply meter upon this Real Property or plans at the Owner's request to install a water meter upon the Real Property in the near future. To insure a continuous supply of potable water to the Owner's meter MWSC must have an easement across the Property for the limited purpose of servicing and maintaining its water supply line to the Owner's meter.

Therefore, the Owner(s) does hereby grant, sell and convey to MARTINDALE WATER SUPPLY CORPORATION, P. O. Box 175, Martindale, Texas, 78655, its successors and assigns, a permanent exclusive easement and right-of-way upon, across, and under the Property, in exchange for TEN DOLLARS (\$10.00) and other good and valuable consideration, including the enhanced value of land due to the availability of potable water, the sufficiency and receipt of which consideration is hereby acknowledged, which easement shall allow the MWSC, its successors and assigns, the right to, construct, install, and lay; and thereafter use, operate, inspect, repair, maintain, and replace a water pipe line which Easement shall be 15 (fifteen) feet wide running from the Owner's property line to the water meter the location of which meter exists at the time of signing this easement or at a place upon the Property at a location mutually agreed upon between the Owner and MWSC.

The Owner(s) covenants that he/she/they own the Property and that the Property is free and clear of all encumbrances and liens except the following:

The MWSC has received Federal financial assistance, and has agreed to certain non-discriminatory provisions of law, in connection with such Federal assistance. The Easement is subject to and controlled by the provisions of Title VII of the Civil Rights Act of 1964, as Amended, and the regulations issued pursuant thereto, for so long as the Easement shall continue to be used for purposes for which the financial assistance was extended, or for so long as the Grantee owns it, whichever is longer.

TO HAVE AND TO HOLD the above described Easement and Right of Way is granted, sold, and conveyed to Martindale Water Supply Corporation, its successors and assigns,

The Owner(s) hereby does bind Owner(s), successors, assigns, heirs and legal representatives, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN WITNESS WHEREOF, this Easement is effective immediately when the Owner(s) have executed this Easement as indicated by the signature of the Owner(s) below.

BY: \_\_\_\_\_  
(Signature – Owner)

BY: \_\_\_\_\_  
(Signature – Owner)

Owner(s) Current Mailing Address:

---

## **ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for the said County and State, on this date personally appeared \_\_\_\_\_ and \_\_\_\_\_, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNTO MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

(STAMP OR SEAL)

---

**Notary Public, State of Texas**



