



Bexar County Water Control & Improvement District #10

Policy & Procedure Manual

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SECTION 1: INTRODUCTION

1.01 PURPOSE.

The purpose of this document is to establish policies and procedures for the operation and maintenance of Bexar County Water Control and Improvement District (WCID) #10.

1.02 REPEAL.

All prior documents, notices, agreements and other published material or correspondence dealing with the subjects herein are herewith repealed. If any portion of this document is found to be legally unenforceable, only that portion will be repealed and the rest of the document shall remain in force. Any and all rights and privileges acquired by the Board of Directors remain reserved for the Board of Directors and are not waived.

1.03 CHANGES TO THIS MANUAL.

From time-to-time, changes or additions to these policies and procedures will be necessary to clarify current practices or accommodate a changing environment. Routine changes should be formally submitted for consideration to the Board of Directors at the monthly meeting. After discussion, a vote by the Board will be taken and their decision will be final. A simple majority will determine whether or not the change becomes District policy. In emergency situations where there is no policy or an immediate change to the policy is necessary, the General Manager will exercise his best judgment. The General Manager may or may not consult with members of the Board in these situations. Determination will be made at the next Board meeting as to whether or not the change becomes District policy.

1.04 DEFINITIONS.

Words, phrases and terms shall be given their usual and customary meaning except where the context clearly indicates a different meaning.

APPROACH MAIN – Water main that brings service to the perimeter of the property.

AWWA – The American Water Works Association.

BILL- a periodic statement containing a list of rates, fees, charges and/or rentals due and payable. Bills are mailed out on the last work day of the month.

BILLING PERIOD – The time between regularly scheduled billing dates. Billing date is the last day of the month, regardless of the day it falls on. Bills are mailed on the last business day of the month. The basis for billing is the meter reading taken between the nineteenth and twenty-second of the month. There are twelve monthly billing periods in each calendar year.

BOARD – The term “Board” shall mean and refer to the District’s governing body being the Board of Directors.

BORDER MAIN – A main which abuts the perimeter of a customer’s property and also abuts adjacent property and which may serve additional customers on such abutting or adjacent properties.

CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) – An authorization granted by the Public Utility Commission of Texas (PUC) (previously the Texas Commission on Environmental Quality (TCEQ)) for service within a defined territory. The CCN for the District’s water system is 10694 and the CCN for the District’s sewer system is 20287.

CONSTRUCTION COST OF MAINS – construction cost of all mains shall be the costs indicated in the new development policies for the installation of the water system extension, requested by the Developer-Customer and signed by the customer and the District. The “cost” shall include all related charges as set forth in the new development policies.

CONSUMER CONFIDENCE REPORT (CCR) – Annual report mandated by US Environmental Protection Agency and TCEQ. The CCR provides general information on the operation of the District and specific information of the contents of the water (minerals, contaminants, pollutants, etc.) the District provides to its consumers. A copy of the report is due to every customer no later than June 30 of each year.

CROSS-CONNECTION – Any unprotected actual or potential connection or structural arrangement between a public or consumer’s potable water system and any other source or system through which it is possible to introduce into any part of the potable system any used water, industrial fluid, gas, or substance other than the intended potable water with which the system is supplied. Bypass arrangements, jumper connections, removable sections, swivel or change-over devices, and other temporary or permanent devices through which, or because of which, backflow can or may occur are considered to be a cross-connection.

CUSTOMER – Every resident, firm, or corporation connected to the water system of the District.

DELINQUENT ACCOUNT – The past due amount that remains unpaid after notice has been sent to the customer. Usually this is an account that remains unpaid 40 days past the billing date.

DEMARCATION POINT – The point on a water or sewer service line at which maintenance responsibility changes from the District to the customer.

- a. **WATER SYSTEM:** The end of the nipple on the resident’s side of the meter. The resident’s service line will not be directly connected to the meter.
- b. **SEWER SYSTEM:** The property line (typically the fence or curb).

DEVELOPER-CUSTOMER – The person, company, or firm developing and/or subdividing (or platting) a parcel of land and who petitions the District for water and sewer service and who has entered into a contract with the District for the extension and installation of certain water distribution, fire protection, and sewer facilities. In any event, the term Developer-Customer shall be restricted to include only the owner, equitable owner, or authorized agent of such owner or equitable owner of land sought to be developed and/or subdivided.

DIRECT CROSS-CONNECTION – A cross-connection that is subject to both back-siphon and back-pressure.

DIRECTOR – The term “director” shall mean a person elected or appointed to serve on the District’s Board of Directors.

DISCONNECTION OF SERVICE – The turning off, locking, or removal of a meter.

DISTRICT – Bexar County Water Control and Improvement District #10.

DISTRICT OFFICIALS – The term “District Officials” shall mean District Directors, officers, employees and persons and business entities engaged in handling matters for the District as representatives of the District.

EASEMENT – An interest in land granted to the District for installation or maintaining a water or sewer line in, across, upon, over, under and through private land, together with the right to enter thereon with machinery and vehicles necessary to construct, reconstruct, realign, inspect, patrol, maintain, operate, repair, add, remove and replace water and/or sewer lines and facilities and related appurtenances in, across, upon, over, under and through the easement.

EDWARDS AQUIFER AUTHORITY (EAA) – The authority created by Senate Bill 1477 to manage the seven-county area of Central Texas that comprise the catchment, recharge and impound areas of the Edwards Aquifer. The EAA descended from the Edwards Underground Water Authority.

EMPLOYEE – The term “employee” means any person employed by the District, but it does not include independent contractors or professionals hired by the District as outside consultants.

ENGINEER – A person duly authorized and registered under the provisions of the Texas Engineering Registration Act to practice the profession of engineering.

FIXED ASSETS – are items that possess all of the following characteristics: an original unit cost of \$5,000 or more (including costs to install and implement the asset), physical substance, a life expectancy of more than three years, capable of repeated use, identifiable as an individual unit and accounted for separately (this criteria shall exclude construction and improvements to real property) not intended for resale within its expected useful life, not consumable (*e.g.*, office supplies), and not repair or replacement parts of a larger asset. The District also tracks and reports assets classified as “Controlled Assets.”

- a. **CONTROLLED ASSETS** – are those items with a purchase cost between \$500 and \$5,000. Additionally, the District tracks and reports other assets considered “High Risk Controlled Assets.”
- b. **HIGH RISK CONTROLLED ASSETS** – generally have a purchase price below or at those of Controlled Assets but are tagged and reported because of liability, insurance, licensing or other factors.

FRONTAGE – The side of the property along which a water main is located. If the main is installed within a street right-of-way, property on both sides of the street shall be considered as having frontage.

GENDER- Any references herein to the masculine gender shall also refer to the feminine gender in all appropriate cases.

HOUSE SEWER – The sewer line that carries sewage from the house to the District’s main sewer or sub-main sewer. It includes a properly designed and installed connection into the District’s main or sub-main. The customer’s responsibility for the house sewer ends at the demarcation point and the District’s responsibility starts at that point.

INDIRECT CROSS-CONNECTION – A cross-connection which is subject to back-siphon only.

LOT – An undivided tract or parcel of land having frontage on a public street and which is, or in the future may be, offered for sale, conveyance, transfer or improvement and which is identified by a tract or lot number or symbol in duly approved subdivision plat which has been properly recorded.

MAIN COVER DEPTH – Vertical distance measured between the finished ground surface and the top of an installed main.

MAPS – Maps located at the District offices depicting line locations, sizes, and other pertinent information.

METER – An instrument and appurtenances thereto used to measure water volume.

METER TESTING – Checking or testing the accuracy of a meter.

NORMAL OFFICE HOURS – Monday through Friday from 8:00 A.M. to 5:00 P.M., except for legal or posted holidays.

OFF DUTY HOURS – All hours that are not normal hours.

ON-SITE MAIN – A main which provides service within the perimeter of a property or along abutting roadways, alleys, utility easements, and/or other rights-of-way and which does not meet the definition of a border main.

OTHER REGULATORY AGENCY – The Texas Department of Health, the Texas Department of Licensing and Regulation (*i.e.*, abandoned or deteriorated water wells and reporting on abandoned well, as well as water-well drilling and pump installing), the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, the Railroad Commission of Texas (*i.e.*, surface casing of wells to protect groundwater), the State Board of Insurance, US Environmental Protection Agency and similar agencies as may exercise regulatory authority in the operation of the water and sewer systems.

OVERSIZE MAIN – A main of larger diameter than that required to provide service to and within the customer's property.

PAVEMENT WIDTH – The portion of the street available for vehicular traffic where curbs are laid, it is the portion between the faces of the curbs.

PERSON – Any individual, association, firm, corporation, entity, political subdivision, or government agency.

PLAT – A complete and exact plan for subdividing a tract of land into lots for building purposes which, if approved, may be submitted to the County Clerk for recording.

PLUMBING CODE – International Plumbing Code of the International Code Council. Adopted by reference as the District's plumbing code.

POINT OF DELIVERY – The point at which ownership of the water and service pipelines transfer from the District to the customer. This is the discharge side of the water meter for water service. It is the point where the house sewer ties in to the sewer main or sub-main.

PRESSURE REGULATOR – An instrument to regulate pressure. If located on the discharge side of a customer's meter, it is owned and maintained by the customer.

PUBLIC UTILITY COMMISSION OF TEXAS (PUC) – The PUC is responsible for the general supervision and oversight of sales, transfers and mergers, utility rates, and certificates of convenience and necessity (*i.e.*, CCNs). The PUC does not have original jurisdiction over the District’s rates; only appellate jurisdiction.

RECORD DRAWINGS – Drawings showing locations and size of the water and sewer systems as near as possible and conforming to District standards.

RENTER – A person who rents property from another person (*i.e.*, landlord).

RESTORE SERVICE – To reestablish a disconnected service.

SERVICE – The actual delivery of water or sewer service to a customer, including all acts done, rendered, or performed in the delivery of these services by the District.

SERVICE AGREEMENT – An agreement between the customer and the District outlining the responsibilities of each regarding water service.

SEWER MAINS – Sewer pipe installed to carry wastewater from the customer’s property including all manholes, wyes, and fittings required to operate a proper sewer collection system.

SHALL, WILL, and MAY – The words “shall” and “will” are mandatory. The word “may” is discretionary.

SINGLE-CUSTOMER – A person not qualifying as a Developer-Customer who applies for an extension of water and sewer service to one property or lot for a single-family dwelling, a commercial business establishment or other type of establishment, whether existing or to be erected.

SINGLE FAMILY RESIDENTIAL – Service supplied from one meter or one connection to a single building designed, built, and used as a single-family residence.

SUBSTANTIAL INTEREST – The term “substantial interest” shall mean that as defined by Local Government Code Chapter 171 which regulates conflicts of interest of the district’s directors.

SURVEYOR – A person duly authorized and registered under the laws of the State of Texas to practice the profession of surveying.

