PRELIMINARY ENGINEERING REPORT FOR LAKE BONANZA WATER SUPPLY CORPORATION

(BLEYL PROJECT NO. 12491)
IN
MONTGOMERY COUNTY, TEXAS

NOVEMBER 2019

PREPARED FOR:
LAKE BONANZA WSC
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PROPOSED JASPER WELL

1) Introduction

The Lake Bonanza Water Supply Corporation (Lake Bonanza WSC or WSC) is committed to planning for future growth and willing to make the necessary improvements to ensure a safe supply of water for its customers. As this water system grows, improvements must be made to keep the water system in compliance with the rules and regulations set by the Texas Commission on Environmental Quality (TCEQ).

Currently, Lake Bonanza Water Supply Corporation needs to find a new fresh water supply. Recent water tests indicate that radionuclide particles were detected and were exceeding the maximum contaminant level (MCL) as set by the EPA and the TCEQ. The gross alpha particles are naturally occurring and exceed the maximum contaminant level (MCL) of 15 picocuries per liter. Once the MCL exceeds the maximum level and is no longer in compliance, the TCEQ requires a new fresh water source to be incorporated into the water system.

This report has been prepared for the necessary improvements required and fulfills the required information by the USDA for a loan under the Rural Development program.

2) Project Planning

a) Location

The Lake Bonanza WSC is located in central Montgomery County, Texas south of Lake Conroe between the City of Conroe and the City of Montgomery. The system is generally bound on the north by State Highway 105, on the west by Mohawk Drive and Cartwright Road, on the south by F.M. Road 2854, and on the east by Lake Forest Lodge subdivision and Copeland Community. The system serves customers in the Lake Conroe Forest subdivision, the Crestwood Farms subdivision, and the Lake Bonanza subdivision. The area is hilly, partly forested, with many creeks, and drains into Lake Conroe and the West Fork of the San Jacinto River. The use of the land is individual residences with no farming activity within the area. The system is located in Congressional District 8. **Exhibit A** shows the location of the proposed Jasper Well and a large portion of the Lake Bonanza service area on a USGS map. A map is included in **Exhibit B** showing the Lake Bonanza Water Supply Corporation service area outlined in red.

b) Environmental Resources Present

Exhibit C is a survey of the 2.066 acre site where the proposed Jasper Well will be drilled, and a preliminary site plan for the proposed Jasper Well. The water well, electrical easements, and associated piping does not fall on or cross prime farmland.

Exhibit D shows the water plant site is not in the floodplain nor does the 2.066-acre tract purchased by Lake Bonanza WSC have any floodplain crossing the property.

The site does not intrude on any wetlands as shown on **Exhibit E.** Onsite reconnaissance did not indicate any signs of a wetland area and this development will have no effect on any wetlands.

The Texas Historical Commission and the Montgomery County Historical Commission were sent letters and maps about the proposed well. Each Commission has determined that this tract will have no effect on cultural resources within the construction area and construction may proceed as shown in **Exhibit F**.

Native American Tribes were contacted by mailed letters and followed up by email to Specific Tribes as per a contact list provided by the USDA Rural Development State Environmental Coordinator. The list and a copy of each letter are shown in **Exhibit G**. Also in **Exhibit G** are three responses from Tribes indicating no interest in this particular tract of land. The remaining three tribes did not respond even after additional emails and phone calls.

The U.S. Fish and Wildlife Service was contacted through the IPaC System. Within the IPaC system, a specific tract of land can be identified with the system's GIS capabilities. A letter was generated by the system with an endangered species list indicating four threatened, endangered or candidate species. All species were listed to have no critical habitat under the U. S. Fish and Wildlife's Jurisdiction. See **Exhibit H** for the U. S. Fish and Wildlife letter with the list of endangered species.

Three species must be considered with wind-related projects within the migratory route. This project is not wind-related and therefore does not impact the three species as follows: the Least Tern, the Piping Plover, and the Red Knot.

The fourth species on the list is the Red-cockaded Woodpecker. The Red-cockaded Woodpecker sleep and nest in cavities of live pine trees. Cavities are built by the woodpecker in large, old pine trees. The essential habitat for the woodpecker is provided by open pine forests with large, widely-spaced older trees. The red-cockaded Woodpecker can be found in the Pineywoods of East Texas. Based on researched information regarding the red-cockaded woodpecker and an on-site visit, it is determined that the proposed project is not located within the Red-cockaded Woodpecker habitat. This project will have no negative effect on the red-cockaded woodpecker.

This project will not affect sole source aquifers and recharge areas, nor will it impact water quality with regards to environmental resources such as wildlife habitats or wetlands.

The proposed well will not impact air quality.

No changes or modifications to traffic patterns will be a result of the proposed well.

Noise from the well will be minimal and will have no adverse environmental effects.

An Environmental Report addressing all required elements or items by the USDA-RD department has been made and will be submitted separately from this Preliminary Engineering Report.

c) Population Trends

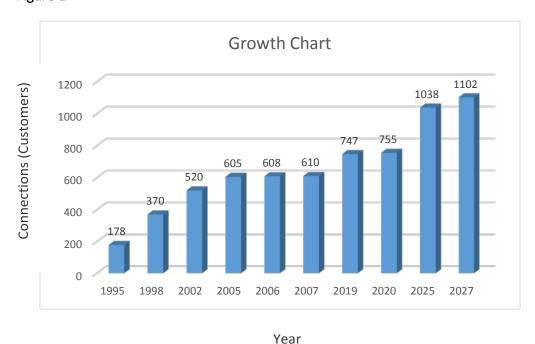
The Lake Bonanza Water Supply Corporation has experienced a continual increase in the number of customers on its water system since it went into operation with approximately 178 customers in 1995. Additional lines and customers were added with an expansion project in 1998 bringing customer service up to 370 total customers served. By the end of 2002, the system had increased to 520 customers. At the end of 2005, a total of 605 customers were served and at the end of 2006, a total of 608 customers were served. A total of 610 customers were served as of December 2007. Customer growth in Montgomery County growth averaged 4. 18% per year between the years 1980 through 1990. The growth of Montgomery County averaged 6.13% per year between the years 1990 through 2000. In 2007 it was anticipated that the customer growth rate in the Lake Bonanza Water Supply Corporation area will average approximately 3% per year for the next 20 years. That estimation was not experienced directly within the Lake Bonanza service area, but the City of Conroe and Montgomery County as a whole have seen growth at or above that rate. According to an article in the May 25, 2017 edition of the Houston Chronicle, Conroe was booming as the fastest growing city in America. The growth of the City of Conroe and Montgomery County will positively affect growth within Lake Bonanza in the coming years since Lake Bonanza has a large amount of available land that has residential growth potential. The following table indicates the historical customer growth experienced on the water system:

Table 1

Year	Meters	Growth per Year
1995	178	Original amount
1998	370	38.38%
2002	520	10.14%
2005	605	5.44%
2006	608	0.49%
2007	610	0.32%
2019	747	1.70%

In a previous Preliminary Engineering Report issued to the USDA by J. F. Fontaine & Associates dated December 8, 2009, a projected growth chart illustrated customer connection projections with a growth rate of 3.0%. See Figure 1 below. Years 2019 and 2020 indicate existing and known proposed connections. The previous report projected that the Lake Bonanza Water Supply Corporation will experience growth resulting in service to 820 connections in 10 years (2017), and 1,102 meters in 20 years (2027). The target date from 2017 was not achieved, however, the number of connections estimated for the future date in 2027 is still possible due to ongoing growth and development in Montgomery County, Texas. The recommendations in this study take into consideration the anticipated growth rate of the system.

Figure 1



d) Community Engagement

Lake Bonanza Water Supply Corporation has notified the community within the service area about the gross alpha levels detected in water samples by letters and on the Lake Bonanza Website. Monthly Board meetings are advertised and the public is always welcome to attend any meeting to listen in or voice concerns. The residents can also submit letters to the Board with any concerns pertaining to the water system. The residents realize the necessity to include a new fresh water source to provide good fresh water to the entire community. **Exhibit I** includes Lake Bonanza WSC meeting minutes from a couple of meetings where the proposed Jasper Well was discussed in a publicly advertised open-forum to allow residents to attend, listen, comment or object to the proposed well.

The fees collected from water bills will fund the proposed well project. The Lake Bonanza WSC operates with positive cash flow. The financial reports for years 2017 and 2018 have been included in this report and will be discussed later in this report.

3) Existing Facilities

a) Location Map

As noted previously, the current water system, entire service area, and the proposed Jasper Well can be seen in **Exhibit A**. **Exhibit B** shows the service area and proposed well on a USGS map, while **Exhibit C** has a preliminary site layout for the Jasper Well, deed of the tract, and a survey of the tract.

b) History

The original Lake Bonanza Water Supply Corporation was constructed in 1995. The original system consisted of a 140 GPM deep well, a 14' dia. x 133' tall (153,150 gallons capacity) standpipe storage tank, and 32,050' (6.07 miles) of 2" through 6"distribution lines that served 172 original customers. The original system was financed with loans from Farmers Home Administration totaling \$509,000.00. An expansion project was constructed in 1998. The expansion project consisted of an additional 160 GPM deep well and 56,955' (10.79 miles) of 2" through 10"distribution lines that served 192 additional customers. The expansion project was funded with a loan from Farmers Home Administration (RD) for \$620,000.00. Through the years, improvements were made to the central water system as customer growth was experienced. Presently, the system consists of a 380 GPM deep well and a 240 GPM deep well, a plant site with a standpipe with 153,150 gallons of water storage capacity, a 43 foot diameter by 24 feet tall ground storage tank with 165,464 gallons of water storage capacity, a hydropneumatic tank with 5,000 gallons of water storage capacity, and approximately 131,600 LF or 24.92 miles of distribution and supply lines ranging from 2" through 10" in diameter. The system presently serves 747 customers.

c) Condition of Existing Facilities

All existing facilities are in good condition and suitable for continued use with the addition of the proposed remote Jasper Well (Well No. 3). The water mains vary in age from 24 years, to less than a year and will be discussed further in Section 4 (d). The existing 620 GPM of well supply meets supply requirements for existing customers served and will provide TCEQ water for up to 1,033 total connections. With the addition of the Jasper Well having a proposed flow rate of 500 GPM that can handle an additional 833 connections. The system will be able to supply up to 1,866 total connections based on the estimated flow rates.

i) Supply, Capacities, and Treatment

Wells

An overview of the water system will be discussed. As previously indicated, Lake Bonanza has two water wells. Well No. 1 is at Water Plant 1 and Well No. 2 is a remote well at the south end of Cartwright Road. Well No. 1 is a 380 GPM well and Well No. 2 is a 240 GPM well. The TCEQ requires a well supply of 0.6 GPM of water per connection. For 747 current connections, that would require 448 GPM. The system currently has 620 GPM of well capacity. The capacity will increase to 1120 GPM with the addition of the Well No. 3 and will be capable of supplying water to 1,866 connections. This will help to have an adequate water supply for future developments in the service area.

Storage

Lake Bonanza has two water storage tanks as mentioned. The standpipe was sandblasted and recoated mid-year 2019. The ground storage tank is a bolted tank and is presently in good condition. The present total water storage capacity of 318,614 gallons capacity exceeds the TCEQ minimum requirements of 200 gallons of storage capacity per connection.

The standpipe can supply an elevated storage capacity of 61,000 gallons of water above the plane that would provide a minimum of 35 psi in the system based on the elevation of the standpipe foundation (81 vertical feet). Many houses are in the area that have an elevation equal to or below the foundation elevation of the standpipe and would be able to achieve 35 psi or higher at those residences. The TCEQ required capacity is 100 gallons per connection for elevated storage. The standpipe can supply 610 connections 100 gallons of storage at 35 psi for homes at the same elevation or below the standpipe foundation. For a few homes approximately 31 feet higher, the standpipe has approximately 26,300 gallons of water that could supply 35 psi. That would handle approximately 263 homes at the higher elevation.

Booster pumps and hydro tank

The plant has the two booster pumps that are 810 GPM each for a combined capacity of 1620 GPM. The TCEQ requires 2.0 GPM per connection. For the current 747 connections, a capacity of 1494 GPM would be required without any elevated storage. For the 747 connections less the 610 connections handled by the elevated storage, yields 137 connections that would require a minimum of 274 GPM of booster pump capacity. The system has excess booster pump capacity.

The water system also has a 5,000-gallon hydropneumatic tank that would account for 250 connections using 20 gallons per connection. With the available elevated storage, this tank is adequate for the provided booster pumps.

Water Treatment

The water produced is treated with a sodium hypochlorite solution and chlorine gas to disinfect the water and maintain a minimum level of free chlorine to maintain water quality in the distribution network.

The TCEQ has been concerned with corrosivity in water in recent years. For the Montgomery County area, a treatment of polyphosphate, orthophosphate or a blended phosphate has been used in water to counteract any corrosive properties from various constituents in the water. Lake Bonanza uses a blended phosphate with polyphosphate to sequester iron and manganese in the water and orthophosphate as a treatment to keep any corrosive nature of the water's constituents from reacting with the copper, aluminum, or lead that may be present in pipes or fixtures.

The existing plant and distribution system presently meet the TCEQ minimum requirement of 35 psi to all customers served. Eventually, distribution system improvements will be required to meet 20-year growth demands with line replacement or upsizing the line because of line age or additional development. With the proposed additions of the Jasper Well and the current storage facilities and parallel distribution lines, all facilities meet or exceed all TCEQ water supply and storage requirements.

d) Financial Status

Construction of Lake Bonanza Water Supply began in 1995 with two loans from USDA Rural Development and has received two additional loans over the years. Loan #2 was paid off in 2014. A summary of the Corporations current loans is listed in the table below.

				ADD	ITIONAL PMT	
LOAN	ORIGINAL	LOAN	MONTHLY	TO P	RINCIPAL PER	
NUMBER	DATE	AMOUNT	PAYMENT		MONTH	Term
						40
Loan No. 1	1995	\$ 400,000.00	\$ 2,080.00	\$	3,017.00	years
Loan No. 2	1995	\$ 109,000.00	PAID OFF		1	-
						40
Loan No. 3	7/28/1997	\$ 620,000.00	\$ 3,224.00	\$	10,000.00	years
						40
Loan No. 4	8/23/2013	\$ 444,000.00	\$ 1,530.00		-	years

As of December 31, 2018, the Corporation has cash and cash equivalents without donor restrictions of \$610,934 and investments without donor restrictions of \$63,152. Water service revenues of \$44,821 was collected in January 2019. Total payments required for the 3 loans per year total \$82,008, however, Lake Bonanza elected to pay \$238, 212 total in year 2018 to accelerate the term of the loans.

The Corporation is doing well using the income from the sale of water to pay annual operating costs of the water system. The estimated value of the existing system as of December 31, 2018 Audit is \$1,419,552.00.

i) Water Rates

Present water rates for standard ¾" meters is a base rate of \$27.00 per month. Water rates are based on an increasing block rate structure per 1000 gallons used.

\$27.00 (Base Bill) \$ 3.00/1000 gallons for 1 to 4,000 gallons \$ 3.50/1000 gallons for 4,001 to 8,000 gallons \$ 4.00/1000 gallons for 8,001 to 20,000 gallons \$ 4.50/1000 gallons for 20,001 to 40,000 gallons \$ 5.00/1000 gallons for 40,001 to 50,000 gallons \$ 5.50/1000 gallons for All over 50,000 gallons

The Lake Bonanza Water Supply Corporation water rates are similar to other existing water systems of this size.

Fees imposed on the Corporation from the Lone Star Groundwater Conservation District and the San Jacinto River Authority are billed and collected as a "pass through" charge to the customer.

ii) Annual Operation and Maintenance

Annual operation and maintenance costs, including debt service, averaged \$34.74 per customer per month for the 747 customers served in the year 2017. Annual operation and maintenance costs, including debt service, averaged \$34.03 per customer per month for the 747 customers served in the year 2018. The San Jacinto River Authority Assessments and the Lone Star Groundwater Fees are excluded from the calculation. Those fees are pass through fees collected by Lake Bonanza and distributed to each entity. Lake Bonanza received \$40.94 per customer per month based on the water rates for the year ending 2017. Lake Bonanza received \$40.91 per customer per month based on the water rates for the year ending 2018. This does not include other revenue collected for tap fees, reconnect fees, investments, or miscellaneous revenues.

The O&M costs are average compared to other systems of the same size. The proposed improvements should be funded in a manner to minimize the increase of the current water rates from \$27.00 minimum per month. Statement of Activities (Table 2) and Statement of Cash Flows for the years 2017 and 2018 (Table 3) as provided by the Lake Bonanza Water Supply Corporation are shown in the following Tables.

Table 2 LAKE BONANZA WATER SUPPLY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

	Without Donor Restrictions 2017		R	Without Donor estrictions
REVENUES, GAINS AND OTHER SUPPORT				
Water Service	\$	367,015	\$	366,685
Tap Connection and Reconnection Fees		17,100		20,400
SJRA and Lone Star Fees		116,235		134,310
Investment Revenues		126		240
Miscellaneous Revenues		<u>21,909</u>		<u>24,345</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>\$</u>	<u>522,385</u>	<u>\$</u>	<u>545,980</u>
EXPENSES AND LOSSES				
Program Costs - Water Services:				
Chemicals	\$	6,353	\$	5,842
Depreciation		52,627		54,087
Dues and Memberships		989		989
Election Expense		890		21
Interest Expense		39,443		28,506
Laboratory Fees		2,219		1,833
Lone Star Ground Water Fees*		4,096		3,701
Miscellaneous		4,773		3,344
Operation Fees		24,000		24,000
Permit Fees		3,538		3,520
Repairs and Maintenance		75,944		85,495
Returned Checks and Bad Debt		1,761		2,155
San Jacinto River Authority Assessments*		113,043		128,365
Tap Connection		14,297		8,640
Telephone		929		930
Utilities		30,826		<u>28,356</u>
Total Program Costs - Water Services	<u>\$</u>	<u>375,728</u>	<u>\$</u>	<u>379,784</u>
Management and General:				
Audit Fees	\$	6,100	\$	6,100
Director Fees		9,300		11,800
Director Reimbursements		1,204		703
Engineering Fees		500		3,010
Insurance		5,700		6,264
Management		28,680		28,680
Office Supplies and Postage		<u>1,334</u>		<u>751</u>
Total Management and General	<u>\$</u>	52,818	<u>\$</u>	57,308
TOTAL EXPENSES AND LOSSES	<u>\$</u>	428,546	<u>\$</u>	<u>437,092</u>
CHANGE IN NET ASSETS	\$	93,839	\$	108,888
NET ASSETS - JANUARY 1		539,402		633,241
NET ASSETS - DECEMBER 31	<u>\$</u>	633,241	\$	742,129

Pass through fees noted with an asterisk (*)

Table 3 LAKE BONANZA WATER SUPPLY CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

		2017		2018	
CASH FLOWS FROM OPERATING ACTIVITIES			_	-	
Change in Net Assets		\$	93,839	\$	108,888
Adjustments to reconcile change in net assets to net cash					
provided by operating activities:					
Depreciation			52,627		54,087
(Increase) Decrease in Assets:					
Accounts Receivable			5,367		(6,481)
Increase (Decrease) in Liabilities:					
Accounts Payable			(539)		(200)
Customer Meter Deposits			<u>4,600</u>		<u>9,300</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$		<u>155,894</u>	<u>\$</u>	165,594
CASH FLOWS FROM INVESTING ACTIVITES					
Purchase of Property and Equipment	\$		(93,771)	\$	(1,350
Purchase of Short-Term Investments			(95)		(110)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$</u>		<u>(9</u> 3,866)	<u>\$</u>	<u>(1,460</u>)
CASH FLOWS FROM FINANCING ACTIVITES					
Principal Payments on Long-Term Debt	<u>\$</u>		(198,770)	<u>\$</u>	(209,706)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$		(136,742)	\$	(45,572)
CASH AND CASH EQUIVALENTS - JANUARY 1			793,248		656,506
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$		656,506	\$	610,934
SUPPLEMENTAL DATA:					
Interest Paid	\$		39,443	\$	28,506

4) Need for the Project

a) Health, Sanitation, and Security

The need for this proposed well is very high. The Lake Bonanza Water Supply Corporation (Lake Bonanza) supplies water to approximately 2200 customers through 747 current connections. Lake Bonanza is planning for the future by drilling a new well that will also help address an elevated gross alpha issue that has been detected at the existing wells. Lake Bonanza will drill a well in the Jasper Aquifer to provide an alternate fresh water source. Fresh water from the Jasper Well will be blended with water from other wells that have elevated gross alpha levels and bring that water into compliance with TCEQ maximum contaminant levels (MCL). Blending is an acceptable method to reduce the MCL of gross alpha particles in drinking water.

Proposed Well No. 3 will be drilled in two steps. The first step is to drill a pilot hole to a certain target depth and the second step is to ream the well to the ultimate full diameter. The pilot hole is an essential exploratory exercise to gather site specific information on the stratigraphy and geologic makeup below ground. Geophysical logging of the well will be done in the pilot hole. The geophysical logging usually will include a Dual Induction log, Litho-Density log, Compensated Neutron log, and Spectral Gamma Ray Log. Radionuclides are naturally occurring and can vary in concentration by depth or location. The Spectral Gamma Ray log will help pin point different strata that have elevated radionuclide readings and at what distance below the site surface. If radionuclides are detected in the zones where water will be drawn from in the aquifer, the steel production casing will have a blank section to block out that zone. Accurate testing for gross alpha in the water must be done from water samples in a lab after the well is complete. The TCEQ will require testing directly from the well sample cock once the well is developed. The TCEQ will require testing for Gross Alpha and other potential contaminants at a specific time interval and at the point where the water is blended and at specific locations in the system to ensure the water will be under the MCL for any potential contaminant. A discussions with a Hydrogeologist that is familiar with the Jasper Aquifer in Montgomery County, Texas, was done over the phone. The Hydrogeologist talked about data acquired over recent years that indicates gross alpha levels do not exceed the MCL in water drawn out of the Jasper Aguifer in this area.