TYPES OF CUSTOMERS:

- a. **SINGLE RESIDENTIAL CUSTOMER** – A customer receiving water and sewer service to a single-family residence.
- b. **APARTMENTS AND DUPLEX CUSTOMER.** These multiple-residence customers are classified as a single consumer having a single owner and served by one or more meters. The customer may be an entity responsible for building management. No sub-metering or selling of water is allowed. The single owner or management is billed for all service and is responsible for piping to each unit.
- c. **COMMERCIAL CUSTOMER** – A customer receiving water and sewer service at a commercial business establishment.
- d. **TEMPORARY SERVICE CUSTOMER.** A temporary service customer is a consumer who will receive water service for a limited period of time. Temporary service may or may not be metered. It is usually provided for the purpose of road or building construction, for seasonal service. When using this category, water service will be provided at a point in the distribution system designated by the General Manager of the District.
- e. **OTHER CUSTOMERS** – Any consumer not specifically identified above.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY (TCEQ) – The Texas Commission on Environmental Quality was formerly known as the Texas Natural Resources Conservation Commission and Texas Water Commission. The TCEQ is responsible for drinking water quality including residual disinfectant reporting, consumer confidence reporting; surface water rights and availability including planning for water conservation and drought; surface water quality in rivers, lakes and estuaries; wastewater and stormwater including discharges, operating wastewater treatment plants, and permitting, maintenance and construction requirements for on-site sewage facilities; and surface water/groundwater and wells including operating surface water treatment plants, operating groundwater treatment plants, well casing, well siting and sanitary control easements, and locating and constructing water wells. The TCEQ is the state arm of the United States Environmental Protection Agency.

TEXAS WATER CODE (TWC) – The acronym “TWC” shall mean the Texas Water Code.

VACANT ACCOUNT. An account for which we cannot locate the property owner or the property owner requests that service be completely terminated and the meter removed.

WATER AND SEWER CONNECTION CHARGES – Those charges of the District to the customer, for the connection to water and sewer mains.

WATER MAINS – Water pipe installed to carry water to the customer's property, including all fittings such as tees, crosses, elbows, fire hydrants, valves, etc., needed to operate a proper water system.

SECTION 2: ORGANIZATION/ADMINISTRATION

2.01 STATEMENT OF ORGANIZATION.

Bexar County Water Control and Improvement District Number 10 (WCID #10 or District) was created in 1955, under the terms and provisions of Section 59 of Article 16 of the Texas Constitution and Chapter 3A, Title 128, Revised Civil Statutes of 1925 (together with all amendments and additions thereto). The District contains approximately 1.042 acres and its boundaries include all of the City of Windcrest and a portion of the City of San Antonio. The District's System Identification Number is 0150106. The District's water system is covered by Certificate of Convenience and Necessity (CCN) Number 10694 and the sewer system is CCN 20287.

2.02 STATEMENT OF RESPONSIBILITY.

The District is responsible for the operation of the water and sewer systems under its jurisdiction and to ensure that said systems meet requirements established by federal, state, and other regulatory agencies.

2.03 CODE OF ETHICS.

It is the District's policy that the District Officials shall conduct themselves in a manner consistent with sound business and ethical practices; that the public interest shall always be considered in conducting District business; that the appearance of impropriety shall be avoided to ensure and maintain public confidence in the District; and that the District's Board of Directors (Board) shall control and manage the District's affairs fairly, impartially, and without discrimination, and according to the District's purpose. (*See* Section 49.199 of the Texas Water Code.)

2.04 CONFLICTS OF INTEREST.

All Directors are subject to and shall comply with the conflict of interest requirements of Chapter 171 of the Texas Local Government Code. (*See* Sections 171.001-171.010 of the Texas Local Government Code and Sections 49.058 and 49.214 of the Texas Water Code.)

2.05 DISCLOSURE OF CERTAIN RELATIONSHIPS WITH DISTRICT OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION.

All Directors are subject to and shall comply with the relationship disclosure requirements of Chapter 176 of the Texas Local Government Code. (*See* Sections 176.001-176.013 of the Texas Local Government Code.)

2.06 NEPOTISM.

The Board shall not confirm the appointment to any position, nor award a contract, to a person related to a member of the Board within the second degree by affinity (marriage) or within the third degree by consanguinity (blood) when the salary or other compensation of such appointee is paid, directly or indirectly, from District funds, except as provided by Chapter 573 of the Texas Government Code. (*See* Sections 573.001-573.084 of the Texas Government Code.)

2.07 ACCEPTANCE OF GIFTS.

A District official shall not solicit, accept, or agree to accept any benefit of value from a person or business entity the District official knows is interested in or likely to become interested in any contract, purchase, payment, claim, or other transaction involving the exercise of their discretion as a public servant, or any matter before the Board, or likely to come before the Board for any decision, opinion, recommendation, or vote.

The prohibition against gifts or favors in section 2.07 herein shall not apply to: 1) an occasional non-monetary gift, valued at less than \$25.00, or 2) an award publicly presented in recognition of public service.

2.08 USE OF DISTRICT PROPERTY.

No Director, officer, or employee shall permit any personal or unauthorized use of District-owned or District-controlled equipment, materials, supplies, or property.

2.09 BOARD OF DIRECTORS.

Directors are elected officials who are responsible for providing overall policy and guidance for the District. The Board consists of five Directors who serve four-year terms. Elections are held every two years with three positions up for consideration during one period, and the other two positions two years later. The President, Vice-President, Secretary, and Treasurer are elected by the Directors. Engineering, financial, and legal consultants are available to provide professional advice in their respective areas. The consultants are not voting members. Additionally, the General Manager is a non-voting attendee at all Board meetings.

A. Qualification of Directors.

A person shall not serve as a Director if he is not qualified to do so under the provisions of Chapter 49 of the Texas Water Code and Chapter 141 of the Texas Election Code. (*See* Section 49.052 of the Texas Water Code and Section 141.001 of the Texas Election Code.)

B. Election of Board Directors.

1. The election of Directors shall be held in an even-numbered year on the first Tuesday after the first Monday in November or the date nearest thereto as may be required by the Texas Water Code, Texas Election Code and any other applicable law. Each qualified voter shall be entitled to vote. Candidates for each Director seat shall be elected at large. (*See* Section 41.001 (a)(3) of the Texas Election Code.)
2. Regulation of Elections. All District elections shall be conducted in accordance with the applicable provisions of the Texas Water Code, Texas Election Code and any other applicable law.
3. Candidate Filing for Office. Any qualified person as prescribed by the Texas Water Code, Texas Election Code and any other applicable law, (*i.e.*, (a) must be a U.S. citizen, (b) must be 18 years of age or older on the first day of the term to be filled at the election, (c) must be a resident of Texas, and (d) must be either a qualified voter in the District or an owner of taxable land in the District) may apply to be placed on the official ballot for the position of Director. The application shall be made in accordance with the Texas Water Code, Texas Election Code and all other applicable law and shall state that the candidate agrees to serve if qualified and elected. Each candidate shall execute such oath and other official form or affidavit as required by the Texas Election Code. The General Manager shall review the application and notify the candidate whether or not the application satisfies the requirements of the Texas Water Code, Texas Election Code and any other applicable law. If an application is insufficient, the General Manager shall return it within three (3) business days of submission with a written statement of such insufficiency to the candidate. The candidate may file a new application within the regular time for filing applications. The General Manager shall keep on file all applications in accordance with State law.
4. Official Ballot. The President of the Board shall determine the order of the names of the candidates on the ballot in accordance with the procedures set out in Section 52.094 of the Texas Election Code which stipulates that a drawing be used to determine order when more than one candidate is running for the same office. The name of each candidate seeking an elective office, except those that have withdrawn, died, or become ineligible prior to the time permitted for withdrawal, shall be printed on the official ballot in the name designated by the candidate in accordance with the Texas Election Code. Early voting shall be conducted pursuant to the Texas Election Code.

5. Canvassing and Election Results. The election judges shall deliver forthwith the returns of the District election to the General Manager with a copy being sent to the President of the Board. The Board shall canvass the returns and declare the official results of the election as provided by the Texas Election Code.
6. Elections by Majority/Plurality. A plurality vote for an elected office is that number which is greater than the number cast for any other candidate for the respective position. The candidate who receives a plurality vote shall be declared elected, *i.e.*, if three candidates are running to fill two vacancies, the two candidates receiving the most votes are deemed the winners. In the event of a tie, a run-off election shall be held in accordance with the Texas Election Code.
7. Budget Requirements. The General Manager shall ensure that adequate funds are programmed in the annual budget to finance the election.

C. Filling a Board Vacancy.

When a Director vacancy occurs by resignation, the resignation is effective immediately on the date when given to the Secretary or President of the Board and may not be withdrawn. The resigning Director shall continue serving on the Board until the time his successor is appointed and qualified. All Directors shall vote for the replacement. If the vacancy occurs by death, the remaining Directors shall vote for the replacement. Either vacancy must be filled within 60 days or TCEQ must be notified and will appoint the replacement. (*See* Section 49.105 of the Texas Water Code and Sections 201.022 and 201.023 of the Texas Election Code and Art. 16, Section 17 of the Texas Constitution.)

D. Vacancy Because of Unqualified Director.

If the Board determines that a Board Member is not qualified to serve on the Board, then the Board must replace that Director with a qualified person within 60 days. The unqualified Director cannot continue serving on the Board until his successor is appointed and qualified. (*See* Section 49.052 of the Texas Water Code, if applicable.)

E. Director Absence from Meetings.

Any Director who misses six meetings in a 12-month period shall be terminated and removed as a Director and his/her position is considered vacant the last work day of the month in which the sixth absence occurs. The procedure in Section 2.04 C herein shall be followed to fill the vacancy. In both cases, the terminated Director shall continue serving on the Board until the time his successor is appointed and qualified and can vote for his/her replacement. (*See* Sections 49.052 and 49.105 of the Texas Water Code.)

F. Oath of Office.

All Directors elected and appointed officers shall take and sign the Oath of Office prescribed for State elective and appointed offices, respectively, by the Constitution of the State of Texas. Every officer of the District shall, before entering upon the duties of the office, take and subscribe to the following oath or affirmation to be signed, filed and kept in the business office of the District:

“I, _____, do solemnly swear (or affirm) that I will faithfully execute the duties of the office of Director, Bexar County Water and Control District #10 of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and the State of Texas.”

G. Questions to the District’s Legal Counsel.

All inquiries from Directors seeking advice from the District’s legal council will be routed through the General Manager and Board President. The District’s legal counsel will refer inquiries back to the requestor with an information copy of the response to the General Manager and/or the President. If the inquiry involves misconduct of the Board President or General Manager, legal counsel will exercise discretion in his response.

H. Public Information Requests.

The Directors are not required to comply with the Texas Public Information Act request procedures to access any information maintained by the District.

2.10 GENERAL MANAGER.

A. Duties.

The District General Manager is accountable to the Board and shall have full authority to manage and operate the affairs of the District. The General Manager is authorized to implement and monitor all Policies of the District, but shall not modify such policies without the express approval of the Board. The General Manager shall report violations of the policies and procedures governing the establishment, maintenance, and operations of the District to the Board if unable to resolve it upon discovery. In the absence of specific guidance, the General Manager is expected to use common sense and generally accepted business practices to achieve the goals of this District.

B. Filling a General Manager’s Position.

When there is a vacancy in the General Manager’s position, the Board will authorize the outgoing General Manager or the Office Manager to publish the open position in the local

newspaper and other professional publications. The Board will establish a committee consisting of Directors to review applications and conduct initial interviews. The committee will select the top 2-3 candidates to recommend at the next Board meeting. During the meeting, Directors may conduct a second interview and vote on the replacement. If a majority of the Board cannot agree on a candidate for the position, then the process will start over. If unable to find a suitable replacement in a timely manner, the Board may select an interim General Manager.