On March 1, 2019, the TCEQ, Drinking Water Special Functions Section, Water Supply Division, issued a Notice of Enforcement letter to the Lake Bonanza WSC concerning the Public Water System. The letter from the TCEQ is included in **Exhibit J**. The letter was issued due to the elevated level of gross alpha particles in the water. The TCEQ and the EPA have a maximum contaminant level of 15 pCi/L (15 picocuries per liter). The samples from Lake Bonanza well 1 and 2 were around 17 pCi/L. This prompted Lake Bonanza to begin trying to find and provide an alternate fresh water source. The water is safe for bathing and washing dishes but is not recommended for drinking, cooking, or ingesting. Over time, the higher levels of gross alpha over 15 pCi/L have been known to cause cancer. This is an issue Lake Bonanza has taken very seriously. All residents have been issued notices by U.S. Mail and on the WSC website about the elevated gross alpha level as required by the TCEQ.

Exhibit K is an agreed order for Lake Bonanza WSC to take corrective measures to bring the water system back into compliance. The WSC President signed the order on May 20, 2019, but the TCEQ has not formally executed the order. The TCEQ stated in an email that it may take several months for the Commissioner to sign the order. Lake Bonanza has searched for land to drill a new well and has recently acquired a suitable site. Although Lake Bonanza is moving to acquire a new fresh water source, the TCEQ had no choice but to cite Lake Bonanza with a noncompliance notice and issue the Agreed Order to require Lake Bonanza to supply a solution to bring the water back into compliance.

Gross Alpha particles are a naturally occurring type of energy that is released when certain radioactive elements in the Earth's Crust begin to decay. The particles are transferred to the aquifer and into public water systems that pump from that aquifer. As noted previously, blending fresh water with water with high gross alpha is a method accepted by the TCEQ to reduce the gross alpha particle level in drinking water. By blending equal parts of fresh water with water from the existing wells should yield water with the gross alpha level with half the original gross alpha level, provided the fresh water source has no (or very low) gross alpha particles present. The Jasper Well (Well 3) is expected to produce a fresh water source that will be blended with existing well water and quickly enable Lake Bonanza WSC to bring their drinking water back into compliance with the TCEQ rules and requirements.

b) Aging Infrastructure

Lake Bonanza WSC began in 1995. Lake Bonanza underwent expansions around the years 2007 and 2010. The older areas of the service area are 24 years old. The system has approximately 24.92 miles of waterline that is mostly PVC materials with mechanical joints. The expected life for PVC waterlines ranges from 50 to 70 years, although some data provided to the public by plastic pipe manufacturers indicates a possible 100-year lifespan. Repairs are infrequent and are typically in the summer months when it is hot and dry and the expansive soils begin to shrink. The System Operator indicated that repairs may be required a few times in the summer months due to shrinkage of the expansive soils, but most repairs are because of contractors hitting the waterline while excavating. The system has some age but appears to be in good condition and should continue to perform well in the coming years.

The water storage facilities are in good condition. The standpipe which can store up to 153,150 gallons of water was sandblasted and recoated mid-year 2019 and will provide many years of future service. The bolted ground storage tank is in good condition and stores 165,464 gallons of water. Between the elevated storage in the standpipe and the booster pumps, the system maintains no less than 35 psi at the highest elevations in the service area as per the J. F. Fontaine Preliminary Engineering Report.

The two existing wells are in good condition. The pump and motors are working properly per the plant operator. The water quality is good and no evidence that the well is producing sand. All constituents that must be monitored are below the maximum contaminant level except the gross alpha particle level. With the blending of water from the proposed Jasper Well, the final water supply will be in compliance with all the TCEQ regulations.

The current system meets all TCEQ requirements for well capacity and has additional capacity for future growth. Well No. 3 will be capable of independently meeting the minimum capacity requirements for the current number of connections but it will be used with the other wells to blend the water sources to bring the gross alpha down to a level that is in compliance with TCEQ requirements.

c) Reasonable Growth

Currently, there are up to eight residential homes planning to be built that are requesting service in 2019. Additional connections are expected in 2020. The Population of Montgomery County and the City of Conroe has been increasing year after year. Lake Bonanza WSC is in the ETJ of the City of Conroe which was recognized as the fastest-growing city in the country among cities with more than 50,000 residents, according to the latest U.S. Census Bureau figures. Lake Bonanza is located immediately west of the main body of the City of Conroe and just south of Lake Conroe. With developments continuing to pop up all around this area, it is reasonable to expect more growth in Lake Bonanza's service area.

Population trends for the county were researched through the Texas Water Development Board (TWDB) website. The TWDB website links to the the State of Texas Demographic Center. Montgomery County's population has increased just over 3 percent each year from 2010 to 2018. This trend is projected to stay at that pace up to year 2050. Lake Bonanza is situated in a prime location to benefit from the potential growth and should inherently follow the County growth trend. See **Exhibit L** for population projections. The Exhibit includes a screenshot from the Texas Demographic Center's results of Montgomery County population projection and the full data set downloaded in excel format. Below is a brief list from the downloaded data of the projected population measured at 5 year spans up to year 2050.

Population Pi	rojections for	Texas Report
Vaar	A	Т

Year	Age	Total Pop
2050	All (0-95+)	1,487,366
2045	All (0-95+)	1,287,179
2040	All (0-95+)	1,115,459
2035	All (0-95+)	965,071
2030	All (0-95+)	831,450
2025	All (0-95+)	714,275
2020	All (0-95+)	613,951
2015	All (0-95+)	529,079
2010	All (0-95+)	455,746

Lake Bonanza has been operating with positive cash flow and has received a fair profit from the sale of water. With these profits, Lake Bonanza has been able to easily keep up with current USDA loans and has paid extra payments each month on the principal of each current loan. The district has the financial capacity to handle another loan. Lake Bonanza's complete Annual Financial Report for years 2017 and 2018 are is shown in **Exhibit M.**

5) Alternatives Considered

Lake Bonanza has considered several alternatives to provide an alternate fresh water source. Several possibilities were considered; however, only one potential alternative has been analyzed and determined to be feasible. Two other alternatives are listed but each found to be infeasible. This report evaluates the improvements required to bring the water back into compliance for gross alpha as required by the TCEQ and to meet capacity demands for future growth.

a) ALTERNATIVE NO. 1

i) Description

Alternative No. 1 is the consideration to drill a well in the Jasper Aquifer on a tract purchased by Lake Bonanza WSC for a water well. The tract was purchased on June 3, 2019, with a loan from a local bank and the deed is recorded in the Official Property Records of Montgomery County, Texas under County Clerk's File Number 2019047739 (See Exhibit N). This tract is 2.066-acres and has adequate space to drill a well and fully contain the 150-foot radius Sanitary Control Easement that is required by the TCEQ.

ii) Design Criteria

The design criteria for drilling a well to any aquifer has been established by the State of Texas in Chapter 290 of the Texas Administrative Code for Public Drinking Water and is Regulated and enforced by the TCEQ. This Alternative was evaluated to supply a fresh water source to reduce the gross alpha level in the drinking water by blending, as approved by TCEQ.

iii) Map

A map of Lake Bonanza's water system can be seen in **Exhibit O**. The map indicates the location of the 2.066-acre tract purchased by Lake Bonanza WSC. It was one of the locations considered and the actual location chosen for drilling a well for a new freshwater source.

iv) Environmental Impacts

A Full environmental profile was evaluated for this specific tract of land. An Environmental Report as outlined by the USDA has been completed and is submitted to the USDA Rural Development for review. The environmental topics that were evaluated, researched, and reported were per Part 1970 Environmental Format (Guide) provided by the USDA. A brief description of the items evaluated are as follows:

The site was evaluated for environmental risk with a Phase I ESA. No environmental issues were discovered from an on-the-ground site visit. No evidence of any illegal and hazardous dumping was discovered.

The site was evaluated for low income and minority populations in the project area. It was determined the project will not adversely affect these populations. The proposed well will provide better quality water that is in compliance with the TCEQ rules and regulations.

The site was evaluated for Historic significance along with consultation with Native American Tribes. The State and County Historical Commissions were sent letters and emails indicating the site has no historical significance and construction may proceed. The six Native American Tribes that could have any interest in properties in Montgomery County, Texas were notified by mail, email, and phone for this tract of land specifically. Three responded with no interest and three did not send a response.

Threatened and endangered species were evaluated as part of the Environmental Report. Part of this evaluation involved registering the site on the U.S. Fish and Wildlife Service's IPaC system. The system can analyze a specific area and list the threatened and endangered species that may occur on a project site. There were four species identified by the IPaC report. Three of the species (birds) would be affected by wind-related projects only. This project is not wind-related and therefore did not affect the three species. The fourth species evaluated was the Red-Cockaded Woodpecker. A site visit was completed to determine the trees, vegetation, and site conditions as it pertains to the woodpecker habitat. Typically cavities are built by the woodpecker in large, old pine trees with a trunk diameter around 12-inches or larger. The essential habitat for the woodpecker is provided by open pine forests with large, widely-spaced older trees. The pine trees on this site are young and closely spaced with heavy underbrush. Based on researched information regarding the red-cockaded woodpecker and an on-site visit, it is determined that the proposed project is not located within the red-cockaded woodpecker habitat. This project will have no effect on the red-cockaded woodpecker or their habitat.

Wetlands and Floodplains are not located on or across this tract of land and has no effect on any wetland or floodplain. The project is not in any Coastal Area that may be protected.

The area was not part of important farmland and will not affect any important farmland.

The project will not require, or produce hazardous materials. The site is wooded acreage and does not have any existing structure that could have lead-based paint, asbestos, or mold.

The project site does not fall on any key water sources such as a sole source aquifer or wellhead protection area. The project is not near any coastal reef ecosystem or Adirondack Park lands.

v) Land Requirements

This site is 2.066-acres. It was acquired to be able to have the well site that is about a 100 feet square area. The TCEQ requires each well to have a 150-foot radius sanitary control easement surrounding the well. The sanitary control easement will be contained on this tract and Lake Bonanza will not be required to obtain easements that must be dedicated by other surrounding tract owners.

vi) Potential Construction Problems

This 2.066-acre site does not appear to have any serious construction problems. There are two minor issues to contend with: water supply for drilling and a power supply.

During drilling, the driller may require a water source. The WSC may have to extend a temporary waterline to the well drilling location. There is a waterline near the northeast corner of the 2.066-acres that can be used as required for the drilling operations.

The other issue would be a power source. Drilling is usually an around-the-clock operation. Although there is a 3-phase power line adjacent to the site, there will be no onsite power during the drilling. The driller will have a generator to supply power during drilling for drilling, lights, tools, etc.

vii) Sustainability Considerations

This project will be a water pumping station with typical site improvement of all water plants in the County. The design will call for pumps to have an efficiency minimum around 80 percent. The motor must have an efficiency of at least 90 percent. Lighting on at the plant will be fixtures that use energy-efficient LED lights.

viii) Cost Estimate Alternative No. 1

Table 4 is the Engineer's Opinion of Cost to drill a well on the 2.066-acre tract and tie in to the existing 6" transmission line along Cartwright Road.

Table 4

PRELIMINARY ENGINEERING OPINION OF COST Lake Bonanza Jasper Well (Water Well No. 3 or Pump Station No. 3)

WELL	WELL SITE CONSTRUCTION COST: (Note: Project requires American Iron and Steel)							
NO.	DESCRIPTION OF WORK	UNIT	QTY	UNIT COST	TOTAL			
1	Mobilization, performance and payment bonds (5% max)	LS	1	\$ 70,858	\$ 70,857.50			
2	Drill test hole to approximately 1800 feet, Drill well 16X10 well to approximately 1500 feet with estimated 150 HP Submersible pump for estimated 500 gpm.	LS	1	\$ 1,000,000	\$ 1,000,000.00			
3	Well Discharge header, concrete seal slab, concrete splash pad. Gravel under header.	LS	1	\$ 40,000	\$ 40,000.00			
4	Chlorination and phosphate system with new feed pumps, lines to well, scales, etc.	LS	1	\$ 50,000	\$ 50,000.00			
5	Proposed 150 LF DIP yard piping, valves, fittings, etc.	LF	150	\$ 225	\$ 33,750.00			
6	Proposed C900 piping from end of DIP to existing water system along Fallin Road	LF	200	\$ 100	\$ 20,000.00			
7	Electrical upgrades, controls for new well, communication to water plant	LS	1	\$ 130,000	\$ 130,000.00			
8	Site improvements, Proposed gravel or crushed concrete driveway with culvert, site grading, hydro-mulching, erosion protection. New chain like fencing (75x75) with intruder prevention top.	LS	1	\$ 50,000	\$ 50,000.00			
9	Clear trees as Required for driveway, easement, well and building.	LS	1	\$ 15,000	\$ 15,000.00			
10	Coatings: Paint all above ground piping.	LS	1	\$ 10,000	\$ 10,000.00			
11	New electrical service by Electrical Provider. Will require new transformers and poles to center of site.	LS	1	\$ 15,000	\$ 15,000.00			
12	Building with 3 rooms for mechanical control center, chlorine treatment and phosphate treatment on concrete slab with electrical, complete and in place. Estimate 14'X20' bldg.	LS	1	\$ 50,000	\$ 50,000.00			
13	Stabilized Construction Exit	EA	1	\$ 3,400	\$ 3,400.00			

CONSTRUCTION COST \$1,488,007.50
15% CONTINGENCY (EXCLUDES BONDS & MOBILIZATION) \$212,572.50

TOTAL CONSTRUCTION COST \$1,700,580.00

LANI	D COST:				
	Land for well site (Note: Land already procured) Exhibit N	EA	1	\$ 75,000	\$ 75,000.00
			LAN	D FOR WELL	\$ 75,000.00

ENG	NEERING FEES:			
1	Study and Report Phase	LS		\$ 20,000.00
2	Preliminary Design Phase	LS		\$ 34,400.00
3	Final Design Phase	LS		\$ 52,400.00
4	Bidding or Negotiating Phase	LS		\$ 15,000.00
5	Construction Phase	LS		\$ 28,200.00
6	Resident Project Representative (Construction Phase)	LS		\$ 29,000.00
7	Post-Construction Phase	LS		\$ 3,000.00

AMOUNT OF LOAN REQUESTED \$1,957,580.00

ANN	JAL O&M COST ESTIMATE:	
1	Principal and Interest on Loan (new loan only: estimated \$1.8M @ 2% interest, 40 years)	\$65,200.00
2	Administrative Costs	\$500.00
3	Water Treatment Costs (Facilities Operator)	\$6,000.00
4	Water Treatment Costs (Chemicals- Water Treatment)	\$3,000.00
5	Insurance and Taxes	\$3,000.00
6	Energy Costs (electric)	\$15,000.00
7	Monitoring and Testing	\$600.00
8	Short Lived Asset Maintenance/Replacement	\$1,200.00
9	Professional Services (as required)	\$1,000.00
10	Miscellaneous (mowing)	\$800.00

TOTAL ESTIMATED ANNUAL O&M COSTS FOR WELL 3

\$96,300.00

b) ALTERNATIVE NO. 2

i) Description

Alternative No. 2 was the consideration to drill a well on a 120-foot by 100-foot tract owned by Lake Bonanza. The tract of land was acquired on February 9, 2010. The warranty deed was not officially recorded in the public records until September 14, 2018, under County Clerk's File Number 2018089879 in the Official Public Records of Montgomery County, Texas. Drilling a well at this location will also require a 4,500-foot long transmission line to pump water to ground storage tanks at Water Plant No. 1 for storage and distribution. This location was considered to drill a well in the Jasper Aquifer. Due to the accessibility issues discussed in the construction problems section below, the alternative was found to be infeasible; however, a discussion is included.

ii) Design Criteria

The design criteria for drilling a well is the same as described in Alternative No. 1. Design criteria

is set by the State of Texas in Chapter 290 of the Texas Administrative Code for Public Drinking Water and is Regulated and enforced by the TCEQ. This Alternative was evaluated to supply a fresh water source to reduce the gross alpha level in the drinking water by blending as approved by TCEQ.

iii) Map

A map of Lake Bonanza's water system can be seen in **Exhibit O**. The map indicates the location of the 120-foot by 100-foot tract owned by Lake Bonanza WSC. It was one of the locations considered for drilling a well for a new fresh water source.

iv) Environmental Impacts

A Full environmental profile was not worked for this site, but no environmental impacts were anticipated based on similar, nearby properties. There were other non-environmental issues that will be described in the <u>Potential Construction Problems</u> section below. This site is similar in nature to the tract that will be used for a Jasper Well at the corner of Cartwright Road and Fallin Road. This tract does not have any wetlands or floodplain upon or crossing the tract. It is near the Proposed Jasper Well site and adjacent to Lake Bonanza's water system. Lake Bonanza had an Environmental Report previously submitted to USDA for another project where waterlines were constructed near this tract and no environmental impacts were noted pertaining to endangered species or to historical, cultural, and archaeological sites.

v) Land Requirements

As indicated previously, Lake Bonanza owns the 120-foot by 100-foot tract. The tract was acquired to drill a new well when needed. The tract has an unimproved dirt road along the south named Piper Lane. Piper lane leads to the Lake Bonanza Property Owners Association (POA) airstrip. The tract would be adequate to drill a well, however, the TCEQ required Sanitary Control Easement (SCE) that is a circle with a 150-foot radius, must be centered at the well location. The tract does have an SCE recorded for the 20 feet most north on the tract, however, the easement could extend out past the established easement depending on the actual well location. A recorded easement dedicated by all adjacent landowners would be required by the TCEQ to help protect the well and the water source it is pumped from. This easement outside of the 120-foot by 100-foot tract falls entirely over POA property.

vi) Potential Construction Problems

This site has two problems that made it undesirable and infeasible to use as a drill site.

Per the POA, Piper Lane, east of Highline Drive, is a private road owned by the POA. The POA has indicated that they do not wish to grant access to the WSC to access this tract. **Exhibit P** is a survey of the tract showing Piper Ln. The roadway appears to provide access to the 120-foot by 100-foot tract per the warranty deed and per the survey; however, the POA claims it is a private POA road to the airstrip and public access is not allowed. This issue was deemed too costly to resolve through legal action.

Another problem for construction is that the TCEQ required Sanitary Control Easement (SCE) must be dedicated to the WSC for any portion of the easement that extends out past water plant property boundaries. The SCE for a well at this location would fall completely on POA owned property other than what would be on the WSC tract. As seen in **Exhibit P**, an SCE was dedicated and recorded but it requires the well to be drilled within 20 feet of the northern property line. If the driller cannot fit a drilling rig in that 20-foot area to drill, the well would have to be relocated southward and an additional portion of the easement would be required by the TCEQ. The POA has indicated they will not dedicate any additional easement.

Based on the access issue to the site and the POA refusal to dedicate any additional sanitary control easement on POA property, drilling at this site was deemed infeasible.

c) ALTERNATIVE NO. 3

Alternative No. 3 was considered to drill a well in the Catahoula Aquifer. This alternative was ultimately deemed infeasible because a suitable site that must meet the specific criteria of ground water with a Total Dissolved Solids (TDS) not exceeding 1000 mg/L was not found. A brief description is included.

A well in the Catahoula Aquifer was considered as a possible solution to satisfy the TCEQ requirement for a freshwater source. The deep Catahoula Aquifer has the potential to be brackish and to have a TDS level that exceeds the TCEQ maximum of 1,000 mg/L. The Thornhill Group, LLC is a professional hydrogeologist company familiar with the Conroe area. The Hydrogeologist was consulted about drilling a well in the Catahoula Aquifer. Thornhill provided a map (Exhibit Q) with a calculated theoretical TDS line based on acquired data on Catahoula wells in the area. The line indicates that a well northwesterly of the line should provide a good location to drill a Catahoula Aquifer well and be confident the TDS level would be below 1,000 mg/L. A Well southeasterly of that line is estimated to be more brackish with TDS levels higher than the TCEQ maximum. The higher TDS level would require more treatment processes such as filtering the water. The WSC began searching for a suitable property and contacted several realtors to help with the search. This yielded very few possible properties that are close enough to Water Plant No. 1. Few possible tracts were located that were not large enough to accommodate drilling rigs or the tract was classified as commercial property and was priced too high. With the limited availability of land located where the Catahoula Aquifer would provide water with an estimated TDS level under 1,000 mg/L, the WSC decided to drill a well to a different aquifer.

Another consideration is the water from the Catahoula Aquifer has a high temperature. The temperature of water pumped out of this aquifer has been measured around 110 degrees. The water must be treated with chlorine to disinfect the water, but doing so at the high temperature is not effective because the high temperature will cause the chlorine to dissipate rapidly unless the water is cooled. Cooling towers create a cooling process by using fans to induce an upward draft of air that crosses water droplets released at the top of the tower and fall by gravity through the tower packing. The water is cooled to about 86 degrees which will allow the

chlorine residual to remain in the water at a strong enough level to protect the water system during distribution. The required cooling towers are expensive facilities to build and require a foundation designed by a Structural Engineer. Additional piping is needed to pump water to the top of the tower and route water out of the towers. Since this site does not have a ground storage tank near the well, the water must be pumped to Water Plant No. 1. To accomplish the transmission of water, the cooled water would need to be collected in a wet well and moved with transfer pumps to the water to the water plant. This would require additional construction costs of \$400,000 or more plus annual operation and maintenance costs, however cost was not the deciding factor to disqualify this option.

Although a Catahoula Well would supply an ample amount of water for Lake Bonanza and help lower the gross alpha levels by blending the water with the existing water wells, the inability to secure a tract of land in the service area that could confidently provide water with a TDS level below 1000 mg/L makes this option infeasible.