C. Performance Review.

The General Manager will receive a performance review yearly during November. The Board President will conduct the review. (*See District's Personnel Manual.*)

2.11 PROCUREMENT & DISPOSITION POLICY.

A. Purchasing of Goods & Services.

1. The District shall comply with Chapter 49 of the Texas Water Code with respect to the purchase of goods and services and shall adhere to the contract award procedures for goods outlined in Chapter 49 of the Texas Water Code (*See Sections 49.273(d)-(l) of the Texas Water Code.*)
2. The general purchasing process begins with the planning and identification of requirements and progresses to requisition, contract generation, receipt and payment of goods and services.

B. Professional Services.

The District shall comply with the Professional Services Procurement Act in Chapter 2254 of the Texas Government Code. (*See Sections 2254.001-2254.007 of the Texas Government Code.*) The performance of the consultants providing professional services to the District shall be regularly monitored and reviewed by the Board, and the Board may appoint a professional services committee to provide such monitoring and review to the Board.

C. Construction, Equipment, Materials and Machinery.

The District shall comply with Chapter 49 of the Texas Water Code with respect to construction, equipment, materials and machinery contracts. (*See Sections 49.271-49.279 of the Texas Water Code.*)

D. Acquisition of Property and Existing Facilities.

The District shall comply with Chapter 49 of the Texas Water Code with respect to the acquisition of property and existing facilities. (See Sections 49.218-49.219 of the Texas Water Code.)

E. Leasing, Sale or Exchange of Real or Personal Property.

The District shall comply with Chapter 49 of the Texas Water Code with respect to the leasing, sale or exchange of real or personal property. (See Section 49.226 of the Texas Water Code.)

F. Purchase, Sale or Other Exchange of Water or Water Rights.

The District shall comply with Chapter 49 of the Texas Water Code with respect to the purchase, sale or other exchange of water or water rights. (See Section 49.2261 of the Texas Water Code.)

G. Verifying Orders.

When a shipment of goods is received, the District employee receiving the shipment should perform the following steps:

1. Open the shipment promptly (within 24 hours) and inspect the shipment.
2. Verify that the order belongs to the District.
3. Compare the actual items and quantities delivered to the items and quantities on the delivery slip and match it with the items and quantities ordered. Note any differences in quantity and any items that have been back ordered.

2.12 RECORDS RETENTION.

The District shall comply with Chapter 552 of the Texas Government Code and Chapters 201 through 205 of the Texas Local Government Code with respect to retention and maintenance of the District's records.

2.13 OPEN MEETINGS.

The District shall comply with the Texas Open Meetings Act in Chapter 551 of the Texas Government Code with respect to the conduct of all District meetings. (See Sections 551.001-551.146 of the Texas Government Code.)

2.14 PUBLIC INFORMATION.

The District shall comply with the Texas Public Information Act in Chapter 552 of the Texas Government Code with respect to the acquisition, assembly, maintenance and release of District records. (See Sections 552.001-552.353 of the Texas Government Code.)

2.15 IDENTITY THEFT PREVENTION.

The District adopts the following security procedures:

A. Storage of Secure information.

Paper documents, files, and electronic media containing secure information will be stored in locked file cabinets. File cabinets will be stored in a locked room.

B. Key to Secure Rooms and Cabinets.

Only specially identified employees with a legitimate need will have keys to the room and cabinet.

C. Files Containing Personal Information.

Files containing personally identifiable information are kept in locked file cabinets except when an employee is working on the file.

D. Sensitive Information.

Employees will not leave sensitive papers out on their desks when they are away from their workstations.

E. Log off Computers.

Employees will log off their computers at the end of the work day and lock all office doors. During work hours, if an employee leaves his office unoccupied, he will either lock his computers or the office doors.

F. Locking File Cabinets.

Employees lock file cabinets when leaving their work areas.

G. Visitors in Sensitive Storage Areas.

Visitors who must enter areas where sensitive files are kept must be escorted by an employee of the utility.

H. Sharing of Entry Codes and Unescorted Access.

No visitor will be given any entry codes or allowed unescorted access to the office.

I. Passwords for Computers.

Access to sensitive information will be controlled by requiring passwords. Employees will choose “strong” passwords using a mix of letters, numbers, and characters. User name and password will be different. Passwords will not be shared or posted near workstations.

J. Installing New Software and Change of Vendor Password.

When installing new software, immediately change vendor-supplied default passwords to a more secure strong password.

K. Daily Security Requirements.

Anti-virus and anti-spyware programs will be run on individual computers and on servers daily.

SECTION 3: FINANCIAL MANAGEMENT

3.01 INVESTMENT POLICY.

A. Preservation of Principal.

The preservation of the District's principal shall be the primary concern of the District Officials who are responsible for the investment of District funds. To the extent that the principal is protected, District funds shall be invested to yield the highest possible rate of return, taking into consideration the strength of the financial institution, and complying with any laws or regulations (including arbitrage provisions) and procedures set forth in any bond resolutions or orders, adopted from time to time by the Board, requiring yield restrictions. Funds of the District shall be invested by the District's officials according to this policy. Any resolution or order adopted by the Board on investment policies or procedures shall be in writing and shall be made available to the public. (See Appendix J, Article III, Section 3.02A of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J).

B. Investing Funds.

District funds shall be invested and reinvested by the District's investment officer only in national or state banking associations or savings and loan associations located within the State of Texas ("Texas financial institutions"), or, in federal treasury bills. The principal, plus accrued interest, invested in financial institutions according to this policy shall not exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits or exceed the collateral pledged as security for the District's investments. (See Appendix J, Article III, Section 3.02B of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J). It shall be the responsibility of the District's investment officer to invest and reinvest the District funds according to this policy to meet the District's needs and requirements. It shall be the policy of the District that funds shall not remain in any given investment for longer than two years but no more than five years. The Board, by separate resolution, may provide that the investment officer may withdraw or transfer funds from and to the District's accounts on such terms as the Board considers advisable. Providing however, that nothing herein above provided shall authorize any transfer, expenditure, or appropriation of District funds, other than for the District's own account, unless by check or draft signed by a majority of the Board or as authorized by separate Board order or resolution. (See Appendix J, Article III, Section 3.02C of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J).

C. Types of Investment Accounts.

Funds in the District accounts shall be invested by the District's investment officers as follows:

1. Construction or Capital Projects Account: Funds in this account shall be invested in accordance with any applicable orders of the TCEQ and/or other applicable Regulatory Agency to meet the construction needs of the District as determined by the District's engineer.
2. Debt Service Account: Funds in this account shall be invested to meet the debt service requirements of the District and to comply with the District's bond resolutions or orders.
3. Operating or General Account: Funds in this account shall be invested to meet the operating requirements of the District as determined by the annual operating budget of the District, or by Board resolution. (*See Appendix J, Article III, Section 3.02D of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J*).

D. Investment Committee.

The Board shall establish an investment committee, composed of the District's investment officer, the District's financial advisor, and at least one Director in the event total District funds exceed \$5,000,000. The investment committee shall meet quarterly to monitor and review the investments and collateral of the District. This investment officer shall be the chairman of the committee. The committee shall report concerning the District's investments transaction for the preceding year describing the investment position of the District at the end of each fiscal year. The report shall be signed by the members of the committee. The committee also shall report to the Board on its review the month following each quarterly meeting. (*See Appendix J, Article III, Section 3.02E of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J*).

E. Security of District Funds.

It shall be the policy of the District that all funds shall be insured by the FDIC or by collateral pledged to the extent of the fair market value of the amount not insured. The District Officials recognize that FDIC insurance is only available up to a maximum of \$250,000 (including accrued interest) per account and that the amount of funds at any one Texas financial institution (including branch banks located within the same county) will be totaled to determine the maximum amount of insurance coverage needed. (*See Appendix J, Article III, Section 3.03A of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J*).

To the extent District funds are not insured by the FDIC, there shall be pledged as collateral, to the extent of the market value thereof, any of the following securities:

1. Government securities or obligations issued by the State of Texas, its agencies political subdivisions, and approved by the Attorney General of Texas payable from taxes or revenues, approved by the investment committee; or,
2. Direct obligations of the United States of America backed by the full faith and credit of the government; or,
3. Any other obligations or securities authorized to be collateral securing funds of districts under the laws of the State of Texas, approved by the investment committee (collectively, the “collateral”). (See Appendix J, Article III, Section 3.03B of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J).

F. Value of Collateral.

If the investment committee is established, it shall review the fair market value of the collateral pledged to secure the District’s funds on a quarterly basis to ensure that the District’s funds are fully secured. The investment committee shall report to the Board on its review the month following each quarterly meeting.

G. Sharing or Splitting Collateral.

There shall be no sharing or splitting of collateral with other parties or entities. The investment officer shall ensure that the custodian of the collateral shall be an independent third-party Texas financial institution and that the collateral shall be pledged only to the District. The investment officer shall obtain safe-keeping receipts from the Texas financial institution. (See Appendix J, Article III, Section 3.03D of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J).

H. Compliance With Investment Act.

The District shall comply with the Public Funds Investment Act in Chapter 2256 of the Texas Government Code (*i.e.*, Sections 2256.001-2256.055 of the Texas Government Code). To the extent of any inconsistencies between these policies and the Public Funds Investment Act, the Public Funds Investment Act will control. (See Section 49.157 of the Texas Water Code.)

3.02 AUDIT POLICY.

A. Annual Audit Requirement.

Unless otherwise exempted by the rules of the TCEQ, the District's fiscal accounts and records shall be audited annually according to state law governing the audits of the districts, at the expense of the District, by a certified public accountant familiar with the TCEQ's rules, regulations, standards, and guidelines applicable to District audits.

B. Filing Audit.

The audit shall be completed and filed within the time limits established by the Texas Water Code. A copy of the audit shall be filed with the TCEQ together with an annual filing affidavit in the form prescribed by the Texas Water Code. In the event the Board refuses to approve the annual audited report, the District shall file a statement with the audit to explain the Board's reasons for disapproving the audit.

C. Insufficient Audit Funds.

If the District does not have sufficient revenues so that it meets the requirements of the Texas Water Code for a financially dormant or an inactive district, it may prepare and submit the financial dormancy affidavit or financial report described in the Texas Water Code instead of filing an audit report.

D. Change of Auditor.

Every 5 years, a new Audit Firm will be selected by the Board to audit the District's funds.

E. Audit Committee.

The Board shall establish an audit committee comprised of one or two directors and such persons as the Board may deem appropriate. The persons selected should not be directly responsible for work subject to the audit. The audit committee shall conduct, at a minimum, an annual review of the District's financial status. The committee shall monitor variances from the District's budget and shall review the District's audit report and shall make recommendations to the Board. (*See Appendix J, Article III, Sections 5.03A-C and 5.04 of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J.*)

3.03 BUDGET POLICY.

A. Budget Committee.

The Board shall establish a budget committee comprised of the General Manager, District Treasurer, and such persons as the Board may deem appropriate. The budget committee shall conduct, at a minimum, a semi-annual review of the District's financial status, monitor variances from the District's budget, prepare the District's proposed budget for Board approval and make other financial recommendations to the Board as needed.

B. Budget.

The District shall annually adopt a budget according to Title 30 of the Texas Administrative Code, Section 293.97 for use in planning and controlling District costs. Such budget shall take into consideration all District revenues, including, but not limited to, utility fees, taxes and surcharges, if any, and all projected District obligations and expenditures. The budget may be amended at any time, but such amendment shall be approved in advance by the Board. The General Manager of the District may have the authority to reallocate up to 10% of any line item between budget lines, as approved by the Board. (*See Appendix J, Article III, Section 5.05 of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J*).