6) Selection of an Alternative

a) Present Worth

The estimated present worth of the Lake Bonanza water facilities is \$1,149,522.00 based on the Lake Bonanza Water Supply Corporation Statement of Financial Position for the year ending 2018. See the Lake Bonanza Annual Financial Report in **Exhibit M**.

7) Proposed Project – Recommended Alternative

a) Preliminary Project Design

The only remaining alternative of the several possibilities considered is Alternative No. 1. Alternative No. 1 is a well drilled in the Jasper Aquifer that will have the capacity to supply 500 GPM of water. This well is needed to help with future development, but mainly being drilled to address a TCEQ mandated order to provide a new, fresh water source for the system due to gross alpha levels found to be over the maximum allowable level.

i) Drinking Water

Water Supply

The district has approximately 747 current connections. The TCEQ requires a minimum of 0.6 GPM per connection. 747 connections X 0.6 GPM per connection = 448 GPM well capacity required. It was decided to drill a well that would produce 500 GPM to plan for the future. The two current wells have production capacities of 380 GPM (well 1) and 240 GPM (well 2) which satisfies the minimum capacity requirements but needs to have a fresh water supply blended with those supplies to reduce gross alpha levels that have tested above 15 pCi/L.

The proposed well will have an estimated 150 HP submersible pump to produce the 500 GPM flow rate of water and pump the water to Water Plant No. 1. As indicated, the fresh water source will be the Jasper Aquifer. The TCEQ requires a sanitary control easement (SCE) to surround the well with a 150-foot radius. The site is a 300-foot square tract of land that will completely accommodate the 150-foot radius SCE. The proposed well will involve drilling a 2,000-foot deep pilot hole with the final well bottom being set approximately 1,800 feet deep. The well will have a 16-inch steel surface casing and a 10-inch production casing with the screens and blank sections. The production casing will extend up into the surface casing a minimum of 80 feet for the "lap". The final drilled depths and screen settings will be determined by a Hydrogeologist who will review the drilling logs and make recommendations on the depths and lengths of screens to draw water from the sand layers.

Treatment

As the water is pumped from the aquifer, it will be treated with phosphates and chlorine. Initially, the water will be injected with a blended phosphate that contains a special ratio of orthophosphates and polyphosphates. The TCEQ mandates that all new wells or new water sources introduced to a water system must be monitored for corrosivity. The blended phosphates will address certain corrosive properties of different constituents in the water. The dosage of the phosphate blend will be determined and set depending on the tested levels of all the constituents in the water. Iron and Manganese are expected to be present from the Jasper Aquifer; however, they are not expected to be at high levels.

Secondly, the water will be disinfected with a dose of Chlorine. The operator prefers installing a chlorine gas system to disinfect the water. The plant will be designed to use the gas system since the operator is familiar with that type of disinfection system and considers it to be the most reliable and accurate way to treat the water. The residual free chlorine level in the drinking water must not exceed 4.0 mg/L but must not be lower than 0.2 mg/L. The upper limit is set to avoid over-dosing the water which could create an increased risk of cancer. The lower limit is set to have free chlorine available to protect the distribution system by killing microbes that can cause acute diarrhea, nausea, or other illness.

The phosphate will be stored in a TCEQ approved double-wall tank which will be installed in a specific room in the Mechanical Control Center building (MCC) for the phosphates. The tank typically is installed on a scale to monitor the amount of phosphate solution in the tank. The phosphates are fed to the well header by a chemical feed pump and injected into the header as the well water is pumped through the header.

Chlorine gas will be stored in standard 150-pound steel cylinders. A chlorine room will be provided to house the chlorine supply and feed system. The gas will be regulated and mixed with water before being injected into the water stream of the well discharge header. Some conditions may require a booster pump due to higher system pressure, but this plant is expected to be within the normal range around 60 psi. The gas cylinders that are in service will be

installed on tank scales to monitor the amount of gas being used daily and how much gas is remaining in each cylinder.

The TCEQ requires a 15 day on-hand supply of all treatment chemicals that are used at a water plant. The appropriate amount of spare full cylinders will be stored on-site to provide a 15 day supply.

Pumping Stations

The site will not have booster pumps and the well does not connect directly to the distribution system. The submersible well will pump the water to Water Plant No. 1 where the water can be pumped to the standpipe to provide elevated storage for the distribution system or booster pumps can push water out into the system and maintain the minimum pressure requirements set by the TCEQ. A relatively short run of 6-inch pipe will be extended from the well to an existing 6-inch transmission line along Cartwright road. This line is in good condition but it is recommended that restrained joints will be added at all bends along the transmission line to ensure the increased pressure from a 500 GPM well does not cause any joints to separate and create leaks.

The well site will need electrical power that is currently not on the site; however, a 3-phase power line is adjacent to the east side of the 2.066-acre tract. The electrical provider, Mid-south Synergy, has been consulted and a new line will be run to the site. A 20-foot wide electrical easement will be dedicated for the extension of the power into the water plant site. Mid-south Synergy has been provided estimated load data and has already designed the line extension for this site. They will mobilize and set poles to extend the power when notified during construction.

Distribution Layout

The Jasper Well will be designated as Lake Bonanza Well No. 3 (or Pump Station 3) and will pump water to the ground storage tank or the standpipe, as required. The water will be transferred from the well site in an existing 6-inch transmission line that was specifically built to pump water to Water Plant No. 1 from the remote Well No. 2. A line will be extended and tied into the transmission line. Check valves on each well discharge header keep the water moving northward to the ground storage tank at Water Plant No. 1. Well No. 2 and Well No. 3 will not be run at the same time. Once the water has reached the storage tanks, the distribution system will operate as usual and deliver water to all customers.

b) Project Schedule

This project cannot begin until the USDA-RD loan is secured. A proposed schedule can be seen in **Exhibit R**. Once funding is available, the project will immediately be publically bid and construction will commence at the earliest possible date which is estimated to be around the

beginning of June. If funding is available sooner, the time table will be shifted to accelerate the construction process.

c) Permit Requirements

The TCEQ will review plans and grant approval to construct the well. The TCEQ submittal will have the construction plans for the well and site along with the water treatment plan. Plan review usually is completed within 60 days. The TCEQ Water Supply Division has been contacted and is aware of the necessity of this well. The Water Supply Division has been very helpful and responsive to communications on this project and will help move it forward as quickly as possible. No permit fee is required by the TCEQ.

The Lone Star Groundwater Conservation District (LSGCD) is an entity that also issues a permit for groundwater pumping and requires registering the well. The LSGCD requires that permitted wells be metered and readings recorded monthly and the water producer must issue an annual pumping report for the total water pumped. Lake Bonanza is not needing to increase the amount of water pumped annually, therefore the permitting process is simply submitting the application and paying the permit fee.

d) Total Project Cost

The total project cost for construction is as indicated in the table below. Construction costs, land cost, engineering fees for the well design and various reports amount to an estimated loan amount of \$1,957,580.00. Costs are estimated from recent similar projects and requested estimates from well drillers and other companies and factoring in for American Iron and Steel. Costs listed are the based on available current information but costs for bidding cannot be guaranteed. A contingency is included to help plan for fluctuations in material and labor costs and unforeseen issues during construction.

PRELIMINARY ENGINEERING OPINION OF COST Lake Bonanza Jasper Well (Water Well No. 3 or Pump Station No. 3)

WELL SITE CONSTRUCTION COST: (Note: Project requires American Iron and Steel)						
NO.	DESCRIPTION OF WORK	UNIT	QTY	UNIT COST		TOTAL
1	Mobilization, performance and payment bonds (5% max)	LS	1	\$ 70,858	\$	70,857.50
2	Drill test hole to approximately1800 feet, Drill well 16X10 well to approximately 1500 feet with estimated 150 HP Submersible pump for estimated 500 gpm.	LS	1	\$ 1,000,000	\$	1,000,000.00
3	Well Discharge header, concrete seal slab, concrete splash pad. Gravel under header.	LS	1	\$ 40,000	\$	40,000.00

4	Chlorination and phosphate system with new feed pumps, lines to well, scales, etc.	LS	1	\$ 50,000	\$ 50,000.00
5	Proposed 150 LF DIP yard piping, valves, fittings, etc.	LF	150	\$ 225	\$ 33,750.00
6	Proposed C900 piping from end of DIP to existing water system along Fallin Road	LF	200	\$ 100	\$ 20,000.00
7	Electrical upgrades, controls for new well, communication to water plant	LS	1	\$ 130,000	\$ 130,000.00
8	Site improvements, Proposed gravel or crushed concrete driveway with culvert, site grading, hydro-mulching, erosion protection. New chain like fencing (75x75) with intruder prevention top.	LS	1	\$ 50,000	\$ 50,000.00
9	Clear trees as Required for driveway, easement, well and building.	LS	1	\$ 15,000	\$ 15,000.00
10	Coatings: Paint all above ground piping.	LS	1	\$ 10,000	\$ 10,000.00
11	New electrical service by Electrical Provider. Will require new transformers and poles to center of site.	LS	1	\$ 15,000	\$ 15,000.00
12	Building with 3 rooms for mechanical control center, chlorine treatment and phosphate treatment on concrete slab with electrical, complete and in place. Estimate 14'X20' bldg.	LS	1	\$ 50,000	\$ 50,000.00
13	Stabilized Construction Exit	EA	1	\$ 3,400	\$ 3,400.00

CONSTRUCTION COST

\$1,488,007.50

15% CONTINGENCY (EXCLUDES BONDS & MOBILIZATION)

\$212,572.50

TOTAL CONSTRUCTION COST \$1,700,580.00

,					LAN	D FOR WELL	\$ 75,000.00
		Land for well site (Site already procured)	EA	1	\$	75,000	\$ 75,000.00
	LAND COST:						

ENGINEERING FEES:				
1	Study and Report Phase	LS	\$	20,000.00
2	Preliminary Design Phase	LS	\$	34,400.00
3	Final Design Phase	LS	\$	52,400.00
4	Bidding or Negotiating Phase	LS	\$	15,000.00
5	Construction Phase	LS	\$	28,200.00
6	Resident Project Representative (Construction Phase)	LS	\$	29,000.00
7	Post-Construction Phase	LS	\$	3,000.00

ENGINEERING TOTAL \$ 182,000.00
AMOUNT OF LOAN REQUESTED \$ 1,957,580.00

e) Annual Operating Budget

The current annual operating budget is shown in **Exhibit S** in a report having sheets named <u>Balance Sheet</u> and <u>Profit and Loss Budget Performance</u> issued by McCall Gibson Swedlund Barfoot PLLC, Lake Bonanza's CPA.

Per the report, the current year's annual budget is \$644,701.40. The addition of Well No. 3 costs will be incorporated into future year's budgets. Some O&M costs may increase while others may remain the same. One example of no change is the Director's stipend will remain the same. Energy costs may not increase significantly since Well No. 1 & 2 will be operated less frequently when Well No. 3 is placed in service. A cost increase is expected for the Plant Operator services to operate and manage the new Well No. 3 since additional services will be required.

Within the current budget are three existing loans to the USDA that Lake Bonanza refers to as Loan #1, #3 and #4. Loan #2 was paid in full in 2014. Lake Bonanza has a regular payment to Loan #1 for \$2,080 per month but has been including an extra amount of \$3,017 per month toward the principal. On Loan #3, Lake Bonanza has a payment of \$3,224 per month and has been paying an extra \$10,000 per month toward that note. Loan #4 requires a \$1,530 per month. As indicated, Lake Bonanza is doing well financially and showing good faith by paying on time and including extra funds totaling \$238,212 per year toward existing loans. The current required annual payments total is \$82,008.

i) Income

Based on the current budget shown in **Exhibit S**, Lake Bonanza has a budget set at \$644, 701.40 for the year 2019. The estimated income for the year per the P&L budget performance report is \$704,701.40 leaving an estimated net positive cash flow of \$80,000. The current income per the report indicates a total income of \$304,292.28 up to July 19, 2019. The actual current positive income up to that date is \$57,559.11.

ii) Annual Operation & Maintenance Costs

Exhibit R provides an itemized list for the current O&M costs as budgeted and the actual costs up to July 19, 2019. The list below provides a brief overview of the O&M expenses with the current budget.

EXPENSE	TO JULY 19, 2019	BUDGET
General Office Supplies	\$ 288.29	\$ 309.40
SJRA GRP Assessments	\$ 61,195.20	\$130,000.00
Chemicals, Lab fees, Other Costs	\$ 12,579.51	\$ 17,250.00
Legal/Professional fees	\$ 6,856.25	\$ 10,000.00
Licenses and Permits	\$ 5,499.35	\$ 5,700.00
Plant Operations	\$ 12,579.51	\$ 19,950.00

Legal/Professional fees	\$ 6856.25	\$ 10,000.00
Management/payroll	\$ 45841.93	\$ 77,500.00
Existing USDA Loans	\$ 47,838.00	\$238,212.00*
Total	\$246,733.17	\$644,701.40

^{*}Only \$82,008 required in Annual Payments

The projected increases to the annual budget will come mainly from the USDA-RD note payments. The estimated cost for the plant operator fees is \$6,000 annually. Chemical treatment costs may increase slightly but are estimated to remain about the same since Lake Bonanza does not intend to increase the volume of water pumped. Electricity cost may increase somewhat due to Lake Bonanza having a third plant, but the amount of time that Well No. 3 will run will be offset by a reduced amount of run time for Well No. 1 and 2. An estimate is included to run Well No. 3 for an additional hour per day for 365 days. Insurance costs will increase due to the addition of the new remote Well No. 3 site. Money should also be included in a short term and long term reserve account to prepare for the replacement of pumps or equipment that will need upgrading or replacement in the future. The estimated amount of increase to the annual budget is shown in the following list of additional expenses.

EXPENSE	Annual Increase
USDA-RD Loan for Well No. 3	\$ 71,000.00
Insurance	\$ 3,000.00
Plant Operator Fee	\$ 6,000.00
Short Lived Asset Maintenance/Replacement	\$ 5,000.00
Electric Power Cost Increase	\$ 3,000.00
Total Estimated Increase	\$ 88,000.00

The annual increase could be included in the current and future budget estimates without changing the budget total since Lake Bonanza is currently paying \$156,204 in additional payments toward the principal on existing loans. Subtracting the estimated payment for the new loan still leaves approximately \$68,000 in annual funds that can be used toward reducing the principal of each USDA loan.

iii) Debt Repayments

The current debt and the debt repayments were mentioned in the previous sections. Lake Bonanza has 3 current loans from the USDA. The following loan descriptions can be found under NOTES TO THE FINANCIAL STATEMENTS, Note 8, on page 10 in **Exhibit M**.

On May 27, 1994, the USDA selected the Corporation to receive a promissory note in the amount of \$400,000. The interest rate is 5.50% with monthly payments of \$2,080. The term is 40 years. The Corporation made total principal payments of \$51,369 and \$54,265 in fiscal years December 31, 2017 and 2018, respectively.

On July 28, 1997, the USDA selected the Corporation to receive a promissory note in the amount of \$620,000. The interest rate is 5.50% with monthly payments of \$3,224.

The term is 40 years. The Corporation made total principal payments of \$139,278 and \$147,092 in fiscal years December 31, 2017 and 2018, respectively.

On August 23, 2013, the USDA selected the Corporation to receive a promissory note in the amount of \$444,000. \$312,500 was received in the December 31, 2014 fiscal year. The interest rate is 2.75% with monthly payments of \$1,530. The term is 40 years. The Corporation made total principal payments of \$8,123 and \$8,349 in fiscal years December 31, 2017 and 2018, respectively.

Refer to the full report in **Exhibit M** and **Exhibit S** for loan balances and current payment activity.

8) Conclusions and Recommendations

Lake Bonanza is ready and eager to drill the Jasper Well to bring the public water supply back into compliance with the rules and regulations set by the TCEQ. The proposed well is expected to provide the fresh water source required by the TCEQ. Lake Bonanza will blend water from the Jasper Aquifer with water from the existing wells to lower the gross alpha level under the MCL set by the TCEQ.

The current transmission line is adequate to transfer the fresh water from Well No. 3 to Water Plant No. 1. It is recommended to expose and add restrained joints at all bends on the transmission line if they do not exist on the line currently. This is an easy, inexpensive upgrade to ensure the line can handle any extra pressure from Well No. 3. The current storage facilities have ample capacity for the system. The current distribution system is in good condition and does not require any major upgrades.

The TCEQ will require water samples to be taken and tested quarterly as a minimum and may require more frequent testing initially. The district is willing to abide by all requirements delegated to them by the TCEQ. All new wells or a new water source added to a system must follow a corrosivity protocol as required by the TCEQ and have the water tested quarterly.

The recommendation is to approve Lake Bonanza for the USDA-RD loan. Lake Bonanza has three current loans with USDA-RD and is paying extra amounts toward the principal to try and pay the loans off early. Lake Bonanza is committed to providing good water to the customers and taking care of its financial obligations. Lake Bonanza has positive cash flow and has the financial capacity to manage the new loan through the USDA Rural Development program.

EXHIBIT A USGS Map




EXHIBIT BLake Bonanza Service Area Map

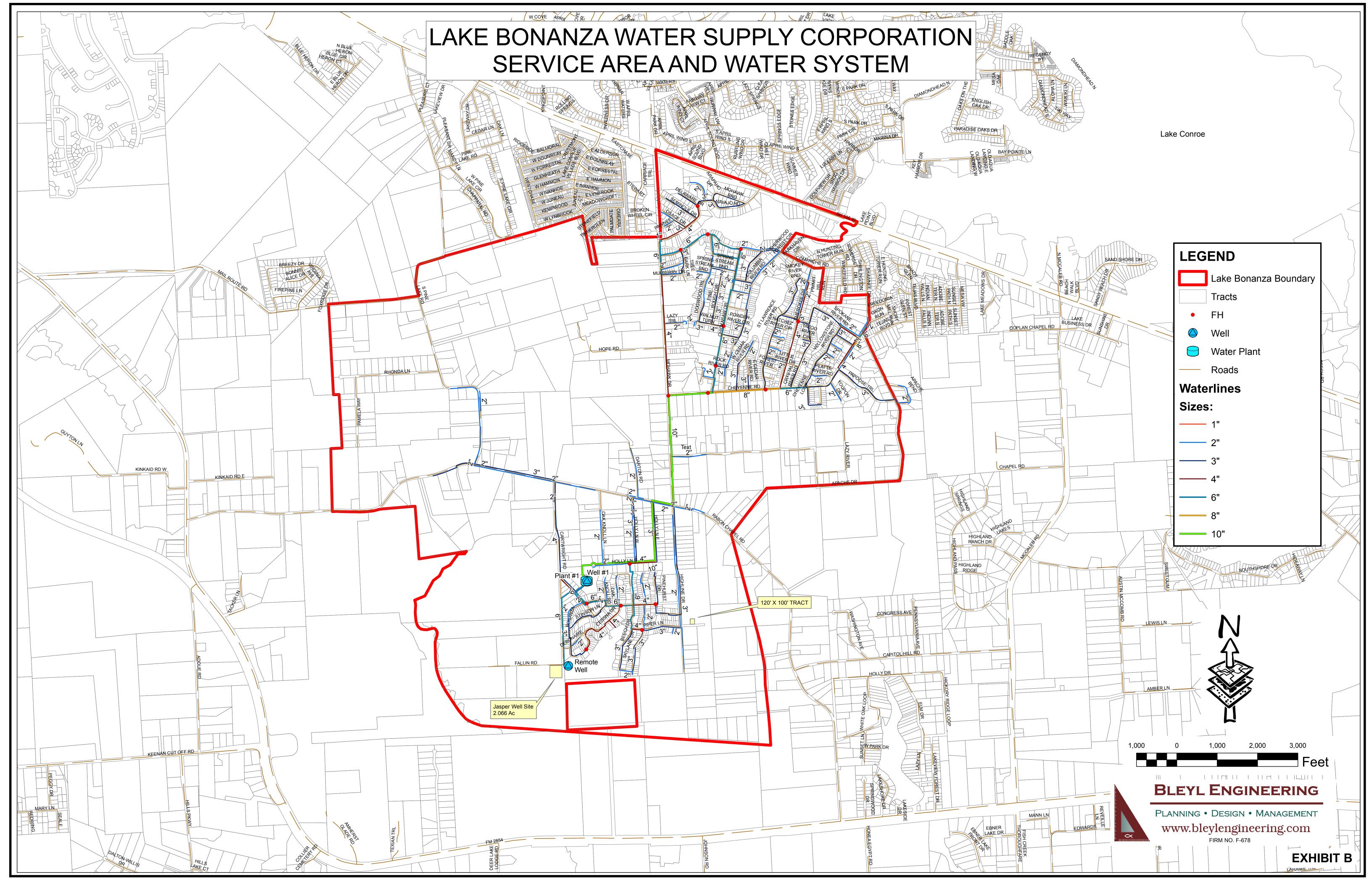
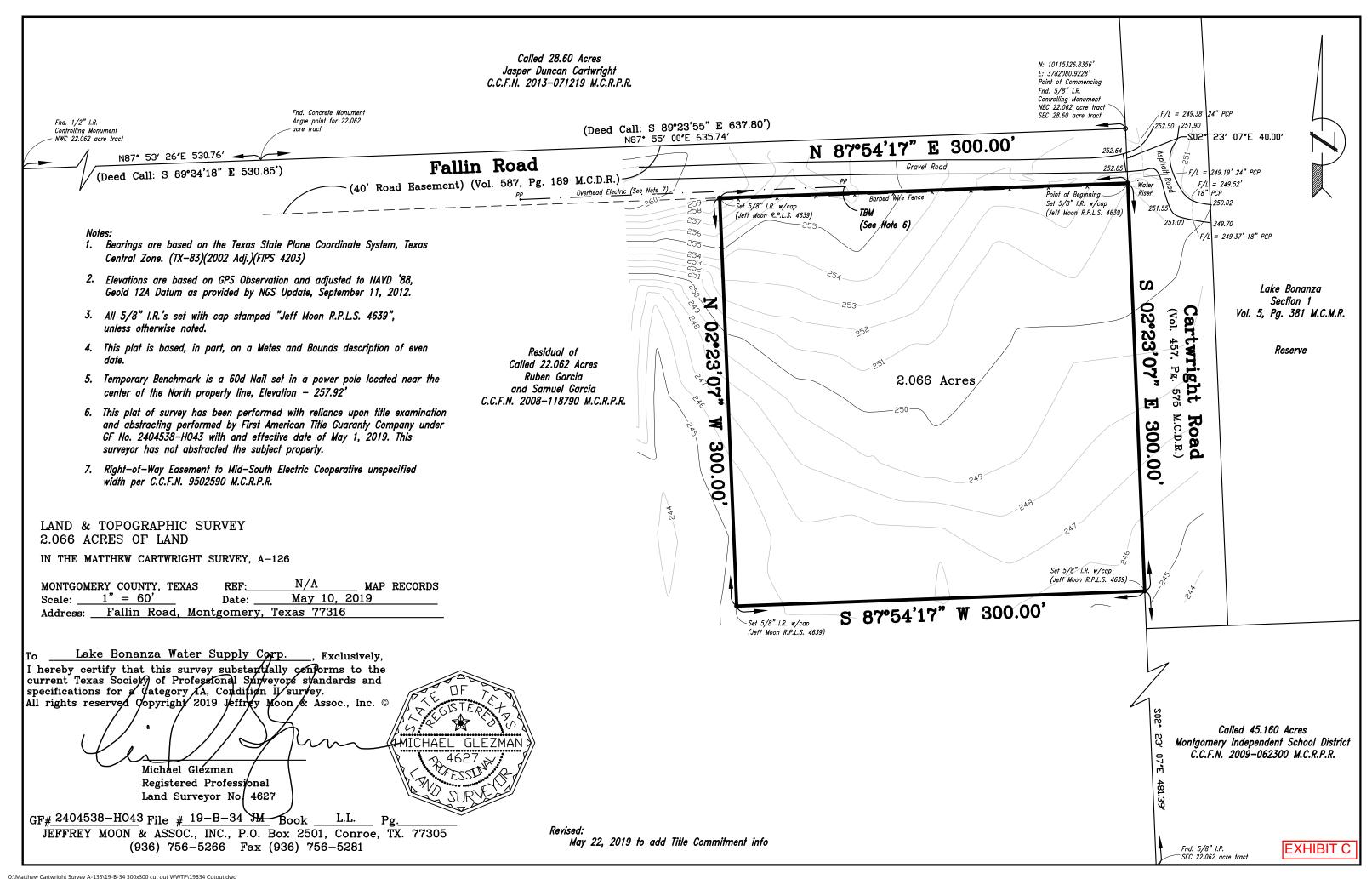


EXHIBIT C Survey of 2.066 Acres, and Well No. 3 Site Plan on 2.066 Acres



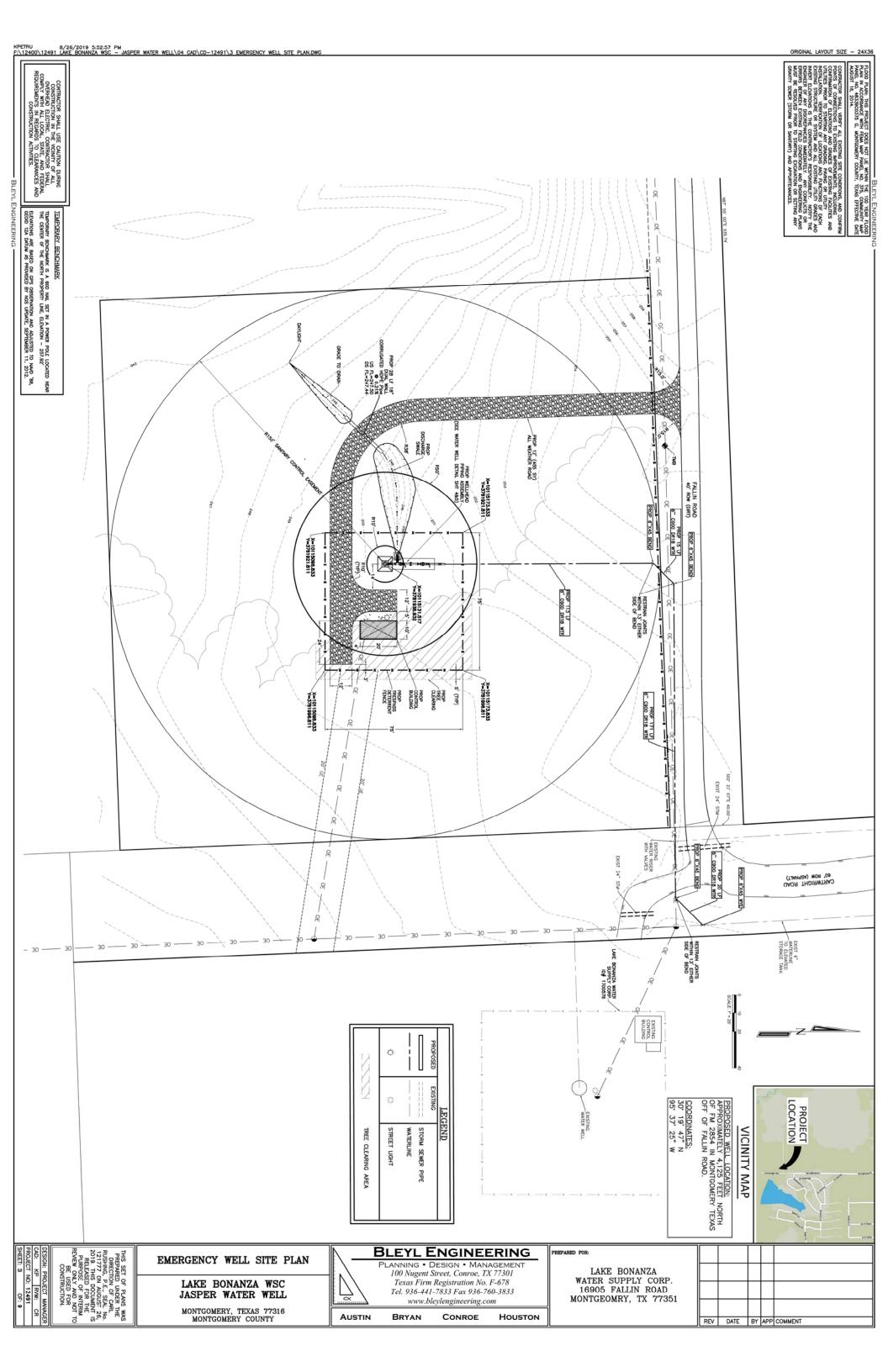


EXHIBIT D FEMA Firmette showing Floodplain

National Flood Hazard Layer FIRMette



OTHER AREAS OF FLOOD HAZARD **BONANZA** 38 The Nettonal Mars: Ord 833900 OMERA (COUNTY CARTWRIGHT ROAD AREA OF MINIMAL FLACOD HAZARD JASPER WELL SITE **AKE BONANZA** 1,500 1,000 **FALLIN ROAD** 200 250

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

With BFE or Depth Zone AE, AO, AH, VE, AR Without Base Flood Elevation (BFE) SPECIAL FLOOD HAZARD AREAS

0.2% Annual Chance Flood Hazard, Areas depth less than one foot or with drainage areas of less than one square mile Zone X of 1% annual chance flood with average Regulatory Floodway

Future Conditions 1% Annual

Area with Flood Risk due to Levee Zone D Area with Reduced Flood Risk due to Chance Flood Hazard Zone X Levee. See Notes. Zone X

NO SCREEN Area of Minimal Flood Hazard Zone X **Effective LOMRs**

Area of Undetermined Flood Hazard Zone D

OTHER AREAS

Channel, Culvert, or Storm Sewer

GENERAL ---- Channel, Culvert, or Storr STRUCTURES | 1111111 Levee, Dike, or Floodwall

Cross Sections with 1% Annual Chance Water Surface Elevation

Coastal Transect

Base Flood Elevation Line (BFE) Jurisdiction Boundary m 513 m

Coastal Transect Baseline Profile Baseline

OTHER

FEATURES

Hydrographic Feature

Digital Data Available

No Digital Data Available

Unmapped

MAP PANELS

point selected by the user and does not represent an authoritative property location. The pin displayed on the map is an approximate

This map complies with FEMA's standards for the use of The basemap shown complies with FEMA's basemap digital flood maps if it is not void as described below accuracy standards

authoritative NFHL web services provided by FEMA. This map reflect changes or amendments subsequent to this date and was exported on 6/14/2019 at 9:36:55 AM and does not time. The NFHL and effective information may change or The flood hazard information is derived directly from the become superseded by new data over time. This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

EXHIBIT E U. S. Fish and Wildlife Service Wetlands Map

Lake Bonanza Jasper Well



June 12, 2019

Wetlands

Estuarine and Marine Deepwater

Estuarine and Marine Wetland

Freshwater Pond

Freshwater Forested/Shrub Wetland

Freshwater Emergent Wetland

Lake

Other

Riverine

National Wetlands Inventory (NWI) This page was produced by the NWI mapper

EXHIBIT F Historical Commission Letters with Commission Responses

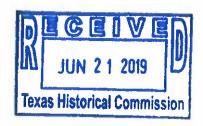


PLANNING • DESIGN • MANAGEMENT

100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Bill Martin Texas Historical Commission P.O. Box 12276 Austin, Texas 78711



Re: Lake Bonanza Water Supply Corporation in Montgomery County, Texas Proposed Water System Improvements

The Lake Bonanza Water Supply Corporation is in the process of performing an environmental review pursuant to the National Environmental Policy Act for the USDA, Rural Utilities Service in order that it may assess the environmental impacts of adding a 500 gpm fresh water well to replace an existing water well. The well discharge piping will tie into the existing water distribution line that is along the east side of Cartwright Road. The project is being proposed to bring the system in compliance with Texas Commission on Environmental Quality and Rural Development rules and regulations while planning for reasonable growth. Enclosed is an aerial image of the site along with a few site pictures. A letter from the Texas Historical Commission dated January 27, 2009 is enclosed that indicated no survey was required on a previous project in the same general area. The proposed well will be centered within the 300 foot by 300 foot tract of land.

Lake Bonanza Water Supply Corporation requests the assistance of your office in identifying historic properties that are listed or eligible for living on the National Register of Historic Places and that may be affected by the project. Please provide any recommendations you may have to mitigate or avoid the impact to properties that may be affected. The proposed improvements have been sent to the Montgomery County Historical Commissions for review. A copy of their comments will be forwarded to your office when received.

We would appreciate a response within 30 days. If you need any additional information or wish to discuss the project further, please feel free to contact our office. Should you wish to email me, my email is <u>crushing@bleylengineering.com</u>.

Sincerely,

Carl Rushing

encl.

NO HISTORIC
PROPERTIES AFFECTED
PROJECT MAY PROCEED

for Mark Wolfe

State Historic Preservation Officer

Date __

Frack # 3019/09

JUL 2 6 2019

Conroe (936) 441-7833

Bryan (979) 268-1125 Austin (512) 328-7878 Houstopy: (936) 271-9600



PLANNING • DESIGN • MANAGEMENT

100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Larry Foerster, Chairman Montgomery County Historical Commission 414 West Phillips Street, Suite 100 Conroe, Texas 77301

Re: Lake Bonanza Water Supply Corporation in Montgomery County, Texas Proposed Water System Improvements

The Lake Bonanza Water Supply Corporation is in the process of performing an environmental review pursuant to the National Environmental Policy Act for the USDA, Rural Utilities Service in order that it may assess the environmental impacts of adding a 500 gpm fresh water well to replace an existing water well. The well discharge piping will tie into the existing water distribution line that is along the east side of Cartwright Road. The project is being proposed to bring the system in compliance with Texas Commission on Environmental Quality and Rural Development rules and regulations while planning for reasonable growth. Enclosed is an aerial image of the site along with a few site pictures. A letter from the Texas Historical Commission dated January 27, 2009 is enclosed that indicated no survey was required on a previous project in the same general area. The proposed well will be centered within the 300 foot by 300 foot tract of land.

Lake Bonanza Water Supply Corporation requests the assistance of your office in identifying historic properties that are listed or eligible for living on the National Register of Historic Places and that may be affected by the project. Please provide any recommendations you may have to mitigate or avoid the impact to properties that may be affected.

We would appreciate a response within 30 days. If you need any additional information or wish to discuss the project further, please feel free to contact our office. Should you wish to email me, my email is <u>crushing@bleylengineering.com</u>.

Sincerely,

Carl Rushing

encl.

From: <u>Larry Foerster</u>
To: <u>Carl Rushing</u>

Subject: RE: Lake Bonanza WSC Water System project Date: Tuesday, August 27, 2019 9:17:50 AM

Carl, I am not aware of any historic structures or properties located near of affected by the proposed Lake Bonanza WSC water system improvements referenced in your June 13, 2019 letter.

Larry L. Foerster, Chairman

Montgomery County Historical Commission

414 West Phillips, Suite 100 Conroe, Texas 77301 Office 936-756-3337

936-537-9070

From: Carl Rushing <carl@bleylengineering.com>

Sent: Tuesday, August 27, 2019 8:31 AM **To:** Larry Foerster <foerster@dfcllp.com>

Subject: RE: Lake Bonanza WSC Water System project

Importance: High

Larry,

Cell

I am putting my report together. I noticed your email below references a <u>June 15</u> letter. The actual letter Date was **JUNE 13.** I hate to bother you, but can you update that just in case a reviewer at USDA notices it and halts their review to look for a different letter. I have my proposed document that I am including that has the TEXAS and MONTGOMERY Historical Commission letters and no impact replay for you to look at for reference to see the June 13 date.

Carl Rushing, P.E.

Project Manager carl@bleylengineering.com

BLEYL ENGINEERING

(O) 936.441.7833 (C) 936.520.0811

From: Larry Foerster [mailto:foerster@dfcllp.com]

Sent: Monday, June 24, 2019 9:54 AM

To: Carl Rushing < carl@bleylengineering.com> **Subject:** Lake Bonanza WSC Water System project

Carl:

I am not aware of any historic properties or structures located near or effected by the proposed Lake Bonanza WSC water system improvements referenced in your June 15 letter.

Larry L. Foerster, Chairman

Montgomery County Historical Commission

414 West Phillips, Suite 100 Conroe, Texas 77301

Office 936-756-3337 Cell 936-537-9070 Fax 936-756-2606

Please view our County Historical Commission website:

www.montgomerycountyhistoricalcommission.com

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EXHIBIT G Native American Tribal Assessment Letters and Responses to Tribes



Tribal Directory Assessment Information



Contact Information for Tribes with Interests in Montgomery County, Texas

	Tribal Name	County Name	
+	Alabama-Coushatta Tribe of Texas	Montgomery	No Response after Several Attempts
+	Apache Tribe of Oklahoma	Montgomery	No Response after Several Attempts
+	Comanche Nation, Oklahoma	Montgomery	No Response after Several Attempts
+	Coushatta Tribe of Louisiana	Montgomery	Responded: No Interest in Property
+	Tonkawa Tribe of Indians of Oklahoma	Montgomery	Responded: No Interest in Property
+	Wichita and Affiliated Tribes (Wichita, Keechi, Waco & Tawakonie), Oklahoma	Montgomery	Responded: No Interest in Property
1 - 6 of 6 results			《 〈 1 → 》 10 ▼

Native American Tribe responses received by email or letter are included after the letters (copies of each) that were submitted to each tribe. If no response was received then no additional document will follow those particular letters.

Refer to the list above for received responses.



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Mr. Bryant Celestine, THPO Alabama-Coushatta Tribe of Texas 571 State Park Road 56 Livingston, Texas 77351

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. Celestine,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

The proposed project is located in Montgomery County, Texas west of Conroe, Texas at the southwest intersection of Cartwright Road and Fallin Road. This tract of land will be used as a water well site for Lake Bonanza subdivision.

The size of the proposed project is 300 feet by 300 feet, or an area of 2.06 acres. There are no properties within the City of Conroe listed in the National Register of Historic Places. Please reference the enclosed location map and site photos.

Please provide USDA RD with any comments within 30 days of your receipt of this letter. The Agency looks forward to hearing from you, if you have any questions or need any additional information, please contact me at (936) 520-0811 or e-mail to carl@bleylengineering.com.

You can also contact Agency's State Environmental Coordinator, Terry Czerwien, at (254) 742-9704, terry.czerwien@usda.gov, or the following address: U.S. Department of Agriculture, 101 South Main Street, Suite 102, Temple, Texas 76501.

Sincerely,

Carl Rushing



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Ms. Nita Battise, Chairperson Alabama-Coushatta Tribe of Texas 571 State Park Road 56 Livingston, Texas 77351

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Ms. Battise,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Mr. Bobby Komardley, Chairman Apache Tribe of Oklahoma PO Box 1330 Anadarko, Oklahoma 73005

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. Komardley,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

100 Nugent Street

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June 13, 2019

Ms. Martina Callahan, THPO Comanche Nation, Oklahoma 6 SW D Avenue Lawton, Oklahoma 73502

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Ms. Callahan,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

William Nelson, Chairman Comanche Nation, Oklahoma PO Box 908 Lawton, Oklahoma 73502

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. Nelson,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Dr. Linda Langley, THPO Coushatta Tribe of Louisiana PO Box 10 Elton, Louisiana 70532

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Dr. Langley,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Mr. David Sickey, Chairman Coushatta Tribe of Louisiana PO Box 818 Elton, Louisiana 70532

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. Sickey,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing

From: Raynella D. Fontenot

To: Carl Rushing

Cc: <u>terry.czerwien@usda.gov</u>

Subject: Section 106 Review for Lake Bonanza Jasper Well in Conroe, Montgomery County, TX

Date: Monday, July 22, 2019 11:01:52 AM

Dear Mr. Rushing,

Thank you for requesting our 106/EA determination. Based on the information provided, I do not believe that this project will have a negative impact on any archaeological, historic or cultural resources of the Coushatta people. Accordingly, we do not wish to consult further on this project. If any inadvertent discoveries are made in the course of this project, we expect to be contacted immediately and reserve the right to consult with you at that time.

Aliilamo (thank you),

Raynella Fontenot Coushatta Revitalization Coordinator Acting Section 106 Coordinator Coushatta Tribe of Louisiana P.O. Box 10 Elton, LA 70532 337-584-1585



PLANNING • DESIGN • MANAGEMENT

100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Ms. Lauren Norman-Brown, THPO Tonkawa Tribe of Indians of Oklahoma 1 Rush Buffalo Road Tonkawa, Oklahoma 74653

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Ms. Norman-Brown,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

The proposed project is located in Montgomery County, Texas west of Conroe, Texas at the southwest intersection of Cartwright Road and Fallin Road. This tract of land will be used as a water well site for Lake Bonanza subdivision.

The size of the proposed project is 300 feet by 300 feet, or an area of 2.06 acres. There are no properties within the City of Conroe listed in the National Register of Historic Places. Please reference the enclosed location map and site photos.

Please provide USDA RD with any comments within 30 days of your receipt of this letter. The Agency looks forward to hearing from you, if you have any questions or need any additional information, please contact me at (936) 520-0811 or e-mail to carl@bleylengineering.com.

You can also contact Agency's State Environmental Coordinator, Terry Czerwien, at (254) 742-9704, terry.czerwien@usda.gov, or the following address: U.S. Department of Agriculture, 101 South Main Street, Suite 102, Temple, Texas 76501.

Sincerely,

Carl Rushing



PLANNING • DESIGN • MANAGEMENT

100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Mr. Russell Martin, President Tonkawa Tribe of Indians of Oklahoma 1 Rush Buffalo Road Tonkawa, Oklahoma 74653

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. Martin,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



TONKAWA TRIBE OF OKLAHOMA NATIVE AMERICAN GRAVES PROTECTION AND REPATRIATION ACT (NAGPRA)

1 RUSH BUFFALO ROAD - PHONE (580) 628-2561 - FAX (580) 628-2279
TONKAWA, OKLAHOMA 74653
www.tonkawatribe.com

July 15, 2019

BLEYL ENGINEERING Attn: Mr. Carl Rushing, P.E. Project Manager 100 Nugent Street Conroe, TX 77301

Re: Section 106 Request for Consultation: USDA-RD Lake Bonanza Jasper Well, Conroe, Montgomery County, Texas

Dear Mr. Rushing:

On behalf of President Russell L. Martin and the Tonkawa Tribe of Oklahoma (TTO) in regards to the United States Department of Agriculture (USDA) Rural Development (RD) Lake Bonanza Jasper Well Project for the Lake Bonanza subdivision; proposed project will located in Montgomery County, Texas west of the city of Conroe; southwest intersection of Cartwright Road and Fallin Road; size of project is 300 feet by 300 feet, or an area of 2.06 acres. Location is rural, project research and review determines that the close proximity of residential community(s), Right of Way (ROW) of roads (clearings) determines the Area of Potential Effect (APE) is previously disturbed and is considered as Urban Land (urban land defined as land mostly covered by streets, parking lots, buildings, and other structures, residential communities, or urban land; The National Register of Historic Places (NRHP) and Texas Historical Commission (THC) determine that no adverse effects would arise to any/all historic sites/places, there are none located within the APE; Conroe, Montgomery County, Texas; TTO submits the following: The Tonkawa Tribe of Oklahoma has no specifically designated historical, religious and/or cultural significance in the Proposed Project Area;

However, if any human remains, funerary objects, or other evidence of historical or cultural significance is inadvertently discovered then the Tonkawa Tribe would certainly be interested in proper disposition thereof.