3.04 DEBT MANAGEMENT POLICY.

A. Purpose.

The District recognizes debt can be an effective way to finance capital improvements. Properly managed debt preserves credit ratings, provides flexibility in current and future operating budgets, and provides long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the District has adopted the following debt management policy.

B. Long-term Debt.

Long-term debt will be issued only for one-time capital improvement projects. Long-term borrowing will not be used to finance current operations or normal maintenance.

C. Debt Maturity.

Debt maturity will not exceed the lesser of: the useful life or the period of probable usefulness of the capital improvement project financed.

D. Annual Debt Service.

Annual debt service payments should generally not exceed 20% of the District's total budgeted expenditures for all funds. The District's annual operating budget will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year. The District shall strive to repay at least 20 percent of the debt within five years and at least 40 percent within ten years.

E. Outside Financial Advisors.

The District will employ outside financial specialists, including a financial advisor and bond counsel, to assist in developing a strategy and preparing documents. Good communications will be maintained with all entities involved in the debt issuance and management.

F. Disclosure of Debt.

Comprehensive annual financial reports and official statements will reflect the District's commitment to full and open disclosure concerning debt.

3.05 TRAVEL EXPENDITURES POLICY.

A. Purpose.

According to the limitations in Section 49.060 of the Texas Water Code, the Board hereby establishes policies for reimbursing District directors, officers, and employees for actual travel expenses incurred while performing their official duties.

B. Authorized Expenses.

Authorized expenses include cost of meals; lodging; commercial travel; in some cases, personal automobile mileage; and other necessary and reasonable costs incurred while on official business away from designated headquarters.

C. Reimbursement.

Reimbursement for all travel expenses shall be subject to approval by the Board. The reimbursement request shall include a statement of the business purpose of the travel, date, time, and place, and shall be accompanied by supporting receipts and invoices.

D. Meals and Lodging.

Reimbursement to Directors or employees for actual expenses for meals and lodging shall not exceed the maximum amount allowed for state legislators.

E. Transportation.

Directors or employees who use personal vehicles while on District business travel may be reimbursed for actual miles driven at the current rate allowed by the Internal Revenue Service. Mileage will be computed by the most direct route, and the use of personal vehicles for District travel must be approved by Board action in advance of the travel event. Subject to the Board's direction and discretion, Directors or employees traveling by commercial transportation may receive reimbursement of the actual transportation cost when performing official business, with due consideration of serving the public's best interest. (See Appendix J, Article III, Sections 2.01, 2.02 & 2.03 of the Texas Commission on Environmental Quality, Water District Financial Management Guide, Publication RG-080# Revised March 2004 J).

3.06 FINANCIAL RECONCILIATION AND REVIEW POLICY.

A. Accounts Receivable.

Payments are received from customers by check, cash and/or debit/credit card. Customers have the option to pay their bill in person, online or over the phone. All payments received before noon (12:00p.m.) are processed in house that day. Payments that are received after this will be processed the next working day. In house debit/credit card payments will be closed daily and will be processed once the total is reflected in the District's bank account (usually the next working day). Web payments with a debit/credit card will be processed once the total is reflected in the District's bank account (usually every other working day). Payments are received from customers and separated into batches. Once batches have been totaled they are entered into CUSI (Continental Utility Solutions, Inc.) Billing System by the District's Billing Clerk. Once each batch is closed a session number will be associated with the dollar amount. Each session will be deposited into the District's Operating Account at the bank. The District's Office Manager will transfer all transactions from CUSI into Intuit QuickBooks and compile the CUSI vs. QuickBooks vs. Bank reconciliation daily report.

B. Accounts Payable.

Accounts payables are processed once a week. Invoices are received in the mail or by email, on a daily basis. All invoices are stamp dated and put into a "hold" file. The day before checks are to be processed, the Office Manager will give the "hold" file to the General Manager. They will look through and approve invoices for payment. The approved invoices are then entered into Intuit QuickBooks by the Office Manager. Once checks have been processed the invoices are attached with the check on top for signatories to review. Once the checks have been signed the Office Manager will stamp the front of the invoice and will provide the check number, date check was printed and their initials. The invoices are then filed and the checks mailed.

C. Payroll.

Employees are paid twice a month (on the 15th and the last working day of the month). Payroll is for real-time with no delay in pay. All employees are required to use direct deposit for their paychecks. Payroll must be completed no later than three days prior to payday to assure that Intuit has adequate time to put money into bank accounts. Payroll is entered into Intuit QuickBooks by the Office Manager. Once completed and before submission of checks to Intuit, a summary report is printed and submitted to the General Manager for approval. Once approved, the Office Manager submits payroll to Intuit and prints out employee pay stubs.

3.07 INVENTORY.

A. Inventory.

An inventory check is conducted at a minimum yearly. The General Manager will send representatives to each department/office worksite and attempt to locate the assets, reconcile the findings to the inventory records for that department/office, and evaluate differences with the department/office. Each department/office shall designate an employee to assist with the process of determining the location of assets and providing information; regarding asset additions, deletions, corrections, and/or additional comments. The department/office inventory records are reconciled and exceptions identified by January 1st each year.

B. Disposal.

The General Manager is responsible for identifying and disposing of assets that are declared “surplus.” The General Manager will bring these items to the District’s Board. The Board must declare these assets as “surplus” to dispose of them. Items determined “surplus” shall be disposed in accordance with Chapter 49 of the Texas Water Code. Any funds from surplus sales will be placed in the general funds.

3.08 CREDIT CARD POLICY.

A. Policy.

The District credit card policy is intended to provide District employees having access to District credit cards guidelines and procedures governing the use of these credit cards.

B. Authorized Use.

The District’s credit cards are to be used for the sole purpose of conducting District business. Any unauthorized or personal use of the credit cards is strictly prohibited. **No**

exceptions will be made. The District shall investigate any unauthorized use of a District credit card and may take disciplinary action.

C. Responsibility.

The District credit cards are the responsibility of the General Manager. If any of the District credit cards are lost or stolen it must be reported to the General Manager, Windcrest Police Department and the Board President immediately.

D. Personnel Authorized to Use Credit Cards.

The District has credit cards issued through their bank (1), a home improvement store (2), and a gas station (4). Personnel issued and/or authorized to use these cards are:

1. Bank credit card – Any employee making a purchase that has been pre-approved by the District’s General Manager, Office Manager or Field Supervisor. This credit card is kept secured in the District’s safe.
2. Home Improvement credit card – General Manager and Field Supervisor. At the General Manager’s discretion, these credit cards are either carried or kept in the District’s safe.
3. Gas station credit cards – District’s General Manager, Field Supervisor, Lead Technician and Field Technician. At the General Manager’s discretion, these credit cards are either carried or kept in the District’s safe.

E. Return of Credit Cards.

If the employment of a District employee who was issued a credit card is terminated, he is to return the credit card to the General Manager or Office Manager. The employee’s final pay check shall be held until the credit card is surrendered.

3.09 CREDIT CARD PURCHASES.

A. Credit Card Users.

The District provides the credit card to allow immediate access to goods and/or services and can dramatically shorten the process time necessary in the traditional requisition process. Those individuals who have been issued credit cards may initiate a transaction within the limits of this procedure and receive goods.

B. Making a Purchase.

Purchasing procedures permit the purchase of goods or service if their value is \$25,000 or less. It is the policy to seek competition when possible, use existing contracts and seek the lowest prices within the parameter of quality and delivery. Accordingly, whenever making a credit card purchase, the authorized employee will check sources of supply as reasonable to the situation to assure the best price and delivery.

C. Credit Cardholder Record Keeping.

Whenever a credit card purchase is made, receipts and documentation shall be submitted to the Office Manager as soon as possible. For purchases using the bank credit card, the receipt along with the credit card are immediately returned to the Office Manager or Billing Clerk. The Office Manager retains all receipts to reconcile with the monthly invoices/statements. If any receipts are missing, the Office Manager will notify the Field Supervisor or the appropriate employee. All transactions are accounted for in the District's financial tracking system, QuickBooks. Receipts are then filed in the appropriate account file.

3.10 REBATES AND BILLING.

A. Uniform Rates for Customers.

A uniform monthly water usage rate shall be charged to all water customers within the boundaries of the District.

B. Rate Setting.

The District is empowered to establish water and sewer rates, water charges, fees, rentals and/or special service rates if extenuating circumstances exist. The rates, charges, fees and/or rentals may be revised from time to time.

C. Entering New Rates.

The General Manager will submit and recommend to the District Board possible new rates, charges, fees and/or rentals. At the following regular monthly Board meeting the General Manager will submit a resolution stipulating the recommended new rates, charges, fees and/or rentals. Once the Board approves the resolution, the General Manager will instruct the Office Manager to enter the new rates, charges, fees and/or rentals into the District's Billing System (CUSI) to be effective the next billing cycle. The General Manager will verify that new rates, charges, fees and/or rentals have been entered and report back to the Board at the next regular monthly Board meeting that the new rates, charges, fees and/or rentals are in effect.

D. Billing for Water Pass through Meters.

Customer will be billed for all water that passes through the meter based on the premise that the District has no control over the customer's lines or facilities other than cross-connections rules. However, under circumstances such as a leak clearly beyond the control of the customer, the General Manager has the authority to make adjustments. This exception is limited to periods when drought management/critical period rates are in effect. The General Manager will keep the Board informed of significant adjustments.

Definition: Nondiscretionary Use – Nondiscretionary use is for all water used that is essential to health and safety of the residents. This is for, but not limited to, water for drinking, cooking, sanitation and bath facilities, laundry and dishwashing and similar traditional domestic uses.

Definition: Discretionary Use – Discretionary use is for all water not included in nondiscretionary use. It consists of irrigation systems, pools and spas, washing of vehicles, sports craft, etc. As the name implies, this is a nonessential use entirely under the control of the customer.

1. Application for Adjustment to Water Bill. If a customer requests an adjustment to his water charge because he experienced a problem beyond his control that resulted in excessive consumption, he will be provided an adjustment application. The definitions above will be used to adjudicate the application. Adjustments that involve nondiscretionary use will be more favorably considered than those involving discretionary use. For high consumption due to circumstances controlled by the customer, no adjustment will be made. For example, adjustments will not be made for a hose accidentally left running or when there is a broken sprinkler head or distribution line in the sprinkler system. Whenever possible, the application should be filed before the end of the billing period during which the problem occurred. The requestor must certify by signature and provide any evidence (*i.e.*, receipts from plumber or repair parts) that the problem has been corrected before an application will be considered. In determining the adjustment, the following rules will be applied.
2. The District will prepare a work order and read the meter as soon as practical after the application for adjustment is filed. That reading will be recorded on the application for consideration at the time an adjustment is being computed.
3. To establish a baseline upon which an adjustment will be made, the customer's consumption history will be reviewed and consumption for the same billing period for previous years will be averaged. In the event multiple years of consumption history are not available, whatever history the customer has established will be used to compute an average.