We appreciate the notification received from your office. The Tonkawa Tribe is willing to work with you and your representatives in any manner to uphold the provisions of NAGPRA to the extent of our capabilities as well as yours. *Great success on such a wonderful project and to those it will serve.*

Respectfully,

Lauren J. Norman-Brown

NAGPRA Coordinator/Consultant/Cultural Clerk



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100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Ms. Terri Parton, President Wichita and Affiliated Tribes (Wichita, Keechi, Waco & Tawakonie), Oklahoma PO Box 729 Anadarko, Oklahoma 73005

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Ms. Parton,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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Sincerely,

Carl Rushing



PLANNING • DESIGN • MANAGEMENT

100 Nugent Street Conroe, TX 77301 Tex. Reg. No. F-678 www.bleylengineering.com

June 13, 2019

Mr. Gary McAdams, THPO Wichita and Affiliated Tribes (Wichita, Keechi, Waco & Tawakonie), Oklahoma PO Box 729 Anadarko, Oklahoma 73005

RE: Section 106 of the National Historic Preservation Act Lake Bonanza Jasper Well Conroe, Montgomery County, Texas

Dear Mr. McAdams,

The United States Department of Agriculture (USDA) Rural Development (RD) of Texas is a federal funding Agency for a variety of different programs within the State of Texas. The USDA has received an application for funding from Lake Bonanza Water Supply Corporation for project titled Lake Bonanza Jasper Well. This letter is to inform your tribe of this undertaking. If interest is expressed, the Area Director will initiate consultation under Section 106 of the National Historic Preservation Act (NHPA).

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You can also contact Agency's State Environmental Coordinator, Terry Czerwien, at (254) 742-9704, terry.czerwien@usda.gov, or the following address: U.S. Department of Agriculture, 101 South Main Street, Suite 102, Temple, Texas 76501.

Sincerely,

Carl Rushing

From: Gary McAdams
To: Carl Rushing

Subject: RE: Section 106 of National Historic Preservation Act Letter

Date: Friday, July 12, 2019 2:38:06 PM

Mr. Rushing,

Montgomery County is outside the Tribe's area of interest. Therefore, we do not wish to be a consulting party on the referenced project.

Gary McAdams
Acting THPO
Wichita and affiliated Tribes

From: Carl Rushing [mailto:carl@bleylengineering.com]

Sent: Friday, July 12, 2019 1:09 PM

To: Terri Parton <terri.parton@wichitatribe.com>; Gary McAdams

<gary.mcadams@wichitatribe.com>

Subject: Section 106 of National Historic Preservation Act Letter

Terri and Gary,

Attached is a letter addressed for each of you along with a map that was mailed on June 13, but it was not sent return receipt. I am just verifying it was received.

As indicated in the letter to you, Lake Bonanza is needing a new well that will be funded by a USDA loan. We are contacting several Tribes as required by Section 106 and the USDA. Please let us know if you have any comments on the site. I don't mind if you respond by mail or by email on this request but I do need a letter on letterhead indicating the tribe to prove our due diligence. This Tract is in Montgomery County, Texas. Located at the intersection of Cartwright Road and Fallin Road. See the attached exhibit with map and pictures.



Carl Rushing, P.E.

Project Manager carl@bleylengineering.com

BLEYL ENGINEERING

TBPE Firm No. 678

100 Nugent Street | Conroe, Texas 77301 (O) 936.441.7833 | (C) 936.520.0811

EXHIBIT H U.S. Fish and Wildlife Service IPaC Report of Threatened and Endangered Species



United States Department of the Interior

FISH AND WILDLIFE SERVICE

Texas Coastal Ecological Services Field Office 17629 El Camino Real #211 Houston, TX 77058 Phone: (281) 286-8282 Fax: (281) 488-5882

http://www.fws.gov/southwest/es/TexasCoastal/ http://www.fws.gov/southwest/es/ES Lists Main2.html



In Reply Refer To: June 28, 2019

Consultation Code: 02ETTX00-2019-SLI-1976

Event Code: 02ETTX00-2019-E-04117 Project Name: Lake Bonanza Jasper Well

Subject: List of threatened and endangered species that may occur in your proposed project

location, and/or may be affected by your proposed project

To Whom It May Concern:

The U.S. Fish and Wildlife Service (Service) field offices in Clear Lake, Tx, and Corpus Christi, Tx, have combined administratively to form the Texas Coastal Ecological Services Field Office. A map of the Texas Coastal Ecological Services Field Office area of responsibility can be found at: http://www.fws.gov/southwest/es/TexasCoastal/Map.html. All project related correspondence should be sent to the field office responsible for the area in which your project occurs. For projects located in southeast Texas please write to: Field Supervisor; U.S. Fish and Wildlife Service; 17629 El Camino Real Ste. 211; Houston, Texas 77058. For projects located in southern Texas please write to: Field Supervisor; U.S. Fish and Wildlife Service; P.O. Box 81468; Corpus Christi, Texas 78468-1468. For projects located in six counties in southern Texas (Cameron, Hidalgo, Starr, Webb, Willacy, and Zapata) please write: Santa Ana NWR, ATTN: Ecological Services Sub Office, 3325 Green Jay Road, Alamo, Texas 78516.

The enclosed species list identifies federally threatened, endangered, and proposed to be listed species; designated critical habitat; and candidate species that may occur within the boundary of your proposed project and/or may be affected by your proposed project.

New information from updated surveys, changes in the abundance and distribution of species, changes in habitat conditions, or other factors could change the list. Please note that under 50 CFR 402.12(e) of the regulations implementing section 7 of the Act, the accuracy of this species list should be verified after 90 days. The Service recommends that verification be completed by visiting the ECOS-IPaC website http://ecos.fws.gov/ipac/ at regular intervals during project planning and implementation for updates to species list and information. An updated list may be



requested through the ECOS-IPaC system by completing the same process used to receive the enclosed list.

Candidate species have no protection under the Act but are included for consideration because they could be listed prior to the completion of your project. The other species information should help you determine if suitable habitat for these listed species exists in any of the proposed project areas or if project activities may affect species on-site, off-site, and/or result in "take" of a federally listed species.

"Take" is defined as harass, harm, pursue, hunt, shoot, wound, kill, trap, capture or collect, or to attempt to engage in any such conduct. In addition to the direct take of an individual animal, habitat destruction or modification can be considered take, regardless of whether it has been formally designated as critical habitat, if the activity results in the death or injury of wildlife by removing essential habitat components or significantly alters essential behavior patterns, including breeding, feeding, or sheltering.

Section 7

Section 7 of the Act requires that all Federal agencies consult with the Service to ensure that actions authorized, funded or carried out by such agencies do not jeopardize the continued existence of any listed threatened or endangered species or adversely modify or destroy critical habitat of such species. It is the responsibility of the Federal action agency to determine if the proposed project may affect threatened or endangered species. If a "may affect" determination is made, the Federal agency shall initiate the section 7 consultation process by writing to the office that has responsibility for the area in which your project occurs.

Is not likely to adversely affect - the project may affect listed species and/or critical habitat; however, the effects are expected to be discountable, insignificant, or completely beneficial. Certain avoidance and minimization measures may need to be implemented in order to reach this level of effects. The Federal agency or the designated non-Federal representative should seek written concurrence from the Service that adverse effects have been eliminated. Be sure to include all of the information and documentation used to reach your decision with your request for concurrence. The Service must have this documentation before issuing a concurrence.

Is likely to adversely affect - adverse effects to listed species may occur as a direct or indirect result of the proposed action or its interrelated or interdependent actions, and the effect is not discountable, insignificant, or beneficial. If the overall effect of the proposed action is beneficial to the listed species but also is likely to cause some adverse effects to individuals of that species, then the proposed action "is likely to adversely affect" the listed species. An "is likely to adversely affect" determination requires the Federal action agency to initiate formal section 7 consultation with this office.

No effect - the proposed action will not affect federally listed species or critical habitat (i.e., suitable habitat for the species occurring in the project county is not present in or adjacent to the action area). No further coordination or contact with the Service is necessary. However, if the

project changes or additional information on the distribution of listed or proposed species becomes available, the project should be reanalyzed for effects not previously considered.

Regardless of your determination, the Service recommends that you maintain a complete record of the evaluation, including steps leading to the determination of affect, the qualified personnel conducting the evaluation, habitat conditions, site photographs, and any other related articles.

Please be advised that while a Federal agency may designate a non-Federal representative to conduct informal consultations with the Service, assess project effects, or prepare a biological assessment, the Federal agency must notify the Service in writing of such a designation. The Federal agency shall also independently review and evaluate the scope and contents of a biological assessment prepared by their designated non-Federal representative before that document is submitted to the Service.

The Service's Consultation Handbook is available online to assist you with further information on definitions, process, and fulfilling Act requirements for your projects at: http://www.fws.gov/endangered/esa-library/pdf/esa_section7_handbook.pdf

Section 10

If there is no federal involvement and the proposed project is being funded or carried out by private interests and/or non-federal government agencies, and the project as proposed may affect listed species, a section 10(a)(1)(B) permit is recommended. The Habitat Conservation Planning Handbook is available at: http://www.fws.gov/endangered/esa-library/pdf/HCP Handbook.pdf

Service Response

Please note that the Service strives to respond to requests for project review within 30 days of receipt, however, this time period is not mandated by regulation. Responses may be delayed due to workload and lack of staff. Failure to meet the 30-day timeframe does not constitute a concurrence from the Service that the proposed project will not have impacts to threatened and endangered species.

Proposed Species and/or Proposed Critical Habitat

While consultations are required when the proposed action may affect listed species, section 7(a) (4) was added to the ESA to provide a mechanism for identifying and resolving potential conflicts between a proposed action and proposed species or proposed critical habitat at an early planning stage. The action agency should seek conference from the Service to assist the action agency in determining effects and to advise the agency on ways to avoid or minimize adverse effect to proposed species or proposed critical habitat.

Candidate Species

Candidate species are species that are being considered for possible addition to the threatened and endangered species list. They currently have no legal protection under the ESA. If you find you have potential project impacts to these species the Service would like to provide technical

assistance to help avoid or minimize adverse effects. Addressing potential impacts to these species at this stage could better provide for overall ecosystem healh in the local area and ay avert potential future listing.

Several species of freshwater mussels occur in Texas and four are candidates for listing under the ESA. The Service is also reviewing the status of six other species for potential listing under the ESA. One of the main contributors to mussel die offs is sedimentation, which smothers and suffocates mussels. To reduce sedimentation within rivers, streams, and tributaries crossed by a project, the Service recommends that that you implement the best management practices found at: http://www.fws.gov/southwest/es/TexasCoastal/FreshwaterMussels.html.

Candidate Conservation Agreements (CCAs) or Candidate Conservation Agreements with Assurances (CCAAs) are voluntary agreements between the Service and public or private entities to implement conservation measures to address threats to candidate species. Implementing conservation efforts before species are listed increases the likelihood that simpler, flexible, and more cost-effective conservation options are available. A CCAA can provide participants with assurances that if they engage in conservation actions, they will not be required to implement additional conservation measures beyond those in the agreement. For additional information on CCAs/CCAAs please visit the Service's website at http://www.fws.gov/endangered/what-we-do/cca.html.

Migratory Birds

The Migratory Bird Treaty Act (MBTA) implements various treaties and conventions for the protection of migratory birds. Under the MBTA, taking, killing, or possessing migratory birds is unlawful. Many may nest in trees, brush areas or other suitable habitat. The Service recommends activities requiring vegetation removal or disturbance avoid the peak nesting period of March through August to avoid destruction of individuals or eggs. If project activities must be conducted during this time, we recommend surveying for active nests prior to commencing work. A list of migratory birds may be viewed at http://www.fws.gov/migratorybirds/regulationspolicies/mbta/mbtandx.html.

The bald eagle (*Haliaeetus leucocephalus*) was delisted under the Act on August 9, 2007. Both the bald eagle and the goden eagle (*Aquila chrysaetos*) are still protected under the MBTA and BGEPA. The BGEPA affords both eagles protection in addition to that provided by the MBTA, in particular, by making it unlawful to "disturb" eagles. Under the BGEPA, the Service may issue limited permits to incidentally "take" eagles (e.g., injury, interfering with normal breeding, feeding, or sheltering behavior nest abandonment). For more information on bald and golden eagle management guidlines, we recommend you review information provided at http://www.fws.gov/midwest/eagle/pdf/NationalBaldEagleManagementGuidelines.pdf.

The construction of overhead power lines creates threats of avian collision and electrocution. The Service recommends the installation of underground rather than overhead power lines whenever possible. For new overhead lines or retrofitting of old lines, we recommend that project

developers implement, to the maximum extent practicable, the Avian Power Line Interaction Committee guidelines found at http://www.aplic.org/.

Meteorological and communication towers are estimated to kill millions of birds per year. We recommend following the guidance set forth in the Service Interim Guidelines for Recommendations on Communications Tower Siting, Constructions, Operation and Decommissioning, found online at: http://www.fws.gov/habitatconservation/communicationtowers.html, to minimize the threat of avian mortality at these towers. Monitoring at these towers would provide insight into the effectiveness of the minimization measures. We request the results of any wildlife mortality monitoring at towers associated with this project.

We request that you provide us with the final location and specifications of your proposed towers, as well as the recommendations implemented. A Tower Site Evaluation Form is also available via the above website; we recommend you complete this form and keep it in your files. If meteorological towers are to be constructed, please forward this completed form to our office.

More information concerning sections 7 and 10 of the Act, migratory birds, candidate species, and landowner tools can be found on our website at: http://www.fws.gov/southwest/es/
TexasCoastal/ProjectReviews.html.

Wetlands and Wildlife Habitat

Wetlands and riparian zones provide valuable fish and wildlife habitat as well as contribute to flood control, water quality enhancement, and groundwater recharge. Wetland and riparian vegetation provides food and cover for wildlife, stabilizes banks and decreases soil erosion. These areas are inherently dynamic and very sensitive to changes caused by such activities as overgrazing, logging, major construction, or earth disturbance. Executive Order 11990 asserts that each agency shall provide leadership and take action to minimize the destruction, loss or degradation of wetlands, and to preserve and enhance the natural and beneficial value of wetlands in carrying out the agency's responsibilities. Construction activities near riparian zones should be carefully designed to minimize impacts. If vegetation clearing is needed in these riparian areas, they should be re-vegetated with native wetland and riparian vegetation to prevent erosion or loss of habitat. We recommend minimizing the area of soil scarification and initiating incremental re-establishment of herbaceous vegetation at the proposed work sites. Denuded and/or disturbed areas should be re-vegetated with a mixture of native legumes and grasses. Species commonly used for soil stabilization are listed in the Texas Department of Agriculture's (TDA) Native Tree and Plant Directory, available from TDA at P.O. Box 12847, Austin, Texas 78711. The Service also urges taking precautions to ensure sediment loading does not occur to any receiving streams in the proposed project area. To prevent and/or minimize soil erosion and compaction associated with construction activities, avoid any unnecessary clearing of vegetation, and follow established rights-of-way whenever possible. All machinery and petroleum products should be stored outside the floodplain and/or wetland area during construction to prevent possible contamination of water and soils.

Wetlands and riparian areas are high priority fish and wildlife habitat, serving as important sources of food, cover, and shelter for numerous species of resident and migratory wildlife. Waterfowl and other migratory birds use wetlands and riparian corridors as stopover, feeding, and nesting areas. We strongly recommend that the selected project site not impact wetlands and riparian areas, and be located as far as practical from these areas. Migratory birds tend to concentrate in or near wetlands and riparian areas and use these areas as migratory flyways or corridors. After every effort has been made to avoid impacting wetlands, you anticipate unavoidable wetland impacts will occur; you should contact the appropriate U.S. Army Corps of Engineers office to determine if a permit is necessary prior to commencement of construction activities.

If your project will involve filling, dredging, or trenching of a wetland or riparian area it may require a Clean Water Act Section 404 permit from the U.S. Army Corps of Engineers (COE). For permitting requirements please contact the U.S. Corps of Engineers, District Engineer, P.O. Box 1229, Galveston, Texas 77553-1229, (409) 766-3002.

Beneficial Landscaping

In accordance with Executive Order 13112 on Invasive Species and the Executive Memorandum on Beneficial Landscaping (42 C.F.R. 26961), where possible, any landscaping associated with project plans should be limited to seeding and replanting with native species. A mixture of grasses and forbs appropriate to address potential erosion problems and long-term cover should be planted when seed is reasonably available. Although Bermuda grass is listed in seed mixtures, this species and other introduced species should be avoided as much as possible. The Service also recommends the use of native trees, shrubs, and herbaceous species that are adaptable, drought tolerant and conserve water.

State Listed Species

The State of Texas protects certain species. Please contact the Texas Parks and Wildlife Department (Endangered Resources Branch), 4200 Smith School Road, Austin, Texas 78744 (telephone 512/389-8021) for information concerning fish, wildlife, and plants of State concern or visit their website at: http://www.tpwd.state.tx.us/huntwild/wildlife_diversity/texas_rare_species/listed_species/.

If we can be of further assistance, or if you have any questions about these comments, please contact 281/286-8282 if your project is in southeast Texas, or 361/994-9005, ext. 246, if your project is in southern Texas. Please refer to the Service consultation number listed above in any future correspondence regarding this project.

Attachment(s):

Official Species List

Official Species List

This list is provided pursuant to Section 7 of the Endangered Species Act, and fulfills the requirement for Federal agencies to "request of the Secretary of the Interior information whether any species which is listed or proposed to be listed may be present in the area of a proposed action".

This species list is provided by:

Texas Coastal Ecological Services Field Office 17629 El Camino Real #211 Houston, TX 77058 (281) 286-8282

Project Summary

Consultation Code: 02ETTX00-2019-SLI-1976

Event Code: 02ETTX00-2019-E-04117

Project Name: Lake Bonanza Jasper Well

Project Type: WATER SUPPLY / DELIVERY

Project Description: Proposed water well for Lake Bonanza in Montgomery County, Texas.

Two acre site but using approx 100'x100' area in center of tract for water well. Area to be used is mostly void of trees. Clearing to be done only as

required for well and electrical power easement.

Project Location:

Approximate location of the project can be viewed in Google Maps: https://www.google.com/maps/place/30.32974619197203N95.62379434704766W



Counties: Montgomery, TX

Endangered Species Act Species

There is a total of 4 threatened, endangered, or candidate species on this species list.

Species on this list should be considered in an effects analysis for your project and could include species that exist in another geographic area. For example, certain fish may appear on the species list because a project could affect downstream species. Note that 3 of these species should be considered only under certain conditions.

IPaC does not display listed species or critical habitats under the sole jurisdiction of NOAA Fisheries¹, as USFWS does not have the authority to speak on behalf of NOAA and the Department of Commerce.

See the "Critical habitats" section below for those critical habitats that lie wholly or partially within your project area under this office's jurisdiction. Please contact the designated FWS office if you have questions.

1. <u>NOAA Fisheries</u>, also known as the National Marine Fisheries Service (NMFS), is an office of the National Oceanic and Atmospheric Administration within the Department of Commerce.

Event Code: 02ETTX00-2019-E-04117

Birds

NAME STATUS

Least Tern Sterna antillarum

Endangered

Population: interior pop.

No critical habitat has been designated for this species.

This species only needs to be considered under the following conditions:

Wind related projects within migratory route.

Species profile: https://ecos.fws.gov/ecp/species/8505

Piping Plover Charadrius melodus

Threatened

Population: [Atlantic Coast and Northern Great Plains populations] - Wherever found, except those areas where listed as endangered.

There is **final** critical habitat for this species. Your location is outside the critical habitat.

This species only needs to be considered under the following conditions:

• Wind related projects within migratory route.

Species profile: https://ecos.fws.gov/ecp/species/6039

Red Knot Calidris canutus rufa

Threatened

No critical habitat has been designated for this species.

This species only needs to be considered under the following conditions:

• Wind related projects within migratory route.

Species profile: https://ecos.fws.gov/ecp/species/1864

Red-cockaded Woodpecker Picoides borealis

Endangered

No critical habitat has been designated for this species. Species profile: https://ecos.fws.gov/ecp/species/7614

Critical habitats

THERE ARE NO CRITICAL HABITATS WITHIN YOUR PROJECT AREA UNDER THIS OFFICE'S JURISDICTION.

EXHIBIT I Lake Bonanza Meeting Minutes

LAKE BONANZA WATER SUPPLY CORPORATION DIRECTOR BOARD MEETING

May 10th, 2018

KOA 19785 Highway 105 West Montgomery, Texas 77356 6:00 P.M.

President Mary Wesolick called the meeting to order. David Miller, Joe Gonzalez, Karen Gonzalez and Lance Molchan were present. Tracy Michaud notified Mary she would not attend. Mary read a resignation letter from Director Diana Long. Karen motioned to accept the resignation letter and David seconded. The motion passed unanimously.

Lance motioned to accept the April 12, 2018 minutes reviewed by the Directors. David seconded. The motion passed unanimously.

During public comment, member Rodney Snell requested service for a business on Mohawk that has cottages, homes and a trailer. He reported he is managing the business. The Board requested Melanie have C & R Water investigate the requirements of this request.

Karen motioned to approve and pay the bills which had been reviewed by the Directors. David seconded and the motion passed unanimously.

Melanie White from the management company gave the Director Report. She pointed out there had been a big loss of water on Highline Drive. The loss will be estimated and the contractor billed for it. Melanie mentioned the TCEQ had mandated the self contained breathing apparatuses should be in the service trucks. Joe motioned to accept the Director Report and David seconded. The motion passed unanimously.

Melanie gave the Financial Report. Lance motioned to accept the report and David seconded. The motion passed unanimously.

Mr. Mike Others from McCall Gibson Swedlund Barfoot presented to the Board a draft copy of LBWSC's 2017 Audit. This was reviewed and discussed with the Board. Lance motioned to approve the audit subject to a 10 day period for further review. Joe seconded the motion. The motion was approved unanimously.

President Mary relayed to the Board a property site for the new well. She will see if the owner will sell it to the LBWSC and report back to the Board.