4. The adjustment will be computed as follows:
 - a. The customer will be charged the Critical Period (CP) rate for all water used equal to the amount computed in paragraph 3.10 D.3. above.
 - b. For any consumption, more than the average computed above, the customer will be charged the rate that would normally be in effect. For example, a customer who experiences consumption of 45 ccf in July and has a historical July consumption of 15 ccf would be charged CP rates for the first 15 ccf and normal rates for the remaining 30 ccf.)
5. Adjustments will be computed after end-of-billing-cycle readings have been posted and the new bill is computed. For consistency, the recorded date of the adjustment will be the last day before the billing date.

E. Bill Due when Sent.

All bills shall be considered rendered when delivered to the United States Post Office with postage prepaid for mailing to the customer. Failure of the customer to receive any such bill shall in no way relieve the customer of the duty and obligation to pay for the services rendered. Payment in full is due to the District by close of business on the fifteenth of the month, or the first business day thereafter if the fifteenth is on a holiday or weekend.

F. Billing Cycle.

The billing date is the last day of the month, regardless of when that day falls. Water meters are read between the 19th and 22nd of each month and water and sewer charges are based on the meter reading obtained at that time. It is the District's practice for the reading to be taken on the same date every month, *i.e.*, if the meter is read on the 21st, it is always read on the 21st. Regardless of date the meter is read, it is posted as of the 22nd. Regular bills are mailed on the last business day of the month.

G. Computation of Sewer Charges.

For residential customers, the monthly sewer charges will be based on an average of three months water consumption encompassing the period of November 19 through February 22. If less than three full months service, the average will be based on the average of the period the customer was served, be it 1, 2, or 3 months. New customers who arrive after the averaging period will be billed based on the system average (total of all customers average divided by the number of customers). Customers will be encouraged to request adjustments if they had plumbing problems during the period. Commercial sewer charges are based on actual water consumption for that month.

H. Payment Due Dates and Late Charges.

The net amount due shown on the “AMOUNT DUE” line is due by the fifteenth of the month. An additional charge equal to 10% of water and sewer charges will be assessed if payment is made after the fifteenth; that charge is reflected as the amount due reflected on the “AFTER” line.

I. Delinquent Accounts.

If the amount on the “AFTER” line of the monthly bill is not paid by the last day of the due month, the account is “past due” and at risk of becoming delinquent. A notice to that effect will be sent to the customer. On the tenth of the month the account becomes delinquent. Failure to pay the delinquent amount by the fourteenth of the month immediately following the date of the past due notice will result in service disconnection without further notice. A reconnection fee will also be assessed when/if service is reconnected. Failure to make timely payment of delinquent amounts will also result in reevaluation of deposit requirements where service has been terminated due to delinquency of the customer in paying previous bills or if the customer has a check returned for insufficient funds. If actual charges are more than the amount of the deposit collected, a new deposit requirement shall be calculated and an additional deposit shall be required to be made prior to reconnection.

J. Closing Accounts when Customer Moves.

When any customer vacates premises to which charges are applicable, the customer is billed at the new address for the final amount due. Final bills are sent out as they are processed and are due upon receipt. A new account will be established when a customer moves to a different address within the District. In the event the customer does not pay the outstanding balance on the old account and it becomes delinquent, service shall be discontinued at the new address until the final bill from the old account is paid.

K. Property Managed by an Agent.

When an agent manages property and the agent will not provide a billing address for the owner, the agent will be billed. If the property is for sale, the District will contact the title company handling title search insurance and advise them that there is an outstanding bill on that property in order to get the bill paid before ownership is changed and avoid a potential lien against the property.

L. Service Charges to Turn Off Water at Curb.

Each customer will have a serviceable shut-off valve installed on the discharge (customer) side of the water meter immediately adjacent to the meter. If the District is

required to turn off the curb stop for the customer because their hand valve is not serviceable or there is no valve installed, a service charge will be added to the account. The District will advise the customer that a hand valve is required. The General Manager has discretion to waive this fee if the customer installs or repairs the valve.

M. Rebate Program.

Check with the District Office for information about the current rebate program.

3.11 CUSTOMER CREDIT POLICY.

A. Deposits Requirements.

A deposit is required before service will be started for any new customer. In a situation where water service was left on after the previous customer left, the new resident will be given three days from application for service to pay the deposit. After three days, service will be disconnected and meter locked until the deposit is paid. A deposit may also be required of any customer prior to reconnection where service has been terminated due to delinquency of the customer in paying previous bills or if the customer has a check returned for insufficient funds. If the District currently maintains a deposit on the account and the actual bill is more than the amount of the deposit collected, a new deposit requirement shall be calculated and an additional deposit shall be required prior to reconnection. Deposits will not be used to pay current bills. A deposit will only be used to settle a final bill.

B. Interest on Deposits.

The District shall not pay interest on deposits.

C. Record of Deposit.

When a deposit is required, the District shall keep records showing the name and address of each depositor, the amount, the date of the deposit, and each transaction concerning the deposit. A receipt will be issued for the deposit if the customer requests one

D. Refund of Deposit.

The deposit will be refunded to the customer or credited to the customer's account after 12 months of good payment history or upon termination of service. "Good payment history" is defined as no shut-offs because of nonpayment of delinquent amounts and/or no more than three past due payments during the immediately preceding 12-month period. If the District is holding a deposit at the time a final bill is processed, the deposit will be credited to the final bill. Any surplus will be mailed to the customer at their last known address. If the check is returned to the District with a forwarding address, the

check will be mailed to that address. If the check remains uncashed after 90 days, the District will stop payment on the check and the customer's information along with the surplus funds will be transferred to the unclaimed deposit file.

E. Disposition of Unclaimed Utility Deposits.

The District complies with Chapter 2 of Texas Comptroller of Public Accounts Unclaimed Property Reporting Instructions.

1. Each year the District will review their records by March 1 to determine if there are abandoned unclaimed deposits. Utility deposits are considered abandoned one year after the last successful contact with the owner.
2. Contact is defined as: talking in person, customer calls by phone, or written correspondence from the customer (mail or email)
3. If there is no last date of contact or valid substitute, the property will be reported as soon as possible.
4. Any deposits identified as abandoned as of March 1 will be reported and remitted to the Comptroller's office by July 1 of the current year. The District will follow the instructions outlined in the Comptroller's reporting manual and will use code UT03.
5. The District shall retain records of unclaimed property for 10 years after the property has been reported.

F. When Cash Payment is Required.

If a customer pays a bill from the District by check and that check is returned due to insufficient funds or closed account, the customer shall be assessed a fee of \$20 plus any bank fees and will be required to pay that bill in cash. Should the customer refuse to pay the bill and any additional charges, the District will disconnect service to that customer and apply a disconnection fee to the account. In the event a second check is returned from the same customer within a twelve (12) month period, the customer may, in addition to being required to pay the additional fee, specified above, be required to pay all future District bills with cash, money order, or debit/credit card.

SECTION 4: OPERATIONS

4.01 DROUGHT MANAGEMENT/CRITICAL PERIOD – WATER CONSERVATION.

With advice of the District, the City of Windcrest (City) has adopted a drought management/critical period plan (ordinance). The District has adopted a Water Conservation and Critical Period Plan. The plan designates trigger points at which various and increasingly strict conservation measures are implemented to comply with Federal, State and Edwards Aquifer Authority rules which mandate automatic reductions in pumping authority with each successive advancement to a more critical stage. The General Manager has sole authority to implement the appropriate Stages as set out in the Plan. Commencing with the Implementation of Stage I of the plan, and continuing until all stages are cancelled, the District's drought management/critical period rate structure will be applied to monthly water charges.

4.02 ADOPTION OF INTERNATIONAL PLUMBING CODE.

The District, in concert with the City, hereby adopts by reference, the International Plumbing Code of the International Code Council, latest addition and any amendments, as its plumbing code. All facilities that utilize water and/or sewer lines of the District shall have the plumbing installed in accordance with the International Plumbing Code.

4.03 GENERAL POLICIES.

A. Water District's Primary Responsibility.

The District exists for the primary purpose of providing a source of potable water for its customers. The District is not bound to furnish water of any specified amount to any person, firm or corporation for use in the commercial sector or for protection of property against fires. It only undertakes to furnish water for commercial customers and fire protection in an amount within the capacity of the District's pumping plants after all domestic potable needs are satisfied.

B. Liability For Failure To Supply Water For Fire-Fighting.

The District cooperates with its customers in the establishment of fire-fighting support facilities. However, because of the nature of the supporting facilities, it makes no representation that it is offering fire protection, nor does it contract with its customers to inspect or maintain any privately owned fire hydrants or sprinkler systems. If for any reason the District may become unable to supply water for the prevention or suppression of fire, the District will not be liable in any manner for damages by reason of any such failure.

C. Pollution Of Water Supply Caused By Cross Connections.

It is unlawful for any person to draw water from any District source and directly connect it to a sewer line. This procedure will result in a service disconnection until the cross connection is corrected and measures are taken to assure it will not be reestablished. A backflow prevention assembly and/or air gap shall be provided when boilers, closed chilled/hot water systems, cooling towers, industrial processes, yard automatic sprinkler systems, etc. are utilized in conjunction with water being drawn from the District's supply system. The District has a separate Cross Connection/Backflow Prevention manual, which details the specific requirements of this program. No water other than water furnished by the District shall be used in any line which receives water from the District. This prohibition includes private wells.

D. Unlawful To Waste Water.

It shall be unlawful for any person to willfully and negligently waste water supplied by the District in any manner whatsoever and any person having knowledge of any conditions whereby water is being wasted shall at once notify the District office. The refusal or neglect of an owner or occupant to equip and maintain the premises with proper service connections, utilities or fixtures of approved character and quality to prevent waste of water shall be sufficient grounds for the District to refuse to provide water service or to continue water service. In addition, City of Windcrest, Texas ordinances prohibit the waste of water and proscribe fines up to \$1000. Notice of the intention to shut off the water for failure to comply with the above provisions will be made. These actions will be coordinated with the City of Windcrest, Texas.

E. Unlawful To Obtain Water By Fraud.

It shall be unlawful for any person to resort to any fraudulent device or arrangement for the purpose of procuring water from connections that were established contrary to District regulation or action.

F. Resale Of Water.

No user receiving water services from the District shall furnish or sell that water to another entity. Any person violating this provision shall be given notice in writing to terminate the practice immediately. If the customer does not comply within five business days, service shall be discontinued without further notice. The practice of apartment landlord billing individual tenants is not considered a violation of this policy even if the rates the landlord charges are higher than the District's rates to the landlord.

G. Turning On Water Service After Service Is Disconnected.

It shall be unlawful for any person to turn on the water supply without permission of the General Manager when the District has turned it off. Violators of this policy may be prosecuted to the full extent of the law for theft of service.

H. Authority To Turn Water On Or Off.

Employees of the District are the only individuals who are authorized to turn water on or off at any District valve. No plumber or other person shall turn water on or off at any District valve without specific approval from the General Manager or Field Supervisor. It shall be unlawful for any person to turn on the water supply without permission of the General Manager when the District has turned it off. Only District personnel are authorized to restore service. In the case of any person turning the water back on after it has been turned off because of failure to pay a delinquent bill, the curb stop will be turned off and locked and the customer shall be assessed an additional disconnect fee at twice the prevailing rate. All delinquent charges and disconnected fees will be paid in full before service is restored. Violation of this policy may be prosecuted to the full extent of the law for theft of service.