In June the New Well Committee and the request for service on Mohawk will be on the agenda.

Joe motioned to adjourn the meeting and David seconded. The meeting adjourned at 7:56 P.M.

Sincerely,

Karen Gonzalez Secretary LBWSC

LAKE BONANZA WATER SUPPLY CORPORATION DIRECTOR BOARD MEETING

June 13th, 2019

KOA 19785 Highway 105 West Montgomery, Texas 77356 6:00 P.M.

President Mary Wesolick called the meeting to order. Lance Molchan, Karen Gonzalez, Tracy Michaud, David Miller and Joe Gonzalez were present and made the quorum. Phyllis Brown with Communities Unlimited was present also.

Tracy made a motion to accept and approve the minutes from the May meeting. David seconded. The motion passed unanimously.

During Public Comment, Victoria Fallin asked questions regarding access to the property recently purchased by LBWSC for a new well. Mary informed her LBWSC will be responsible for taking proper care of the property and access road to the site.

Lance motioned to pay the bills which had been reviewed by the Directors. Joe seconded the motion and it was passed unanimously.

Melanie White gave the Director Report. She also informed, the Past Due Debt List had been written off. Considering a higher deposit to address the unpaid debt was proposed. Tracy motioned to accept the Report and Lance seconded. The motion passed unanimously.

Melanie next gave the Financial Report. She said the CCR would be completed by the end of the month. Lance motioned to accept the Report and David seconded. The motion passed unanimously.

Phyllis Brown offered information pertaining to the Corporation's need to Ear Mark all funds and to have a limit of \$250,000 in any one bank. The Board discussed different categories to do this. She also offered the organization, Texas WARN can help with emergency disaster help.

A Bleyl Engineer was unable to attend the meeting. Mary then discussed with the Board with Phyllis Brown contributing, things needed to start the new well such as funding through USDA and ideas for the new site to best reduce costs.

The Board accepted dates of August 22 and 29, 2019 at 6:30 P.M. for Phyllis to teach classes on topics needed for the Board to know and be aware of.

Lance motioned to accept the earlier in the meeting decisions by the Board, to earmark funds in the designated categories of Disaster Relief (\$50,000), Membership Deposits Funds (\$74,000), Operations & Maintenance & Repair (\$294,000), Capital Improvements (\$100,000), and a Debt Reserve Account (\$82,000). Tracy seconded and the motion passed unanimously.

The July agenda was noted to have Bank placement of LBWSC funds and the New Well as items. Tracy made a motion to adjourn and Joe Seconded. The motion passed unanimously. The meeting adjourned at 7:36 P.M.

Sincerely, Karen Gonzalez Secretary, LBWSC

EXHIBIT J TCEQ Notice of Enforcement

Jon Niermann, Chariman Emily Lindley, Commissioner Toby Baker, Executive Director



PWS_1700578_CO_20190301_NOE RN102673282 CN601357411

9489 0090 0027 6008 0806 06

Texas Commission on Environmental Quality

Protecting Texas by Reducing and Preventing Pollution

March 01, 2019

Deliver via Certified Mail

DWQ/NOE/20190301

LAKE BONANZA WSC MARY WESOLICK, PRESIDENT 6318 OAK KNOLL RD MONTGOMERY, TX 77316-4113

Subject: Public Water System

Notice of Enforcement

LAKE BONANZA WSC, PWS ID# 1700578

MONTGOMERY County, Texas

Dear Water System Official:

On February 11, 2019, the Texas Commission on Environmental Quality (TCEQ) conducted a record review investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for Public Water Standards. During this investigation, certain outstanding alleged violations of the Texas Administration Code (TAC) were documented using the Environmental Protection Agency's (EPA) Enforcement Response Policy (ERP) under the Safe Drinking Water Act (SDWA) for public water systems.

The ERP is a system-based approach designed to identify public water systems with violations that rise to the level of significant non-compliance by focusing on those systems with health-based violations and those that show a history of violations across multiple rules using the Enforcement Targeting Tool (ETT).

The ETT enables the prioritization of public water systems by assigning each violation a "weight" or number of points based on the assigned threat to public health. Points for each violation at a water system are added together to provide a total score for that water system.

Due to the seriousness of the alleged violations, formal enforcement action has been initiated. Attached is a summary which lists the investigation findings. Additionally, other outstanding violations may be cited upon further review. We encourage you to take immediate actions to address any outstanding violations.

In responding with prompt corrective action, the administrative requirements and/or penalties to be assessed may be limited.

512-239-1000

MARY WESOLICK, PRESIDENT LAKE BONANZA WSC - PWS ID # 1700578 March 01, 2019 Page 2

The TCEQ recognizes that the great majority of the regulated community wants to protect human health and comply with environmental laws. We dedicate considerable resources toward making voluntary compliance achievable. But where compliance has not been met it is our duty to protect the public and the environment by enforcing the state's environmental laws, regulations, and permits.

The TCEQ offers free on-site Financial, Managerial, and Technical (FMT) Assistance to help public water systems comply with state and federal drinking water regulations. FMT Assistance currently provides support and education on many topics, including general rule compliance, addressing violations and preventing future violations. For a complete list of assistance topics offered, please visit http://www.tceq.texas.gov/drinkingwater/fmt. Public water system officials may request additional information and/or free on-site FMT Assistance for their systems by calling the TCEQ's Water Supply Division at (512) 239-4691 or by emailing FMT@tceq.texas.gov.

To view your public water system information at any time, visit Texas Drinking Water Watch at: http://dww2.tceq.texas.gov/DWW/

A member of the TCEQ Enforcement Division will be contacting you soon to discuss the alleged violations. However, should you have any questions regarding this letter, please call the Drinking Water Special Functions Section at (512) 239-4691.

Sincerely,

Michele Risko, Manager

Drinking Water Special Functions Section (MC-155)

Water Supply Division

Texas Commission on Environmental Quality

Enclosures

cc: TCEQ Region 12

RICHARD LYNN WAGNER, PRESIDENT PO BOX 187 WILLIS, TX 77378-0187

March 01, 2019 - NOTICE OF ENFORCEMENT VIOLATION DETAIL REPORT LAKE BONANZA WSC - PWS ID # TX1700578

30 TAC §290.108(f)(1) - MCL based on Running Annual Average (RAA) Violation

Violation

Compliance Pe	riod	Letter Date
10/01/2018	12/31/2018	02/15/2019
07/01/2018	09/30/2018	01/23/2019
04/01/2018	06/30/2018	08/09/2018
	10/01/2018 07/01/2018	07/01/2018 09/30/2018

EXHIBIT K TCEQ Agreed Order to Lake Bonanza

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN	§	BEFORE THE
ENFORCEMENT ACTION	§	
CONCERNING	§	TEXAS COMMISSION ON
LAKE BONANZA WATER SUPPLY	§	TEXAS COMMISSION ON
CORPORATION	§	
RN102673282	§	ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2019-0333-PWS-E

On	, the Texas Commission on Environmental Quality ("the
Commission" or "TCH	EQ") considered this agreement of the parties, resolving an enforcement
action regarding LAK	E BONANZA WATER SUPPLY CORPORATION (the "Respondent") under
the authority of TEX.	HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ,
through the Enforcen	nent Division, and the Respondent presented this Order to the
Commission.	

The Respondent understands that it has certain procedural rights at certain points in the enforcement process, including the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Order, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated agreement of the parties. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Order are binding upon the Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

- 1. The Respondent owns and operates a public water supply located at 114 Danville Street in Willis, Montgomery County, Texas (the "Facility"). The Facility provides water for human consumption, has approximately 698 service connections, and serves at least 25 people per day for at least 60 days per year. As such, the Facility is a public water system as defined in 30 Tex. ADMIN. Code § 290.38(71).
- During a record review conducted on February 11, 2019 through March 1, 2019, an investigator documented that the running annual average concentrations of gross alpha particle activity were 16 picoCuries per liter ("pCi/L") for the second quarter of 2018, 18 pCi/L for the third quarter of 2018, and 18 pCi/L for the fourth quarter of 2018.

II. CONCLUSIONS OF LAW

- 1. As evidenced by Finding of Fact No. 1, the Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 341 and the rules of the TCEQ.
- 2. As evidenced by Finding of Fact No. 2, the Respondent failed to comply with the maximum contaminant level ("MCL") of 15 pCi/L for gross alpha particle activity based on the running annual average, in violation of 30 Tex. ADMIN. CODE § 290.108(f)(1) and Tex. Health & Safety Code § 341.0315(c).
- 3. Pursuant to Tex. Health & Safety Code § 341.049(a), the TCEQ has the authority to assess an administrative penalty against the Respondent for violations of state statutes within the TCEQ's jurisdiction, for violations of rules adopted under such statutes, or for violations of orders or permits issued under such statutes.
- 4. An administrative penalty in the amount of \$172 is justified by the facts recited in this Order, and considered in light of the factors set forth in Tex. Health & Safety Code § 341.049(b). The amount of \$172 is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Order and shall be waived only upon full compliance with all the terms and conditions contained in this Order. If the Respondent fails to timely and satisfactorily comply with any requirement contained in this Order, the Executive Director may demand payment of all or part of the conditionally deferred penalty.

III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. The Respondent is assessed a penalty as set forth in Conclusion of Law No. 4 for violations of state statutes and rules of the TCEQ. The payment of this penalty and the Respondent's compliance with all the requirements set forth in this Order resolve only the matters set forth by this Order in this action. The Commission shall not be constrained in any manner from requiring corrective actions or penalties for violations that are not raised here. Penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: LAKE BONANZA WATER SUPPLY CORPORATION, Docket No. 2019-0333-PWS-E" to:

Financial Administration Division, Revenue Operations Section Attention: Cashier's Office, MC 214 Texas Commission on Environmental Quality P.O. Box 13088 Austin, Texas 78711-3088

2. The Respondent shall undertake the following technical requirements:

- a. Within 120 days after the effective date of this Order, complete a feasibility study, or update an existing feasibility study, and submit a written report or engineering study conducted by a Texas registered professional engineer regarding the results of the feasibility study to evaluate the necessary corrective actions designed to achieve compliance with the MCL for gross alpha particle activity. The report shall include a tentative schedule describing additional studies, tests, or other methods that may be utilized for the completion of necessary corrective actions within 1,095 days after the effective date of this Order. If the Respondent purchases or sells water, a copy of the purchase water contract must be submitted with the feasibility study report or engineering study. The evaluation shall be sent to the addresses listed in Ordering Provision No. 2.g.
- b. Within 135 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.g below to demonstrate compliance with Ordering Provision No. 2.a.
- c. Within 180 days after the effective date of this Order, submit an acceptable written plan, including a proposed schedule, to the Executive Director that provides for the completion of an alternate water source or treatment technology to the addresses listed in Ordering Provision No. 2.g.
- d. Within 180 days after the effective date of this Order, and on a semi-annual basis thereafter, submit progress reports to the addresses listed in Ordering Provision No. 2.g below. These reports shall include information regarding actions taken to provide water which meets the MCL for gross alpha particle activity.
- e. Within 195 days after the effective date of this Order, submit written certification as described in Ordering Provision No. 2.g below to demonstrate compliance with Ordering Provision No. 2.c.
- f. Within 1,095 days after the effective date of this Order, return to compliance with the MCL for gross alpha particle activity based on the running annual average, in accordance with 30 Tex. ADMIN. CODE § 290.108.
- g. Within 1,110 days after the effective date of this Order, submit written certification, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.f. The certification shall be signed by the Respondent and shall include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false

information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team Enforcement Division, MC 149A Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087

with a copy to:

Drinking Water Special Functions Section Manager Water Supply Division, MC 155 Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087

and to:

Technical Review and Oversight Team Water Supply Division, MC 159 Texas Commission on Environmental Quality P.O. Box 13087 Austin, Texas 78711-3087

- 3. All relief not expressly granted in this Order is denied.
- 4. The duties and provisions imposed by this Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Facility operations referenced in this Order.
- 5. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director. Extension requests shall be sent to the Order Compliance Team at the address listed above.
- 6. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms in this Order.

- 7. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later.
- 8. This Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
- This Order may be executed in separate and multiple counterparts, which together shall 9. constitute a single instrument. Any page of this Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms: electronic transmission, owner, person, writing, and written, shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
- 10. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

LAKE BONANZA WATER SUPPLY CORPORATION

SIGNATURE PAGE

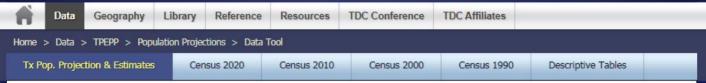
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY For the Commission Date For the Executive Director Date I, the undersigned, have read and understand the attached Order. I am authorized to agree to the attached Order, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation. I also understand that failure to comply with the Ordering Provisions, if any, in this Order and/or failure to timely pay the penalty amount, may result in: A negative impact on compliance history; Greater scrutiny of any permit applications submitted: Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency; Increased penalties in any future enforcement actions; Automatic referral to the Attorney General's Office of any future enforcement actions; and TCEQ seeking other relief as authorized by law. In addition, any falsification of any compliance documents may result in criminal prosecution. Name (Printed or typed) Authorized Representative of

☐ *If mailing address has changed, please check this box and provide the new address below:*

EXHIBIT L Population Projection Data







2018 Texas Population Projections Data Tool Result [New Search]



		160.2009	
Year 🔻	Age ^	Total Pop	
2030	All (0-95+)	831,450	•
2029	All (0-95+)	806,625	
2028	All (0-95+)	782,516	
2027	All (0-95+)	759,081	
2026	All (0-95+)	736,350	
2025	All (0-95+)	714,275	
2024	All (0-95+)	692,840	
2023	All (0-95+)	672,131	
2022	All (0-95+)	652,082	
2021	All (0-95+)	632,702	
2020	All (0-95+)	613,951	
2019	All (0-95+)	595,887	
2018	All (0-95+)	578,410	

Population Projections for Texas -- Report²

Year	M opulau Area Code	Area Name	Age	Total Pop	% Change
2050			All (0-95+)	•	2.96%
2030		Montgomery		1,487,366 1,444,653	
2049		Montgomery Montgomery	All (0-95+) All (0-95+)	1,444,655	2.94% 2.93%
2048			All (0-95+)	1,363,401	2.93%
		Montgomery	· · · · · ·	•	
2046		Montgomery	All (0-95+)	1,324,694	2.91%
2045		Montgomery	All (0-95+)	1,287,179	2.91%
2044 2043		Montgomery	All (0-95+)	1,250,803	2.90% 2.90%
		Montgomery	All (0-95+)	1,215,506	
2042		Montgomery	All (0-95+)	1,181,222	2.90%
2041		Montgomery	All (0-95+)	1,147,879	
2040		Montgomery	All (0-95+)	1,115,459	
2039		Montgomery	All (0-95+)	1,083,846	
2038		Montgomery	All (0-95+)	1,053,083	2.94%
2037		Montgomery	All (0-95+)	1,023,024	2.95%
2036		Montgomery	All (0-95+)	993,711	
2035		Montgomery	All (0-95+)	965,071	2.99%
2034		Montgomery	All (0-95+)	937,091	3.00%
2033		Montgomery	All (0-95+)	909,759	3.03%
2032		Montgomery	All (0-95+)	883,013	3.04%
2031		Montgomery	All (0-95+)	856,921	
2030		Montgomery	All (0-95+)	831,450	3.08%
2029		Montgomery	All (0-95+)	806,625	3.08%
2028		Montgomery	All (0-95+)	782,516	3.09%
2027		Montgomery	All (0-95+)	759,081	3.09%
2026		Montgomery	All (0-95+)	736,350	3.09%
2025		Montgomery	All (0-95+)	714,275	3.09%
2024		Montgomery	All (0-95+)	692,840	
2023		Montgomery	All (0-95+)	672,131	3.07%
2022		Montgomery	All (0-95+)	652,082	3.06%
2021		Montgomery	All (0-95+)	632,702	3.05%
2020		Montgomery	All (0-95+)	613,951	3.03%
2019	339	Montgomery	All (0-95+)	595,887	3.02%
2018	339	Montgomery	All (0-95+)	578,410	3.02%
2017	339	Montgomery	All (0-95+)	561,436	3.01%
2016	339	Montgomery	All (0-95+)	545,011	3.01%
2015	339	Montgomery	All (0-95+)	529,079	3.03%
2014		Montgomery	All (0-95+)	513,529	3.02%
2013	339	Montgomery	All (0-95+)	498,464	3.02%
2012	339	Montgomery	All (0-95+)	483,845	3.03%
2011		Montgomery	All (0-95+)	469,608	3.04%
2010	339	Montgomery	All (0-95+)	455,746	

EXHIBIT M Lake Bonanza Water Supply Corporation Annual Financial Report

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

YEARS ENDED

DECEMBER 31, 2017 AND 2018

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive Suite 235 Houston, Texas 77065-5610 (713) 462-0341 Fax (713) 462-2708 E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail Suite 150W Austin, Texas 78759 (512) 610-2209 www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors Lake Bonanza Water Supply Corporation Montgomery County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Bonanza Water Supply Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2017, and December 31, 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors Lake Bonanza Water Supply Corporation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Bonanza Water Supply Corporation as of December 31, 2017, and December 31, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

MCall Dikon Swedland Banfort PLLC

McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants Houston, Texas

May 9, 2019

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2018

	2017			2018		
ASSETS		_				
Current Assets						
Cash and Cash Equivalents Without Donor Restrictions	\$	656,506	\$	610,934		
Investments Without Donor Restrictions		63,042		63,152		
Service Accounts Receivable (Net of Allowance for Doubtful						
Accounts of \$2,000)	_	<u>35,522</u>	-	<u>42,003</u>		
Total Current Assets	<u>\$</u>	<u>755,070</u>	<u>\$</u>	<u>716,089</u>		
Noncurrent Assets						
Land	\$	5,000	\$	5,000		
Construction In Progress		12,825		14,175		
Property and Equipment, Net of Accumulated Depreciation	-	<u>738,375</u>	_	<u>684,288</u>		
Total Noncurrent Assets	<u>\$</u>	<u>756,200</u>	<u>\$</u>	<u>703,463</u>		
TOTAL ASSETS	<u>\$</u>	<u>1,511,270</u>	\$	1,419,552		
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable	\$	7,856	\$	7,656		
Customer Meter Deposits		74,500		83,800		
Notes Payable, Current	_	<u>49,494</u>	_	60,312		
Total Current Liabilities	<u>\$</u>	131,850	<u>\$</u>	<u>151,768</u>		
Noncurrent Liabilities						
Notes Payable, Long-Term	<u>\$</u>	746,179	<u>\$</u>	525,655		
TOTAL LIABILITIES	<u>\$</u>	<u>878,029</u>	<u>\$</u>	<u>677,423</u>		
Net Assets						
Without Donor Restrictions	<u>\$</u>	<u>633,241</u>	<u>\$</u>	<u>742,129</u>		
Total Net Assets	<u>\$</u>	<u>633,241</u>	<u>\$</u>	742,129		
TOTAL LIABILITIES AND NET ASSETS	<u>\$</u>	<u>1,511,270</u>	\$	1,419,552		
	<u>*</u>		<u>*</u>			

The accompanying notes to the financial statements are an integral part of this report.

STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

		hout Donor estrictions 2017	Without Donor Restrictions 2018		
REVENUES, GAINS AND OTHER SUPPORT					
Water Service	\$	367,015	\$	366,685	
Tap Connection and Reconnection Fees		17,100		20,400	
SJRA and Lone Star Fees		116,235		134,310	
Investment Revenues		126		240	
Miscellaneous Revenues	_	<u>21,909</u>	_	24,345	
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>\$</u>	<u>522,385</u>	<u>\$</u>	<u>545,980</u>	
EXPENSES AND LOSSES					
Program Costs - Water Services:					
Chemicals	\$	6,353	\$	5,842	
Depreciation		52,627		54,087	
Dues and Memberships		989		989	
Election Expense		890		21	
Interest Expense		39,443		28,506	
Laboratory Fees		2,219		1,833	
Lone Star Ground Water Fees		4,096		3,701	
Miscellaneous		4,773		3,344	
Operation Fees		24,000		24,000	
Permit Fees		3,538		3,520	
Repairs and Maintenance		75,944		85,495	
Returned Checks and Bad Debt		1,761		2,155	
San Jacinto River Authority Assessments		113,043		128,365	
Tap Connection		14,297		8,640	
Telephone		929		930	
Utilities	_	30,826	_	28,356	
Total Program Costs - Water Services	<u>\$</u>	375,728	<u>\$</u>	<u>379,784</u>	
Management and General:					
Audit Fees	\$	6,100	\$	6,100	
Director Fees		9,300		11,800	
Director Reimbursements		1,204		703	
Engineering Fees		500		3,010	
Insurance		5,700		6,264	
Management		28,680		28,680	
Office Supplies and Postage	_	1,334	_	<u>751</u>	
Total Management and General	<u>\$</u>	<u>52,818</u>	<u>\$</u>	<u>57,308</u>	
TOTAL EXPENSES AND LOSSES	<u>\$</u>	428,546	<u>\$</u>	437,092	
CHANGE IN NET ASSETS	\$	93,839	\$	108,888	
NET ASSETS - JANUARY 1	-	539,402	-	633,241	
NET ASSETS - DECEMBER 31	<u>\$</u>	633,241	\$	742,129	

The accompanying notes to the financial statements are an integral part of this report.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018

	2017			2018	
CASH FLOWS FROM OPERATING ACTIVITIES Change in Net Assets Adjustments to reconcile change in net assets to net cash	\$	93,839	\$	108,888	
provided by operating activities: Depreciation (Increase) Decrease in Assets:		52,627		54,087	
Accounts Receivable Increase (Decrease) in Liabilities:		5,367		(6,481)	
Accounts Payable Customer Meter Deposits	_	(539) <u>4,600</u>	_	(200) <u>9,300</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$</u> _	155,894	<u>\$</u> _	<u>165,594</u>	
CASH FLOWS FROM INVESTING ACTIVITES					
Purchase of Property and Equipment Purchase of Short-Term Investments	\$ -	(93,771) (95)	\$	(1,350) (<u>11</u> 0)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$</u> _	<u>(9</u> 3,866)	<u>\$</u>	<u>(1,460</u>)	
CASH FLOWS FROM FINANCING ACTIVITES	ф	(100.770)	Φ	(200 704)	
Principal Payments on Long-Term Debt	<u>\$</u>	<u>(198,</u> 770)	<u>\$</u>	(209,706)	
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$	(136,742)	\$	(45,572)	
CASH AND CASH EQUIVALENTS - JANUARY 1	-	<u>793,248</u>	_	<u>656,506</u>	
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$	656,506	\$	610,934	
SUPPLEMENTAL DATA:					
Interest Paid	\$	39,443	\$	28,506	

The accompanying notes to the financial statements are an integral part of this report.