I. Disconnection On Last Work Day.

Water service shall not be disconnected on a Friday or the day before a holiday unless a dangerous condition exists or the customer requests a service disconnection or the customer has had adequate and specific notice of discontinuance of service. District personnel will not be made available after hours, on weekends or holidays for the sole purpose of reconnecting service.

J. Disconnection Of Water Service.

Water service may be disconnected for any of the following reasons:

1. When a dangerous condition exists.
2. Failure to pay a delinquent account.
3. Violation of the District's rules pertaining to the use of service in a manner which interferes with the service of others. (An attempt shall have been made to notify the customer and the customer will be given a reasonable opportunity to remedy the situation prior to initiation of disconnection of service).
4. For the unlawful removal of, tampering with, or bypassing of any water meter. When these violations are discovered, the District shall take steps to discontinue the improper use and/or remove the meter. Service will

thereafter not be restored to the user/customer until such user/customer shall have paid all estimated charges for consumed water together with any damage to the meter or mains, plus a \$100 (one hundred dollar) reconnection charge. If such illegal action occurs again, the meter will be removed and legal action taken against the user / customer to restrain such activity and recover damages.

K. Unlawful Taps, Service Pipes Or Connections.

It shall be unlawful and subject to the violation provisions of this policy for any plumber or other person, other than those authorized by the District, to tap any water or sewer main, make connections with mains, or extend service lines from the main to the meter or to place a curb stop and box at that point. All work and material shall be provided by the District and such taps and service shall be paid for by the plumber or customer prior to work commencing.

L. Repair And Renewal Of Water Lines.

The District will make all repairs and renewals of water service lines from the main to the meter and it shall be unlawful for any person other than a duly authorized agent of the District to repair or renew any such service line from the main to the meter.

M. Repairs For Damages By Others.

The District will make all repairs to any mains or other portions of the system damaged by others. The cost of such repairs shall be paid by the customer or entity who caused the damage.

N. Sewer Repair/Replacement Policy.

1. All installations, maintenance, and repairs on the District's side of the demarcation point (*see* 1.04, Definitions) will be performed by District personnel or their agent.
2. When making repairs, the old connection at the main shall be used whenever possible. If the old connection is not reused, it must be located, dug up, and properly sealed. The old tap will not be abandoned and/or left open.
3. If a resident performs plumbing work on their side of the demarcation point that requires relocation of an existing tap on the District's main, the work will be performed by the District and the resident will be billed for time and materials for all work beyond the demarcation point.

4. If the customer desires a second tap, tapping and inspection fees applicable to a new service will be charged in addition to time and materials necessary to make the connection.
5. The resident must secure a plumbing permit from the City of Windcrest if any repairs are made or service is added.
6. The District will perform the repairs outlined in the following paragraphs when there is a high probability that the house sewer on the District's side of the demarcation point is unserviceable. The District's goal is to ensure that the customer has sewer service, and the District will utilize all resources at its disposal to achieve that objective.
7. Sewer Emergency. To report an emergency during regular business hours, customers should notify the business office. After hours, customers should call the District's emergency number. In either case, the District will treat the call as an emergency second only to a broken water main. Troubleshooting will start with the cleanout in the alley if one exists. It will be used as the primary means of isolating the cause and location of the obstruction. Absent a cleanout, upstream and downstream sewer manholes will be checked. (Note: District employees will note the absence of a cleanout and install one when workload permits.) If the resident has a clean-out on his side of the demarcation point, the District technician will seek approval from the resident to use it to facilitate pinpointing the location of the blockage. If the technician determines the resident's sewer is obstructed, the resident will be advised to call a plumber at his own expense. If the plumber determines the problem is beyond the demarcation point and he cannot clear the obstruction, the resident should immediately call the District. The District will make emergency repairs regardless of whether the District agrees with the plumber's assessment. If the problem is beyond the demarcation point and the plumber cannot clear it, the resident should contact the business office on the next business day to schedule non-emergency repairs.
8. Repairs beyond the demarcation point (the District's side) will be made at no expense to the resident. Typical repairs will consist of a connection at the demarcation point, installation of a cleanout stack adjacent to the connection on the District's side of the demarcation point, replacement of the house sewer from the cleanout to the District's main, and replacement of the tap into the District's main, if necessary. If the District's technicians are unable to install the cleanout stack on the District's side of the demarcation point because of space limitations, the District will try to arrange with the owner to put the stack on the resident's side of the demarcation point. This exception to policy may be made if it is in the best interest of the district, *e.g.*, it is necessary to gain access to the

customer's line on the customer's side of the demarcation point to access the condition of the line past the demarcation point. If conditions permit, the decision to proceed will be deferred until the General Manager can make a recommendation to the Board. If an immediate decision is needed, the General Manager may proceed with work and the Board will be informed of the decision at the next board meeting.

9. Reimbursements. The District will reimburse the resident for plumbing expenses if the problem is in the portion of house sewer that lies on the District's side of the demarcation point. Other reimbursement may be made at the District's General Manager's discretion. The General Manager will report reimbursements to the Board at the monthly board meeting.
10. If a customer requires a new sewer service, the old connection at the main must be used, if possible. If the old connection is not reused, it must be located, dug up, and properly cemented closed. The tap will not be abandoned and/or left open. A fee will be charged for relocation of an existing connection. If the customer desires a second tap, fees applicable to a new service will be charged. The District may have location information on the old connection measurements on file, but no guarantee is made as to their accuracy. All work and connections at the main, whether the old tap is reused, cemented closed, or new tap installed, must be inspected by the District before covering. Gravel or road base material in alley must be replaced. If, during inspection, it is determined that the main has been damaged by the contractor, the contractor will be held liable for repairs to the main.

O. Damage To Curb Stops.

Customers who damage the District's cutoff valve or curb stop through unauthorized use or tampering may be billed for necessary repairs based on time and materials. The customer will also be required to install a cutoff (hand) valve on the customer's side of the meter or connection at their expense within 30 days if currently connected or prior to restoration of service if the customer has been lawfully disconnected under these rules. Failure to install the valve within 30 days will be grounds for lawful disconnection.

P. Draining Of Swimming Pools/Saunas/Spas.

Whenever practical, pools, saunas, and spas will be drained into a sanitary sewer to prevent erosion to alleys and unnecessary service calls to investigate reports of a leak. The second alternative is to drain the water onto the lawn or other permeable surface. The last resort is to drain it into the street or alley. Regardless of where the water is deposited, the resident is required to get a no-cost permit from the City before draining it.

Q. Sewerage Backup.

Each reported case will be evaluated by the Board and a determination made as to whether or not to reimburse the customer.

R. Connections That Will Not Be Permitted.

The District shall not permit the following connections to the District's water supply system within its service area that are wasteful and/or pose water quality issues and/or health, safety and welfare concerns, including the following:

1. New single-pass cooling systems;
2. New installations of non-recirculating conveyer car washes;
3. Non-recirculating systems installed at commercial laundry facilities;
4. Non-recycling decorative water fountains;
5. Water and/or aquatic systems, playgrounds, other fountains, features, fixtures and/or elements including, but not limited to splash pads unless the District's General Manager determines any threat to water quality and/or health, safety and welfare to customers and/or the public at large has been mitigated.

S. Transfer Of Service.

Transfer of service from customer to customer or to open a new account is made either by telephone or in person. All new customers/accounts will complete a Customer Service Agreement before service is started.

T. Interruptions Of Service.

The District will exercise reasonable efforts to prevent interruptions of service. When interruptions occur, the District will reestablish service within the shortest time possible. The District is not obligated to notify customers of service interruptions but will make a reasonable effort to do so. The District assumes no liability for any inconvenience, monetary loss or other loss to customers due to any interruptions of service.

U. Priority Of Service.

Priority of service will be in the following order: (1) Emergency Main Breaks, water first and then sewer; (2) Routine Residential service; (3) Routine Commercial service; (4) All others.

V. Operating Pressures.

Minimum operating service pressure shall not be below 35 pounds per square inch. Maximum pressures may be at the District's discretion. It will be the customer's responsibility to protect plumbing on the customer's side of the water meter against excessive pressures or surges, using individual pressure regulators or other approved devices if required or desired.

4.04 WATER AND SEWER CONNECTIONS AND EXTENSIONS.

A. General Policy Regarding Connections And Extensions.

The District shall give full consideration to any petition for service. The following policies and procedures will apply to all connections and extensions made to District facilities.

Where current services exist (sewer stubs, water services, etc.,) the petitioner will be billed only for appropriate connection fees. If services don't exist and the District is capable of making the new connection with existing resources (personnel, equipment, materials, etc.) the petitioner will be billed for necessary work based on manpower and materials plus applicable connection fees. Payment will be due in advance. If there is some question as to availability or adequacy of existing service, the project may be referred to the District's engineer for study. The cost of the engineering study and report will be paid for in advance by the petitioner, based on an estimate prepared by the District's engineer. Excess advance payments will be refunded.

If the services of the Engineer are required, the Engineer will evaluate the request to determine what actions are required to satisfy the petitioner's request and report the findings to the General Manager in a written report. The General Manager will forward the findings to the petitioner for their consideration.

The question of adequacy includes a determination by the District's general manager, in consultation with the District's engineer, about the amount of water (expressed in acre-feet of required water rights per annum) necessary to serve the petitioner's project and service location. The determination of the amount of water (expressed in acre-feet of required water rights per annum) necessary to serve the petitioner's project and service location will be specified in the District engineer's study and report.

The petitioner must meet the following conditions.

1. The District shall supply water and sewer services to the petitioner through mains owned and controlled by the District.

2. The District may assess, in addition to the service connection charge, the actual cost of boring or cutting and replacing pavement necessary to make such connections. Such assessments shall be paid prior to the work being performed. If the actual cost exceeds the amount of the collected assessment, the additional amount will be collected from the customer prior to installing the meter and starting service. If the assessment collected from the petitioner exceeds the actual cost of such work performed to establish service, the difference shall be refunded to the petitioner upon completion of the work. If the petitioner chooses to perform the work referenced above, the work will be done in compliance with District and City of Windcrest policies, procedures, and standards. The District will not start service until all District and City of Windcrest requirements are met.
3. The petitioner will be responsible for all expenses (time, manpower, materials, etc.) required to extend water and sewer mains from the nearest acceptable existing main to the new service location.
4. No water and/or sewer service shall be provided unless and until the water and/or sewer connection charges, sewer impact fees (if applicable), water rights and/or a water rights fee in lieu of all or a part of the required water rights, and all other required charges are provided and/or paid in full.
5. To ensure that the District has an adequate present and future supply of water for all its customers, the petitioner shall acquire an amount of water rights determined by the District's general manager to be necessary to provide water service to the petitioner's project and service location.
6. Water rights shall mean permanent water rights permits and/or certificates of adjudication issued by the Edwards Aquifer Authority or any other federal, state, regional and/or local agency that has the authority to regulate the District's ability to withdraw water from the Edwards Aquifer or any other water source (whether groundwater and/or surface water).
7. The water rights shall be assigned, transferred and conveyed to the District in the name of the District before the District will grant authority to proceed with the petitioner's project and service location. The petitioner is responsible for all expenses associated with the acquisition and subsequent assignment, transfer and conveyance of any water rights to the District. The petitioner shall cooperate with the District if any such water rights require amendment and/or conversion by any federal, state, regional and/or local agency before the water rights can be utilized by the District.
8. In the event that the petitioner is (a) unable to acquire all or part of the required amount of water rights; and/or (b) elects to not acquire all or part

of the required amount of water rights, the petitioner shall pay the District a water rights fee in the amount of \$5,500.00 for each acre-foot water rights that the petitioner did not acquire, assign, transfer and convey to the District in lieu of all or a part of the required amount of water rights. The water rights fee of \$5,500.00 shall be prorated for any water right that is less than a full acre-foot of water.