LAKE BONANZA WATER SUPPLY CORPORATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1. INCORPORATION

Lake Bonanza Water Supply Corporation, a Texas nonprofit corporation, was chartered on March 4, 1992. The Corporation was organized for the purpose of furnishing a water supply for general farm use and domestic purposes to individuals residing in the rural community of Lake Bonanza Subdivision and the surrounding rural areas. A Board of Directors who are elected by the residents manages the affairs of the Corporation.

The Corporation shall have all powers invested in water supply corporations by the Texas Non-Profit Corporation Act, the Texas Water Code and the administrative rules of the Texas Commission on Environmental Quality.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles as promulgated by the Financial Accounting Standards Board and the audit and accounting guide, "Not-For-Profit Organizations" published by the American Institute of Certified Public Accountants.

- A. <u>Basis of Accounting</u> The financial statements were prepared using the accrual basis of accounting. Under this method, revenues were recorded in the period earned and when the amount and timing of the revenue can be reasonable determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes or a service is received.
- B. <u>Basis of Presentation</u> The financial statements are presented on the basis of net assets with donor restrictions or net assets without donor restrictions. Assets with donor restrictions are shown as restricted support in the period earned and reclassified to net assets without donor restrictions in the period in which the restriction is net.
- C. <u>Cash and Cash Equivalents</u> The Corporation considers all checking accounts, money market deposit accounts and all highly liquid investments with a maturity of 90 days or less when purchased to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.
- D. <u>Short-Term Investments</u> The Corporation's investments are currently in certificates of deposit. Depository certificates of deposit are reported at acquisition cost. Investment revenue and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless a donor or law restricts their use. Certificates of deposit balances are kept below the FDIC limits of coverage with maturities typically less than one year.

LAKE BONANZA WATER SUPPLY CORPORATION NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. <u>Service Accounts Receivable</u> The Corporation provides for uncollectible accounts receivable through the allowance method of accounting. Under this method a provision for uncollectible accounts is charged to bad debt expense, and the allowance account is increased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged-off accounts are added to the account.
- F. <u>Income Taxes</u> The Corporation has been granted an exemption under Section 501(c)(12) of the Internal Revenue Code. Since the Corporation was determined to be exempt from federal income tax, no provision for income taxes has been made.
- G. <u>Property and Equipment</u> The Corporation has established a policy of capitalizing all property and equipment. Property and equipment are capitalized at cost as of the date of acquisition. The Corporation depreciates its property and equipment over 10 to 40 years using a straight-line method. Additional disclosure is provided in Note 4.
- H. <u>Budgeting</u> The Board of Directors annually adopts an unappropriated budget which was not amended during the current fiscal year.
- I. <u>Estimates</u> The preparation of financial statements to conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- J. Recently Implemented Accounting Pronouncement In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14 ("ASU 2016-14") which attempts to simplify and improve the consistency of reporting net asset classifications. Previously, nonprofit organizations reported net assets in one of three categories: unrestricted net assets, temporarily restricted net assets or permanently restricted net assets. ASU 2016-14 reduces the classification of net assets from three categories to two categories: net assets without donor restrictions and net assets with donor restrictions. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. This standard was implemented during fiscal year 2018.
- K. <u>Subsequent Events</u> In preparing these financial statements, management has evaluated and disclosed all material subsequent events through May 9, 2019, which is the date these statements were available to be issued.

LAKE BONANZA WATER SUPPLY CORPORATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At December 31, 2017, the carrying amount of the Corporation's deposits was \$719,548 and the bank balance was \$749,879. Of the bank balance \$250,000 was covered by federal depository insurance and the balance of \$499,879 was unsecured.

At December 31, 2018, the carrying amount of the Corporation's deposits was \$674,086 and the bank balance was \$714,703. Of the bank balance \$250,000 was covered by federal depository insurance and the balance of \$464,703 was unsecured.

Investments

As of December 31, 2017, the Corporation's investments consist of one certificate of deposit with a balance of \$63,042 with interest rate of 0.15% and with maturities on January 14, 2018. Investment revenues consisted of interest income and totaled \$126.

As of December 31, 2018, the Corporation's investments consist of one certificate of deposit with a balance of \$63,152 with interest rate of 0.15% and with maturities on July 15, 2019. Investment revenues consisted of interest income and totaled \$165.

LAKE BONANZA WATER SUPPLY CORPORATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 4. PROPERTY AND EQUIPMENT

The following schedule provides a summary of property and equipment, depreciation expense and accumulated depreciation by asset classification.

	J	anuary 1, 2017	Ir	ncreases	D	ecreases	Dec	cember 31, 2017
Capital Assets Not Being Depreciated								
Land and Land Improvements	\$	5,000	\$		\$		\$	5,000
Construction in Progress		<u>3,750</u>		93,771		84,696		12,825
Total Capital Assets Not Being Depreciated	<u>\$</u>	<u>8,750</u>	<u>\$</u>	93,771	<u>\$</u>	84,696	<u>\$</u>	17,825
Capital Assets Subject to Depreciation Water Production Facilities	\$	1,999,054	<u>\$</u>	<u>84,696</u>	•	- 0 -	•	2,083,75 <u>0</u>
Accumulated Depreciation Water Production Facilities		1,292,748	<u>\$</u>	52,627	· ·	-0-		1,345,375
Total Depreciable Capital Assets, Net of	<u>Ψ</u>	<u> </u>	<u>*</u>	<u>02,027</u>	4	 .	<u> </u>	1,0 10,0 10
Accumulated Depreciation	<u>\$</u>	<u>706,306</u>	<u>\$</u>	32,069	\$	<u>- 0 -</u>	<u>\$</u>	<u>738,375</u>
Total Capital Assets, Net of Accumulated Depreciation	\$	715,056	\$	125,840	\$	84,696	\$	756,200
	J	anuary 1, 2018	Ir	ncreases	D	ecreases	Dec	cember 31, 2018
Capital Assets Not Being Depreciated								
Capital Assets Not Being Depreciated Land and Land Improvements	\$	5,000	\$		\$		\$	5,000
	\$	5,000 12,825	\$	<u>1,350</u>	\$		\$	5,000 14,175
Land and Land Improvements	\$ <u>\$</u>		\$ <u>\$</u>	1,350 1,350		<u>- 0 -</u>	\$ <u>\$</u>	
Land and Land Improvements Construction in Progress Total Capital Assets Not Being		12,825				<u>- 0 -</u>		<u>14,175</u>
Land and Land Improvements Construction in Progress Total Capital Assets Not Being Depreciated Capital Assets Subject to Depreciation Water Production Facilities	<u>\$</u>	12,825	<u>\$</u>		\$	<u>- 0 -</u>	<u>\$</u>	<u>14,175</u>
Land and Land Improvements Construction in Progress Total Capital Assets Not Being Depreciated Capital Assets Subject to Depreciation	<u>\$</u>	12,825 17,825	<u>\$</u>	<u>1,350</u>	<u>\$</u>		<u>\$</u> \$	14,175 19,175
Land and Land Improvements Construction in Progress Total Capital Assets Not Being Depreciated Capital Assets Subject to Depreciation Water Production Facilities Accumulated Depreciation	<u>\$</u>	12,825 17,825 2,083,750	<u>\$</u>	<u>1,350</u> -0-	<u>\$</u>	<u>- 0 -</u>	<u>\$</u> \$	14,175 19,175 2,083,750
Land and Land Improvements Construction in Progress Total Capital Assets Not Being Depreciated Capital Assets Subject to Depreciation Water Production Facilities Accumulated Depreciation Water Production Facilities	<u>\$</u>	12,825 17,825 2,083,750	<u>\$</u>	<u>1,350</u> -0-	<u>\$</u>	<u>- 0 -</u>	<u>\$</u> \$	14,175 19,175 2,083,750
Land and Land Improvements Construction in Progress Total Capital Assets Not Being Depreciated Capital Assets Subject to Depreciation Water Production Facilities Accumulated Depreciation Water Production Facilities Total Depreciable Capital Assets, Net of	\$ \$ \$	12,825 17,825 2,083,750 1,345,375	<u>\$</u>	1,350 - 0 - 54,087	\$ \$ \$	<u>-0-</u> -0-	<u>\$</u> \$	14,175 19,175 2,083,750 1,399,462

NOTE 5. RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Corporation carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

LAKE BONANZA WATER SUPPLY CORPORATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 6. SAN JACINTO RIVER AUTHORITY

On June 1, 2010, the Corporation entered into the Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The Corporation and the Authority operate within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. The term of this contract expires on December 31, 2089. As of December 31, 2017, the fee charged by the Authority was \$2.64 per 1,000 gallons, based on the amount of groundwater and surface water used. For the fiscal year ending December 31, 2018, the fee charged by the Authority was \$2.64 per 1,000 gallons, based on the amount of groundwater and surface water used. For the fiscal year ending December 31, 2018, the Corporation paid \$128,365 in relation to this contract.

NOTE 7. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 2362 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Conservation District was created to conserve, protect, and enhance the groundwater resources of Montgomery County, Texas.

A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 36.055 of the Water Code.

The Conservation District charges a fee, currently \$0.06 per 1,000 gallons, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Conservation District, unless exempted. This fee enables the Conservation District to fulfill its purpose and regulatory functions. The Corporation recorded an expenditure of \$4,096 for permit fees assessed during the December 31, 2017 fiscal year and \$3,701 during the December 31, 2018 fiscal year.

NOTE 8. USDA LOAN APPLICATIONS

On May 27, 1994, the USDA selected the Corporation to receive a promissory note in the amount of \$400,000. The interest rate is 5.50% with monthly payments of \$2,080. The term is 40 years. The Corporation made total principal payments of \$51,369 and \$54,265 in fiscal years December 31, 2017 and 2018, respectively.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 8. USDA LOAN APPLICATIONS (Continued)

On July 28, 1997, the USDA selected the Corporation to receive a promissory note in the amount of \$620,000. The interest rate is 5.50% with monthly payments of \$3,224. The term is 40 years. The Corporation made total principal payments of \$139,278 and \$147,092 in fiscal years December 31, 2017 and 2018, respectively.

On August 23, 2013, the USDA selected the Corporation to receive a promissory note in the amount of \$444,000. \$312,500 was received in the December 31, 2014 fiscal year. The interest rate is 2.75% with monthly payments of \$1,530. The term is 40 years. The Corporation made total principal payments of \$8,123 and \$8,349 in fiscal years December 31, 2017 and 2018, respectively.

The following is a summary of transactions regarding notes payable for the year ended December 31, 2018:

Notes Payable, January 1, 2018	\$ 795,673
Less: Note Principal Paid	209,706
Notes Payable. December 31, 2018	\$ 585,967
Notes Payable	
Due within one year	\$ 60,312
Due after one year	525,655
Notes Payable, December 31, 2018	\$ 585,967

As of December 31, 2018, the debt service requirements on the notes payable were as follows:

Fiscal Year	F	Principal	Interest			Total
2019	\$	60,312	\$	21,696	\$	82,008
2020		64,241		17,766		82,007
2021		67,613		14,395		82,008
2022		61,910		10,880		72,790
2023		17,740		8,876		26,616
2024-2028		52,041		39,759		91,800
2029-2033		59,702		32,098		91,800
2034-2038		68,492		23,308		91,800
2039-2043		78,575		13,225		91,800
2044-2047	_	<u>55,341</u>	_	<u>2,495</u>	_	<u>57,836</u>
	\$	585,967	\$	184,498	\$	770,465

NOTE 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2018, the Corporation has cash and cash equivalents without donor restrictions of \$610,934 and investments without donor restrictions of \$63,152. Water service revenues of \$44,821 was collected in January 2019.

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2018

LAKE BONANZA WATER SUPPLY CORPORATION STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES, GAINS AND OTHER SUPPORT		riginal and al Budget*		Actual	F	Variance Tavorable (favorable)
Water Service Tap Connection and Reconnection Fees SJRA and Lone Star Fees Investment Revenues Miscellaneous Revenues	\$		\$	367,015 17,100 116,235 126 21,909	\$	367,015 17,100 116,235 126 21,909
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>522,385</u>	<u>\$</u>	<u>522,385</u>
EXPENSES AND LOSSES Program Costs - Water Services:						
Chemicals Depreciation Dues and Memberships Election Expense Interest Expense Laboratory Fees Lone Star Ground Water Fees Miscellaneous Operation Fees Permit Fees Repairs and Maintenance Returned Checks and Bad Debt San Jacinto River Authority Assessments Tap Connection Telephone Utilities	\$	4,300 840 1,100 238,212 2,400 3,400 2,509 24,000 7,500 78,650 1,550 125,000 7,000 960 34,000	\$	6,353 52,627 989 890 39,443 2,219 4,096 4,773 24,000 3,538 75,944 1,761 113,043 14,297 929 30,826	\$	(2,053) (52,627) (149) 210 198,769 181 (696) (2,264) (1,038) 2,706 (211) 11,957 (7,297) 31 3,174
Total Program Costs - Water Services	<u>\$</u>	<u>526,421</u>	\$_	375,728	<u>\$</u>	150,693
Management and General: Audit Fees Director Fees Director Reimbursements Engineering Fees Insurance Legal Management	\$	6,800 1,100 5,800 6,000 28,680	\$	6,100 9,300 1,204 500 5,700	\$	(6,100) (2,500) (104) (500) 100 6,000
Office Supplies and Postage	-	<u>2,910</u>	-	<u>1,334</u>	-	<u>1,576</u>
Total Management and General	<u>\$</u>	<u>51,290</u>	<u>\$</u>	<u>52,818</u>	<u>\$</u>	<u>(1,52</u> 8)
TOTAL EXPENSES AND LOSSES	<u>\$</u>	<u>577,711</u>	<u>\$</u>	<u>428,546</u>	<u>\$</u>	<u>149,165</u>
CHANGE IN NET ASSETS	\$	(577,711)	\$	93,839	\$	671,550
NET ASSETS - JANUARY 1, 2017	-	<u>539,402</u>	-	539,402	-	
NET ASSETS - DECEMBER 31, 2017	<u>\$</u>	(38,309)	\$	633,241	\$	671,550

^{*}The budget approved by the Corporation only includes the budgeted expenses.

LAKE BONANZA WATER SUPPLY CORPORATION

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	0					Variance
		riginal and al Budget*		Actual		avorable favorable)
REVENUES, GAINS AND OTHER SUPPORT	17111	ai Budget		Actual	(01)	iavorable)
Water Service	\$		\$	366,685	\$	366,685
Tap Connection and Reconnection Fees SJRA and Lone Star Fees				20,400 134,310		20,400 134,310
Investment Revenues				240		240
Miscellaneous Revenues				<u>24,345</u>	_	24,345
TOTAL REVENUES, GAINS AND OTHER						
SUPPORT	<u>\$</u>	<u>-0-</u>	<u>\$</u>	545,980	<u>\$</u>	545,980
EXPENSES AND LOSSES						
Program Costs - Water Services:				- O.		(2.42)
Chemicals Depreciation	\$	5,500	\$	5,842 54,087	\$	(342) (54,087)
Dues and Memberships		1,000		989		11
Election Expense		1,000		21		979
Interest Expense		238,212		28,506		209,706
Laboratory Fees Lone Star Ground Water Fees		1,500 2,900		1,833 3,701		(333) (801)
Miscellaneous		11,540		3,701		8,196
Operation Fees		24,000		24,000		-,
Permit Fees		2,000		3,520		(1,520)
Repairs and Maintenance Returned Checks and Bad Debt		155,900		85,495		70,405
San Jacinto River Authority Assessments		1,500 125,000		2,155 128,365		(655) (3,365)
Tap Connection		10,000		8,640		1,360
Telephone		930		930		
Utilities	-	<u>34,000</u>	-	<u>28,356</u>	-	<u>5,644</u>
Total Program Costs - Water Services Management and General:	<u>\$</u>	<u>614,982</u>	<u>\$</u>	<u>379,784</u>	<u>\$</u>	<u>235,198</u>
Audit Fees	\$		\$	6,100	\$	(6,100)
Director Fees		9,300		11,800		(2,500)
Director Reimbursements		1,100		703		397
Engineering Fees Insurance		5,800		3,010 6,264		(3,010) (464)
Legal		7,000		0,201		7,000
Management		29,424		28,680		744
Office Supplies and Postage	-	<u>2,840</u>	-	<u>751</u>	-	<u>2,089</u>
Total Management and General	<u>\$</u>	<u>55,464</u>	<u>\$</u>	<u>57,308</u>	<u>\$</u>	<u>(1,84</u> 4)
TOTAL EXPENSES AND LOSSES	<u>\$</u>	<u>670,446</u>	<u>\$</u>	437,092	<u>\$</u>	233,354
CHANGE IN NET ASSETS	\$	(670,446)	\$	108,888	\$	779,334
NET ASSETS - JANUARY 1, 2018	-	633,241	-	633,241	-	
NET ASSETS - DECEMBER 31, 2018	\$	(37,205)	\$	742,129	\$	779,334

^{*}The budget approved by the Corporation only includes the budgeted expenses.

LAKE BONANZA WATER SUPPLY CORPORATION BOARD MEMBERS DECEMBER 31, 2018

Mailing Address - Lake Bonanza Water Supply Corporation

P.O. Box 893

Willis, Texas 77378-0893

Board Members	<u>Title</u>
Mary Wesolick	President
Lance Molchan	Vice President
Karen Gonzalez	Secretary
Joe Gonzalez	Director
Tracy Michaud	Director
David Miller	Director

LAKE BONANZA WATER SUPPLY CORPORATION

SUPPLEMENTARY INFORMATION – REQUIRED BY GOVERNMENT AUDITING STANDARDS

DECEMBER 31, 2017 AND 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive Suite 235 Houston, Texas 77065-5610 (713) 462-0341 Fax (713) 462-2708 E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail Suite 150W Austin, Texas 78759 (512) 610-2209 www.mgsbpllc.com

May 9, 2019

Board of Directors Lake Bonanza Water Supply Corporation Montgomery County, Texas

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Bonanza Water Supply Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2017 and 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be a material weakness.

Board of Directors Lake Bonanza Water Supply Corporation

Internal Control Over Financial Reporting (Continued)

As is common within the system of internal control of most small organizations, the accounting function of the Corporation does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Corporation has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the Corporation's system of internal control over financial reporting.

During the course of performing our audit, we prepared various journal entries to present the financial statements in accordance with accounting principles generally accepted in the United States of America. In addition, we prepared and posted adjustments related to the presentation of the financial statements. This reliance on the auditor to perform these functions is considered to be a material weakness in the system of internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

The Corporation's Board does not necessarily have accounting expertise. The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCall Dikon Swedland Banfort PLIC

McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants Houston, Texas

May 9, 2019

EXHIBIT NWarranty Deed for 2.066 Acres

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER=S LICENSE NUMBER.

WARRANTY DEED

STATE OF TEXAS	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF MONTGOMERY	§	KNOW ALL MEN DI THESE PRESENTS:
spouses as the property hereinafter of	onveyed ation of t	UEL GARCIA, married persons, not joined herein by their does not constitute any part of their homesteads, hereinafter he sum of Ten and No/100 (\$10.00) Dollars cash and other id by
LAKE BON	ANZA W <u>7. BO</u> AFOM	VATER SUPPLY CORPORATION (SO 7 C14 , 71 77356

hereinafter called Grantee, the receipt and sufficiency of which are hereby acknowledged and confessed, have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto Grantee all that certain lot, tract or parcel of land, together with all improvements thereon, lying and being situated in the County of Montgomery, State of Texas, described as follows, to-wit:

BEING 2.066 acres of land, situated in the Matthew Cartwright Survey, Abstract Number 126 in Montgomery County, Texas and being out of that certain called 22.062 acre tract conveyed to Ruben Garcia and Samuel Garcia in Warranty Deed recorded under Clerk's File Number 2008-118790 Montgomery County Real Property Records; said 2.066 acres being more particularly described by metes and bounds on Exhibit "A" attached hereto.

This conveyance is made and accepted subject to any and all valid covenants, conditions, restrictions, easements and outstanding mineral and/or royalty interests in the oil, gas, and other minerals and leases thereon, now outstanding or affecting the premises herein conveyed, now of record in the County Clerk's office of Montgomery County, Texas, but only to the extent they are still in force and effect.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee and Grantee's successors and assigns, forever. And Grantors do hereby bind Grantors and Grantors' heirs and assigns, to warrant and forever defend all and singular the said premises unto the said Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Executed this 3 day of June, 2019.

COUNTY OF MONTHOMERY \$

STATE OF TEXAS

This instrument was acknowledged before me on this _____ day of June, 2019, by RUBEN GARCIA.

RUI M CAIN
NOTARY PUBLIC STATE OF TEXAS
MY COMM. EXP. 5/3/2021

NOTARY ID 320211-7

RECORDED AT THE REQUEST OF FIRST AMERICAN TITLE

Notary Public, State of Texas

COUNTY OF Montomery §

This instrument was acknowledged before me on this 3 day of June, 2019, by SAMUEL GARCIA.