9. The District's general manager, in consultation with the District's engineer, shall re-evaluate the adequacy of the amount of water supply and the required amount of water rights needed for the petitioner's project and service location every twelve (12) months from the date of initial service. If the amount of water used by the petitioner's project and service location exceeds the water supply amount and the required amount of water rights approved by the District's general manager for the petitioner's project and service location, the District's general manager shall revise and notify the petitioner of the additional amount of water supply and the additional required amount of water rights needed for the petitioner's project and service location. At the request of the District's general manager, the petitioner shall no later than 30 days from the District general manager's date of request provide the additional required amount of water rights as determined by the District's general manager or pay an additional water rights fee (as specified above) in lieu of all or a part of the additional required amount of water rights.
10. The general manager, in consultation with the District's engineer, may determine (a) to not require an amount of water rights from the petitioner for the petitioner's project and service location at the time of initial water service to the project and service location; or alternatively (b) to require an amount of water rights from the petitioner or its heirs, legal representatives, successors and/or assigns for the petitioner's project and service location at a later time after initial water service to the project and service location.
11. The petitioner includes all its heirs, legal representatives, successors and/or assigns. The petitioner shall enter into a contract with the District with respect to the acquisition and subsequent assignment, transfer and conveyance of any water rights to the District and/or payment of a water rights fee in lieu of all or a part of the required amount of water rights.

B. New Development Policies.

The following Policies apply to new developments within the District's service area:

1. The Developer-Customer of any new development within the District will pay all expenses associated with the development. It includes, but is not

limited to, the installation of any new water and sewer mains required to extend service from existing mains to the development and for all infrastructure within the development. All improvements will accrue and be assigned, transferred and conveyed to the District at no expense to the District.

2. All plats that will ultimately result in construction of water or sewer infrastructure will be reviewed and approved by the District's engineer. All plans for construction of improvements to the water and sewer system shall be performed or approved by the District's Engineer. Regardless of the circumstances, the Developer-Customer will pay for all services rendered by the Engineer at prevailing rates.
3. It may be necessary for the TCEQ and/or other applicable Regulatory Agency to approve all plans and specifications. The Developer-Customer will pay all expenses associated with acquiring TCEQ and/or other applicable Regulatory Agency approval.
4. Prior to authorizing the District's Engineer to proceed with any design work, the Board will request that the Engineer complete a cost estimate for work to be performed and present his report to the Board for their consideration and action.
5. Prior to commencement of construction, the Developer-Customer will be required to post a construction bond in an amount equal to the cost of the project to guarantee the timely completion of proposed project. The bond will include the estimated construction cost, as well as related design fees, inspection fees, sewer platting fees, and other expected charges. (The purpose of the bond is to ensure that utility work, once started, will be completed, regardless of whether or not the development is completed.)
6. If the Developer-Customer chooses, he may post funds in an amount equal to the Engineer's cost estimate for the project with the District in lieu of a bond. Once deposited with the District, the funds will be under exclusive control of the District. During the course of construction (at least monthly) and when construction is completed, the District will provide Developer-Customer with a summary of expenditures. If expenses exceed the amount of funds posted, a new estimate will be prepared and the Developer-Customer will be required to post additional funds to cover the shortfall. If there is a surplus at the completion of the project, the District will promptly refund the difference.
7. The District will not provide services until all outstanding charges have been paid.

8. In any new development, the Developer-Customer shall acquire, at his expense, all rights-of-way or easements needed for the installation of water and sewer lines and appurtenances.
9. All commercial facilities shall require a cross-connection control device of a type commensurate with the degree of hazard on the service lines, and if equipped with a sprinkler fire suppression system, a separate fire line similarly equipped with cross-connection control device.
10. All facilities shall be individually metered. This policy does not apply where an existing meter serves several businesses. In the future, multiple customers will not be serviced through a single meter.
11. All facilities, which utilize water and/or sewer lines of the District, shall have the plumbing installed in accordance with the International Plumbing Code.
12. All water and sewer rates, billing procedures and related accounting shall be in accordance with a separate schedule not a part of these new development policies.
13. All water mains constructed as part of line extension or subdivision agreement will conform to District and the City of Windcrest master plan requirements. In the event the area proposed to be developed is not in the City's master plan, the Developer-Customer will be expected to prepare a proposed master plan at their earliest convenience. All costs incurred will be borne by the Developer-Customer of the proposed subdivision.
14. In the event the terms of an agreement relative to subdivision platting and water and sewer line construction are not completed within twelve months, the District may, at its option void all, or parts, or change the conditions of the agreement, including Developer-Customer charges. No refunds of Developer-Customer expenses for completed work will be made.
15. The District's general manager, in consultation with the District's engineer, will determine the amount of water (expressed in acre-feet of required water rights per annum) necessary to serve the Developer-Customer's development. The determination of the amount of water (expressed in acre-feet of required water rights per annum) necessary to serve the Developer-Customer's development will be specified in the District engineer's study and report.
16. To ensure that the District has an adequate present and future supply of water for all its customers, the Developer-Customer shall acquire an amount of water rights determined by the District's general manager to be

necessary to provide water service to the Developer-Customer's development.

17. Water rights shall mean permanent water rights permits and/or certificates of adjudication issued by the Edwards Aquifer Authority or any other federal, state, regional and/or local agency that has the authority to regulate the District's ability to withdraw water from the Edwards Aquifer or any other water source (whether groundwater and/or surface water).
18. The water rights shall be assigned, transferred and conveyed to the District in the name of the District before the District will grant authority to proceed with the Developer-Customer's development. The Developer-Customer is responsible for all expenses associated with the acquisition and subsequent assignment, transfer and conveyance of any water rights to the District. The Developer-Customer shall cooperate with the District if any such water rights require amendment and/or conversion by any federal, state, regional and/or local agency before the water rights can be utilized by the District.
19. In the event that the Developer-Customer is (a) unable to acquire all or part of the required amount of water rights; and/or (b) elects to not acquire all or part of the required amount of water rights, the Developer-Customer shall pay the District a water rights fee in the amount of \$5,500.00 for each acre-foot of water rights that the Developer-Customer did not acquire, assign, transfer and convey to the District in lieu of all or a part of the required amount of water rights. The water rights fee of \$5,500.00 shall be prorated for any water right that is less than a full acre-foot of water.
20. The District's general manager, in consultation with the District's engineer, shall re-evaluate the adequacy of the amount of water supply and the required amount of water rights needed for the Developer-Customer's development every twelve (12) months from the date of initial service. If the amount of water used by the Developer-Customer's development exceeds the water supply amount and the required amount of water rights approved by the District's general manager for the Developer-Customer's development, the District's general manager shall revise and notify the Developer Customer of the additional amount of water supply and the additional required amount of water rights needed for the Developer-Customer's development. At the request of the District's general manager, the Developer-Customer shall no later than 30 days from the District general manager's date of request provide the additional required amount of water rights as determined by the District's general manager or pay an additional water rights fee (as specified above) in lieu of all or a part of the additional required amount of water rights.

21. The general manager, in consultation with the District's engineer, may determine (a) to not require an amount of water rights from the Developer-Customer for the Developer-Customer's development at the time of initial water service to the development; or alternatively (b) to require an amount of water rights from the Developer-Customer or its heirs, legal representatives, successors and/or assigns for the Developer-Customer's development at a later time after initial water service to the development.
22. The Developer-Customer includes all its heirs, legal representatives, successors and/or assigns. The Developer-Customer shall enter into a contract with the District with respect to the acquisition and subsequent assignment, transfer and conveyance of any water rights to the District and/or payment of a water rights fee in lieu of all or a part of the required amount of water rights.

C. Line Extension Requirements.

The following requirements apply to all extensions of the District mains (water or sewer):

1. All mains shall meet the design and specifications of the District as determined by the Engineer.
2. Mains shall be placed in public right-of-way whenever possible, or dedicated easements a second choice.
3. The minimum water main size shall be six inches and sewer main size shall be a minimum of 8 inches.
4. All work done by private contractors and Developer-Customer shall be guaranteed for a period of two years from the date such work is completed and accepted by the District.
5. All main extensions shall extend up to the maximum limit of the applicant's property, *i.e.*, all the way across the property so as to avoid forcing a subsequent developer to cross or enter upon the current Developer-Customer's property to extend water utilities to develop adjoining property.

D. Responsibility For Payment Of Water And/Or Sewer Connections.

The person who makes application for water and/or sewer service shall be responsible for payment of all charges provided for in this policy until written notice is given to the District by such person of the intention to disconnect such service.

E. Unlawful Connections.

It shall be unlawful for any person to make, or permit to be made, any connection with or to the water mains or service lines of the water system without first obtaining approval for a connection from the District. Violations will be subject to immediate disconnection. Applications for connections shall be filed with the District on prescribed forms.

F. All Connections Shall Be Made By The Water District.

Upon approval of a connection and payment of the required connection fees, the District shall make the necessary connections, the cost of which is included in the meter connection fee.

G. Separate Service Connection.

All premises connected to any water and/or sewer main, or being supplied with water or sewer services from the District shall have a separate service connection. Where service to a single meter serving multiple customers exists, service will continue in that mode until such time as the Board may decide otherwise.

H. Compliance With Plumbing Requirements.

No connection shall be made or allowed to exist to any customer if the customer's plumbing has been determined to contain an unsafe cross connection, lead hazard, or other violations of the International Plumbing Code. When the District becomes aware of and confirms that the plumbing of any customer already connected to its water and/or sewer system does not comply with the International Plumbing Code, the District shall have the right, after notice to the customer, and the failure or refusal of such customer to immediately remedy such conditions, to discontinue all or any portion of service provided by the District as may be required by the situation.

I. District Inspections Are Not A Warranty Or A Liability.

Plumbing inspections made by the District in regard to water and/or sewer service connection shall not create any liability or warranty by the District as to the quality or condition of the plumbing on the premises. Such inspections are separate and apart from similar inspections required by other agencies or municipal offices.

J. Safe Drinking Water Act (SDWA).

Pursuant to the requirements of the Safe Drinking Water Act and the International Plumbing Code, the installation of lead pipes or the use of any solder containing lead is prohibited in any type of improvements connected to the system.

4.05 WATER METERS.

A. Location Of Water Meters.

Water meters shall be placed in public right-of-way adjacent to the applicant's property, if possible. The District retains the right to determine the location of water meters.

B. Connecting Individual Buildings Through One Meter.

The connecting of separate buildings through one water meter will not be allowed unless authorized in accordance with this policy. Each meter shall constitute a separate contract.

C. Use Of More Than One Meter Per Building/Property.

Only one meter shall be installed at any residential property. Where two meters currently service a single residential property, the two services absolutely must not be cross-connected at any point. Each meter shall constitute a separate service and contract.

Special Note for Residential Customers Presently Served by Two Meters. If future versions of the billing system permit the District to combine the consumption from both meters, consumption will be combined and the customer will be billed for the total as if it were a single meter. To preserve the interests of the consumer, water passing through the "sprinkler" meter will be deducted during sewer averaging computations. The sewer average will be the three (3) month average of the house meter.

D. Extensions To Be Made Only By Water District Personnel.

After water is introduced into a building or upon any property, it shall not be extended to another property. If additional service is needed, the customer shall apply for service and a new account will be established. If an additional service line is needed to provide the new service, the District shall provide that connection at the customer's expense.

E. All Water Shall Be Measured By Meters.

The meter (conforming to District specifications as to size and type) will be furnished by the District and shall measure all water furnished by the District to its customers. The meters measure in ccfs; 1 ccf = 748 gallons. All water meters installed in the system are owned by the District. The District shall keep all meters in repair, without expense to the customer, except that the property owner will be charged for meters, boxes, and materials damaged or destroyed through the act of negligence or carelessness of the owner or occupant and for labor costs incurred in re-establishing service.

F. Single Customer Per Meter.

Not more than one consumer shall purchase water through any single meter without the consent of the District unless the responsibility for payment of all water services for the single meter billing is assumed by the single property owner. In cases where single metering is to be used for more than single unit occupancy and where one of those occupancies requires a higher water use than a single-family residence, a meter of sufficient size to meet the total requirements will be required. The District will determine the size of the meter at the time of request of service. Minimum service charges appropriate to the size of meter will be charged.

G. Obstruction Of Access To A Meter.

If easy access to a water meter is obstructed in any manner whatsoever by a customer, or if entrance to the premises is made dangerous by a vicious animal or otherwise, thereby preventing a meter reader from reading the meter, the charges may be estimated.

H. Meter Test.

Upon request of the customer, the District shall test the customer's meter for accuracy. If desired, the test will be made in the presence of the customer or customer's agent. If observation of the test is desired and requested, the test shall be made during the District's normal working hours at a time convenient to the customer and the District. A charge of \$50.00 will be levied if the test confirms that the meter is performing within industry standards of plus or minus 3%.

It is preferable that the test be made on the customer's residence when circumstances permit, but may, at the District's discretion, be made at the District's test facility. If the test confirms that the meter does not produce an error of more or less than three percent, the customer shall pay the required amount for performing the test and no adjustment of charges shall be made. Following the completion of any test, the District shall promptly advise the customer of the date of removal of the meter, date of the test, results of the test and who made the test. Whenever a meter is removed for testing, a temporary meter shall be installed to minimize the service interruption. If the meter is defective, the District shall not be liable for more than one month's charges.

I. Connection To The Water Meter.

The customer's service line will not be connected directly to the meter. Each meter will be equipped with a meter nipple to which the customer's service line will be connected. If a direct connection is discovered when replacing a meter, the customer will be responsible for complying with this requirement before service will be reinstated. The customer will install a hand valve adjacent to the nipple so that they have the capability to

turn off water in an emergency or when necessary to perform plumbing work on their property.

J. Relocation And Conversion Of Meters.

If an existing meter is moved to a location designated by the customer for the customer's convenience, customer will be charged the actual cost of relocating the meter (time and materials). If the customer requests that an existing meter be replaced with a meter of another size or capacity, the customer will be charged the actual cost (time and materials) of converting the meter including the cost of enlarging the line from the water main to the meter if necessary. The customer will be provided an itemized bill.

SECTION 5: CUSTOMER'S RIGHTS, RESPONSIBILITIES AND DUTIES

5.01 CUSTOMER COMPLAINTS.

Any complaint not resolved by the District staff will be referred to the General Manager. If still not resolved, the complainant will be advised they may write a letter to the General Manager or President of the Board to be presented to the Board at the next regular Board Meeting or that the complainant can attend the Board meeting to present their case.

5.02 EASEMENTS, ACCESS, AND INSPECTIONS.

A. Easements.

Each District customer will provide any easements required for the purpose of installing, maintaining, and operating any pipelines and appurtenances which may be deemed necessary for the District to provide service to the property owner.

B. Responsibility For Permits And Easements.

It shall be the responsibility of the applicant to secure all permits and easements as deemed necessary or required by the District.

C. Refused Easement.

Any customer who refuses to grant Easements of Rights-of-Way which are deemed necessary in order to provide requested service, will not be provided water/sewer service.

D. Access To Customer's Premises.

A customer of the District shall give the duly authorized agents of the District permission to enter the customer's property at all times for any purpose incidental to the supplying of water/sewer service. Denial of access could result in disconnection/interruption of service.

Any person desiring to obtain or to continue to obtain service from the District shall be required to submit to the inspection of his premises by the District General Manager or to his representative(s) when requested to do so.

5.03 DUTIES OF CUSTOMERS.

A. Maintaining Condition Of Own Water Lines.

Customer/consumers of water from the District shall keep their service lines and apparatus in good repair and condition, and protected from freezing, at their own risk and expense, and shall prevent all waste of water.

The District shall not be responsible nor have liability for excessively high or low pressures caused by breakage of any service pipe or appurtenance, or from any damage due to shutting off the water to repair mains or for any other purpose. In the case of neglect or refusal by the customer to promptly repair any imperfection in the service pipes, lines, stops, or other fixtures on the owner's property, the General Manager may order the water to be turned off.

B. Safeguarding Of Water District Lines.

The customer is required to safeguard the District's mains crossing his property and prevent construction along or over the easement therein, other than as authorized by the terms of the easement.

C. Customer Responsibility For Maintenance Of House Sewer.

The customer is responsible for maintaining the house sewer to the demarcation point. The District will assist in determining responsibility of sewer problems.

5.04 FIRE HYDRANTS.

A. Ownership.

All present and future fire hydrants (fire hydrants) together with all related materials and equipment (fire hydrants) located within the District's Water CCN No. 600657241 area or District boundaries are and/or shall be solely owned by the District.

B. Responsible Party For Servicing Fire Hydrants.

The District shall be solely responsible for the repair, rehabilitation, replacement, operation and maintenance of all fire hydrants, including all costs thereof, within the District's water CCN area or District boundaries (including area within the City of Windcrest and north of Walzem Road).

C. Servicing Fire Hydrants.

The District will acquire and maintain such equipment, tools and expertise as are necessary to accomplish the repair, rehabilitation, replacement, operation and maintenance of all fire hydrants and will be responsible for determining the materials needed for the repair, rehabilitation, replacement, operation and maintenance of all fire hydrants and procurement of same.

D. Testing Of Fire Hydrants.

The City of Windcrest Fire Department will, with the District's approval, inspect, flush and test all fire hydrants on an annual basis to ensure all such fire hydrants are fully functional for the City's fire fighting purposes. The inspection, flushing and testing of all fire hydrants shall occur between January 1st through May 1st or between November 1st through December 31st of each year. All test results shall be delivered to the District and the City within 30 days of testing. The District has the right to restrict flushing and testing during Edwards Aquifer Water Restriction Stages.

E. Additional Fire Hydrants.

If additional fire hydrants are requested by the City and/or the City's Fire Department, these new fire hydrants are subject to sole approval by the District and shall be sited, installed and owned by the District. The entire cost of the new fire hydrants as solely determined by the District, however, shall be paid by the City. City shall pay the District within thirty (30) days after receiving a written invoice for the fire hydrants and all related materials prior to procurement and installation by the District.

F. Reimbursement To District For New Fire Hydrants Requested By City.

City shall reimburse the District within thirty (30) days after receiving a written invoice for all materials, including replacement hydrants, utilized or procured by the District in connection with repairing fire hydrants.

G. New Fire Hydrants By District At District's Cost.

The District may on its own, procure, site, install and pay the entire cost of any additional fire hydrants it determines are necessary.

H. Fire Hydrants Included in CIP.

All new District capital improvements projects (C.I.P.) shall include fire hydrants. The District shall determine the proper siting of these fire hydrants within the District's water CCN area or boundaries.

I. STORZ Outlet.

All new fire hydrants shall include the STORTZ outlet.

J. No Tampering Of Fire Hydrants.

No person, firm, company/corporation and/or governmental agency/entity shall touch, tamper with or open the District's fire hydrants, or use the water from the same, except

under the immediate control of the District's General Manager, and then only by persons authorized for the extinguishment of fires, practice of the City's Fire Department, and repairing and/or replacement of the fire hydrants.

K. No Injury To Fire Hydrants.

No person, firm, company/corporation and/or governmental agency/entity shall, in any way, intentionally or carelessly break, deface or in any manner injure or destroy any fire hydrant or standpipe or other property belonging to the District or belonging to others, and used in connection with the District's water system.

L. No Signs On Fire Hydrants.

No person, firm, company/corporation and/or governmental agency/entity shall place, affix, erect, paint, post, maintain or display any signs on or over public property in a manner which interferes with any fire hydrant. Similarly, off-premises signs and on-premises signs shall not be erected in any location where, by reason of traffic conditions, fire or explosion hazards, the sign would imperil public safety or hamper the functions of the District and/or the City's Fire Department.

M. Cost For Using Fire Hydrant Water.

A person, firm, company/corporation and/or governmental agency/entity duly authorized by the District can take water from a District fire hydrant and shall be assessed the current District general class water rate.

N. Fire Hydrant Discharges.

Any discharges of fire hydrant flushing shall comply with the City of Windcrest and San Antonio Code of Ordinances, where applicable.

O. Siting And Installation Of Fire Hydrants.

Any person, firm and/or company/corporation who is developing, platting and/or subdividing land within the City of Windcrest and/or San Antonio limits and/or extraterritorial jurisdiction and also within the District's water CCN area or boundaries shall site and install any required fire hydrant(s) in accordance with the (a) City of Windcrest and San Antonio Code of Ordinances, where applicable, (b) any applicable District policies; and (c) final approval by the General Manager of the District.

P. Location Of Fire Hydrants Within Right-Of-Way/Easements.

All fire hydrants shall be located within current and future public rights of way and/or easements dedicated and/or conveyed (by deed, agreement or otherwise) for the benefit of the District and/or the public.

Q. No District Liability.

The District and all its officials, officers, agents, servants, employees, consultants and attorneys (Released Parties) shall have no liability and shall be released, indemnified, held harmless and defended by any person, firm, company/corporation and/or governmental agency/entity that used the District's fire hydrants and any water flowing, emanating, extracted, used and/or consumed from any of the District's fire hydrants (Event) from any and all obligations, claims, losses, damages, demands, liabilities, liens, cross-actions, third-party actions, actions in intervention, wrongful death claims, and actions and causes of action of whatsoever nature, character or kind, including all expenses of litigation, court costs, and attorneys' fees, which have been or may hereafter be asserted by any person, firm, company/corporation, governmental agency/entity, third-party payor and/or any other entity, whomsoever claiming by, through, or under any claimant for injury to or death of any person, or for damage to any property, arising out of or in connection with the Event, regardless of whether such injuries, death, or damages are caused in whole or in part by any act, omission, negligence, gross negligence, breach of contract, intentional conduct, violation of statute or common law, breach of warranty, product defect, or any other conduct whatsoever of the Released Parties.

It is the expressed intention that the indemnity provided for this paragraph is indemnity by any person, firm, company/corporation, governmental agency/entity, third-party payor and/or any other entity to indemnify and protect the Released Parties from the consequences of the Released Parties' own act, omission, negligence, gross negligence, breach of contract, intentional conduct, violation of statute or common law, breach of warranty, product defect, or any other conduct whether such act, omission, negligence, gross negligence, breach of contract, intentional conduct, violation of statute or common law, breach of warranty, product defect, or any other conduct is the sole or concurring cause of the injury, death or damage.