Notary Public, State of Texas

RUI M CAIN NOTARY PUBLIC STATE OF TEXAS MY COMM. EXP. 5/3/2021 NOTARY ID 320211-7

After recording return to:

of tree angle recovering distribution of the residence of



May 10, 2019

BEING 2.066 ACRES OF LAND, SITUATED IN THE MATTHEW CARTWRIGHT SURVEY, ABSTRACT NUMBER 126 IN MONTGOMERY COUNTY, TEXAS AND BEING OUT OF THAT CERTAIN CALLED 22.062 ACRE TRACT CONVEYED TO RUBEN GARCIA AND SAMUEL GARCIA IN WARRANTY DEED RECORDED UNDER CLERK'S FILE NUMBER 2008-118790 MONTGOMERY COUNTY REAL PROPERTY RECORDS; SAID 2.066 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS WITH ALL BEARINGS AND DISTANCES REFERENCED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE NAD 83, ALL DISTANCES SHOWN ARE GROUND:

COMMENCING at a 5/8 inch iron rod, found for the Northeast corner of the called 22.062 acre tract and the Southeast corner of that certain called 28.60 acre tract conveyed to Jasper Duncan Cartwright in Deed recorded under Clerk's File Number 2013-071219 Montgomery County Real Property Records, located in the West line of Cartwright Road, a 60 foot wide right-of-way recorded in Volume 457, Page 575 Montgomery County Deed Records and being the Northeast corner of a 40 foot wide road easement called Fallin Road (Deed not found); said corner having a coordinate value of North 10,115,326.8356 and East 3,782,080.9228;

THENCE South 02°23'07" East, a distance of 40.00 feet along the East line of the called 22.062 acre tract and West line of Cartwright Road, common to the East line of the Fallin Road 40 foot wide easement, to a 5/8 inch iron rod with a survey cap marked "Jeff Moon R.P.L.S. 4639", set for the Northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE continuing South 02°23'07" East, a distance of 300.00 feet along the East line of the called 22.062 acre tract and West line of Cartwright Road, to a 5/8 inch iron rod with a survey cap marked "Jeff Moon R.P.L.S. 4639", set for the Southeast corner of the herein described tract;

THENCE South 87°54'17" West, a distance of 300.00 feet, severing the called 22.062 acre tract, to a 5/8 inch iron rod with a survey cap marked "Jeff Moon R.P.L.S. 4639", set for the Southwest corner;

THENCE North 02°23'07". West, a distance of 300.00 feet, severing the called 22.062 acre tract to a 5/8 inch iron rod with a survey cap marked "Jeff Moon R.P.L.S. 4639", set for the Northwest corner of the herein described tract, located in the South line of the Fallin Road 40 foot wide easement;

THENCE North 87°54'17" East, a distance of 300.00 feet along the South line of the Fallin Road 40 foot wide easement, back to the Point of Beginning and containing 2.066 acres of land based on the survey and plat prepared by Jeffrey Moon and Associates, Inc., dated May 10, 2019.

JN 19-B-34

Jeffrey Myon Registered Professional Land Surveyor No. 4639

Doc #: 2019047739

Pages 4

E-FILED FOR RECORD 06/04/2019 02:34PM

COUNTY CLERK MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS, COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

06/04/2019

County Clerk
Montgomery County, Texas

EXHIBIT O Lake Bonanza Water System Map Showing Proposed Alternatives

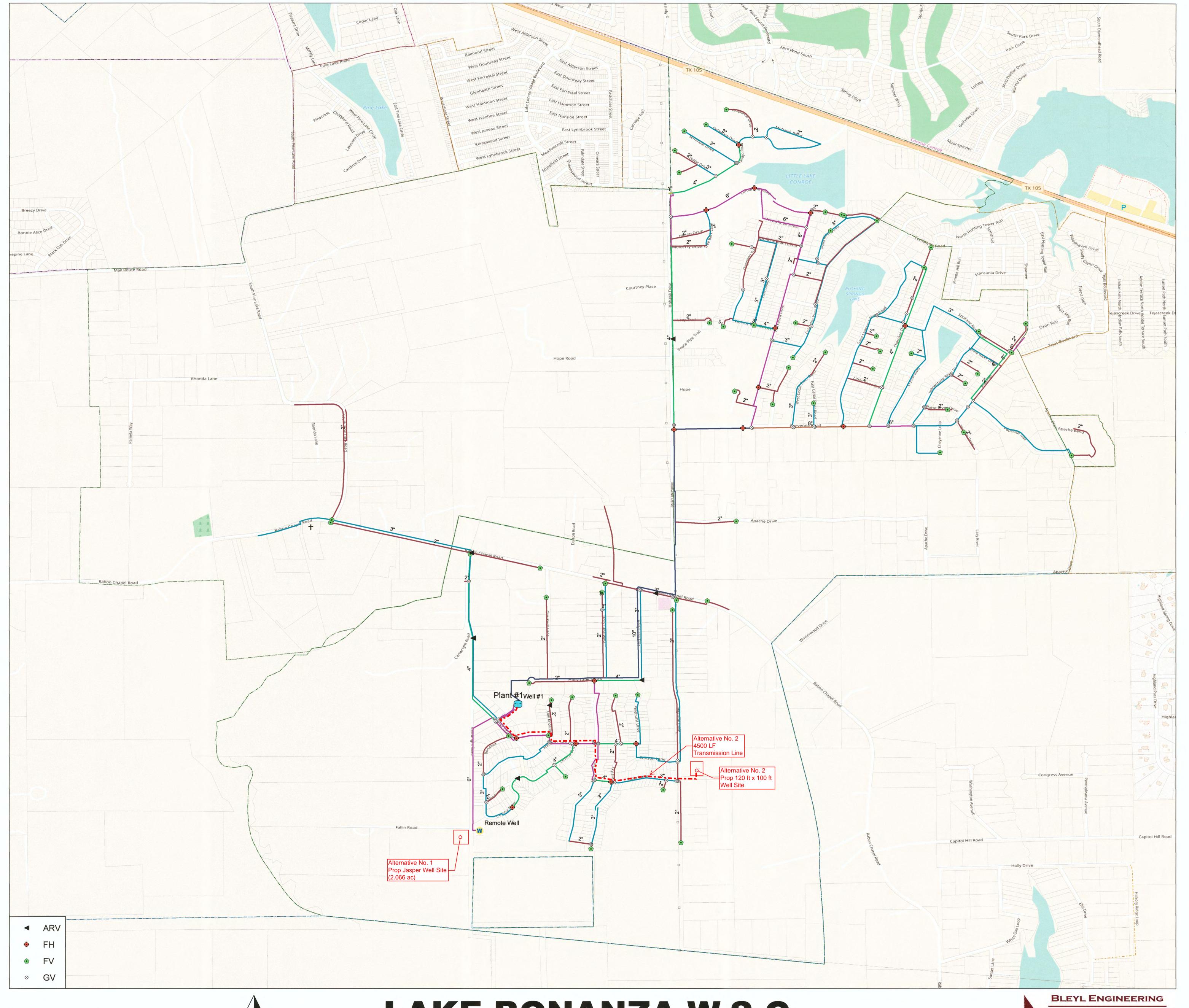


EXHIBIT P Lake Bonanza Survey of 120' x 100' Tract

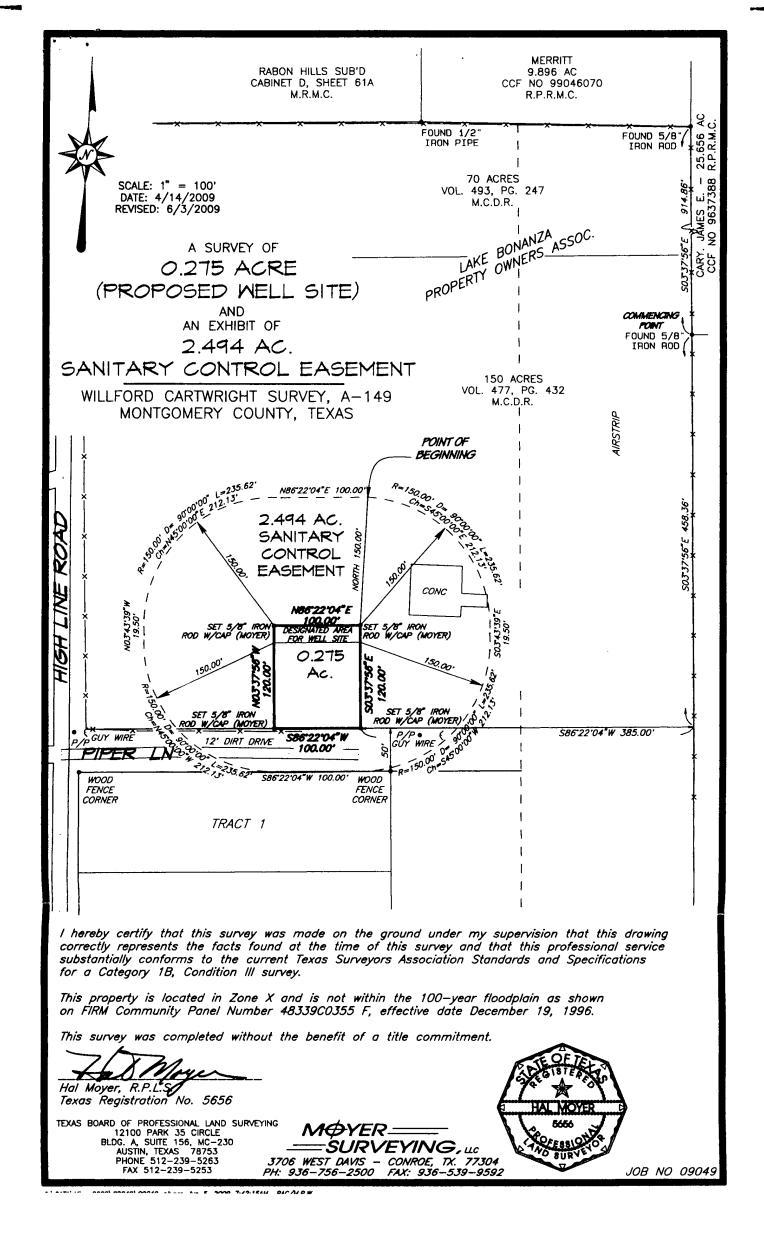


EXHIBIT B Page of of 1

EXHIBIT Q Hydrogeologist Estimated Line for TDS Levels in the Catahoula Aquifer

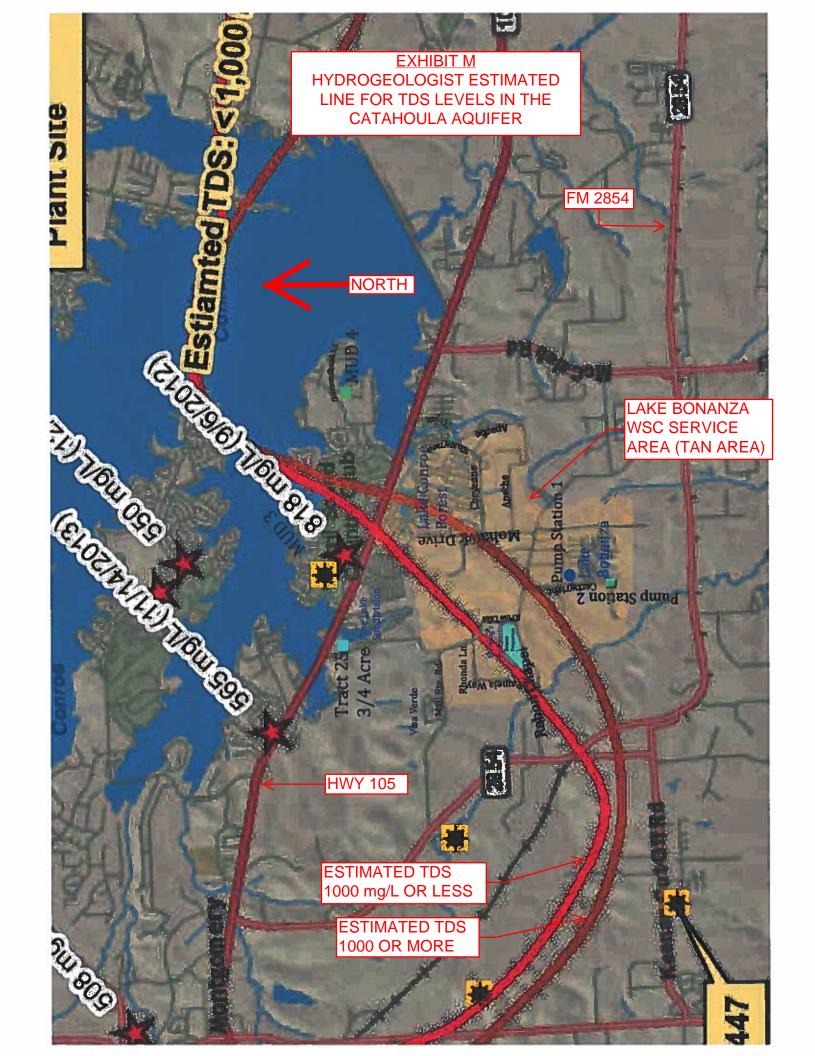


EXHIBIT R Construction Schedule

CONSTRUCTION SCHEDULE

BLEYL ENGINEERING
PLANNING • DESIGN • MANAGEMENT

Lake Bonanza Jasper Well

(Well No. 3)

ď				2019 2020	2021
TASK DESCRIPTION	PLAN START	PLAN END	TYPE	J F M A M J J A S O N D J F M A M J J A S O N D	MJJASOND
Planning: Submittal/Approval	8/15/2019	3/31/2020			
USDA PER and ER Report	8/15/2019	9/30/2019	В		
USDA PER and ER Review	10/1/2019	3/31/2020	۵		
Jasper Well Const Plans	8/15/2019	10/30/2019	<u>~</u>		
TCEQ Plan Submittal	10/31/2019	10/31/2019	×		
TCEQ Plan Review	11/1/2019	1/31/2020	0		
Phase 1 Milestone B USDA Approval, Funds Released	3/31/2020	3/31/2020	Ŋ		
			×		
Phase 2 Bidding, Construction					
Bidding	4/1/2020	4/30/2020	В		
Notice of Award, Contracts signed, (10 days for bonds and signatures)	5/1/2020	5/15/2020	Ф		
Construction of Jasper Well	6/1/2020	2/28/2021	>		
Submittals (for Costruction)	6/1/2020	6/30/2020	۵		
Substantial Completion (Walkthrough)	3/1/2021	3/30/2021	ტ		
Punchlist Items Complete Well completion Report to TCEQ	3/31/2021	3/31/2021	œ		

EXHIBIT S Lake Bonanza Balance Sheet and Profit and Loss Budget Performance Report

LAKE BONANZA WATER SUPPLY Balance Sheet

As of July 31, 2019

ASSETS Current Assets Checking/Savings CD # 2 63,191.18 Woodforest /Phase II M/M 10,501.92 Woodforest National Bank/Check 196.698.84 Woodforest Mational Bank/Check 256,033.11 Total Checking/Savings 526,423.05 Other Current Assets A/R 26,691.85 Allow for Bad Debts -2,000.00 Total Other Current Assets 24,691.85 Total Current Assets 551,114.90 Fixed Assets WELL SITE # 3 70,234.93 WELL PUMP AND MOTOR 19,885.96 STORAGE TANK/LINE EXT (2013) 492,891.56 2012 EXPANSION 20,000.00 LAND 40,000.00 WATER PLANT IMPROVEMENTS 141,590.00 GENERATOR 40,301.41 WATER SYSTEM # 1 400,000.00 LESS DEPRECIATION -1,151,294.00 Total Fixed Assets 895,258.86 TOTAL ASSETS 1,446,373.76 LIABILITIES & EQUITY Liabilities Current Liabilities Current Liabilities Current Liabilities ROA # 1 77,719,42 ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Current Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities Cother Current Liabilities ROA # 3 70,833,26 ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabilities Cother Current Liabilities Cother Current Liabilities ROA # 4 (2013) 359,512.12 Total Long Term Liabilities Cother Current Liabil		Jul 31, 19
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LIABILITIES & EQUITY Liabilities Current Liabilities Other Current Liabilities Accts Payable 5,745.25 Deposits Payable 33,900.00 Payroll Liabilities -638.85 Total Other Current Liabilities 39,006.40 Total Current Liabilities 39,006.40 Long Term Liabilities 77,719.42 RDA #3 70,633.26 RDA #4 (2013) 359,512.12 Total Long Term Liabilities 507,864.80 Total Liabilities 546,871.20 Equity 24,939.30 Retained Earnings 861,154.15 Net Income 13,409.11 Total Equity 899,502.56	Total Fixed Assets	895,258.86
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Liabilities Current Liabilities Other Current Liabilities 5,745.25 Accts Payable 33,900.00 Payroll Liabilities -638.85 Total Other Current Liabilities 39,006.40 Total Current Liabilities 39,006.40 Long Term Liabilities 77,719.42 RDA #1 77,719.42 RDA #3 70,633.26 RDA # 4 (2013) 359,512.12 Total Long Term Liabilities 507,864.80 Total Liabilities 546,871.20 Equity 24,939.30 Retained Earnings 861,154.15 Net Income 13,409.11 Total Equity 899,502.56	LIABILITIES & FOUITY	
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Total Equity 899,502.56	•	•
	Net mcome	13,409.11
TOTAL LIABILITIES & EQUITY 1,446,373.76	Total Equity	899,502.56
	TOTAL LIABILITIES & EQUITY	1,446,373.76

LAKE BONANZA WATER SUPPLY Profit & Loss Budget Performance July 2019

Cash Basis

11:26 AM 08/08/19

Jul 19	Ordinary Income 146.44 INCOME 146.44 SJRA 9,199.28 TRANSFER FEE 0.00 RETURNED CHECK FEE 30.00 CUSTOMER RETURNED CHECK 150.00 DAMAGED EQUIPMENT 80.00 PULL/RESET METER FEES 400.00	Total DAMAGED EQUIPMENT	LATE CHARGES LATE CHARGES LONE STAR GROUND WATER FEES NEW SERVICE CONNECT NEW SERVICE CONNECT RECONNECT FEES ROAD BORE SERVICE CALL TAP FEES 32,396.82	Total INCOME	Total Income	Expense WEBSITE PAYCLIX SJRA GRP ADVERTISING Bank Service Charges CHECK PRINTING CHARGES	JAKG	Total CHECK PRINTING CHARGES	CHEMICALS CUSTOMER REFUND DIRECTOR REIMBURSTMENT Dues and Subscriptions ELECTION EXPENSE INSURANCE LAB FEES MEETING RENTAL
Bu	46.44 99.28 0.00 30.00 50.00	00	8.98 5.22 5.15 5.00 5.00 6.00 6.00	47,916.89	47,916.89	0.00 19.95 580.56 0.00	0.00	0.00 0.00	30.00 0.00 34.82 0.00 41.97 0.00 0.00 0.00 0.00 0.00 530.29 0.00 75.00 0.00
Jan - Jul 19	1,021.13 65,018.53 360.00 210.00 491.32 160.00 900.00	1,060.00	796.93 2,548.49 3,096.11 3,200.00 8,400.00 2,800.00 35.00 10,800.00 204,454.77	304,292.28	304,292.28	0.00 139.65 61,195.20 127.64 21.00	0.00	0.00	2,636.30 984.39 984.39 434.61 0.00 58.55 6,029.00 1,661.66
YT						00.0	0.00	0.00	000000000000000000000000000000000000000
Annual Budget						20.00 239.40 130,000.00 50.00	100.00	100.00	5,500.00 2,200.00 900.00 1,000.00 1,000.00 6,300.00 2,000.00

LAKE BONANZA WATER SUPPLY Profit & Loss Budget Performance

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08/08/19 Cash Basis

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Jul 19 Bu Jan -	GAL/PROFESSIONAL 0.00 AUDITOR 0.00 Legal Fees 0.00 LEGAL/PROFESSIONAL - Other 0.00	Total LEGAL/PROFESSIONAL 0.00 0.00	TCEQ PERMITS/FEES LONE STAR GROUNDWATER 0.00 0.00	Total Licenses and Permits 0.00 0.00	1,725.00 0.00 766.00 0.00 0.00 0.00 100.00 0.00 2,000.00 0.00 84.64 0.00		Printing and Reproduction 0.00 0.00 RDA NOTE 6.834.00 0.00		150.00 0.00		2,357.04 0.00	6,101.03 0.00 1,170.00 0.00	33,248.64 0.00	14,668.25 0.00
Jan - Jul 19 YT	6,350.00 506.25 0.00 0.00	6,856.25 0.00	1,826.93 0.00 3,672.42 0.00	5,499.35 0.00	12,075.00 0.00 5,220.00 0.00 667.50 0.00 200.00 0.00 14,000.00 0.00	677.50 0.00	188.06 0.00 47.838.00 0.00		530.85 0.00		15,989.37 0.00	37,665.27 0.00 12,980.00 0.00	246,733.17 0.00	57,559.11 0.00
Annual Budget	10,000.00	10,000.00	2,000.00	5,700.00	20,700.00 8,724.00 500.00 1,000.00 24,000.00	700.00	238		2 0)00'08 30'08	30,930.00	125,000.00 7,000.00	644,701.40	-644,701.40

LAKE BONANZA WATER SUPPLY Profit & Loss Budget Performance July 2019

Cash Basis

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Other Income/Expense	8- 50	:	Jan - Jul 19	<u></u>	Annual Budget
Other Expense CAPITAL IMPROVEMENTS	0.00	0.00	44,150.00	0.00	80,000.00
Total Other Expense	0.00	0.00	44,150.00	0.00	80,000.00
Net Other Income	0.00	0.00	-44,150.00	0.00	-80,000.00
Net Income	14,668.25	0.00	13,409.11	0.00	-724,701.40