

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 02 2018

BEAR SPRINGS TRAILS WATER SUPPLY
CORPORATION INC
PO BOX 63479
PIPE CREEK, TX 78063-3479

Employer Identification Number:
46-4493058
DLN:
17053230337007
Contact Person: KEVIN W PAYTON ID# 31454
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
August 15, 2017
Contribution Deductibility:
No
Addendum Applies:
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(12). This letter could help resolve questions on your exempt status. Please keep it for your records.

You'll be recognized as exempt only in years when your receipts from members, for meeting losses and expenses, are at least 85 percent of your total income.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-NC" in the search bar to view Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), which describes your recordkeeping, reporting, and disclosure requirements.

Letter 948

BEAR SPRINGS TRAILS WATER SUPPLY

Sincerely,

Stephen a. martin

Director, Exempt Organizations
Rulings and Agreements

**User Fee for Exempt Organization
 Determination Letter Request**
 ▶ Attach this form to determination letter application.
 (Form 8718 is NOT a determination letter application.)

For IRS Use Only	OMB No. 1545-1798
	Control number _____
	Amount paid _____
	User fee screener _____

1 Name of organization Bear Springs Trails Water Supply Corporation, Inc.	2 Employer Identification Number 46 4493058
---	---

Caution. Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request

- a** Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years or
 - A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ **\$400**
- Note.** If you checked box 3a, you must complete the *Certification* below.

Certification

I certify that the annual gross receipts of _____ name of organization
 have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.
 Signature ▶ _____ Title ▶ _____

- b** Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years or
 - A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years . ▶ **\$850**
- c** Group exemption letters ▶ **\$3,000**

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2015-8, 2015-1 I.R.B. 235, or latest annual update.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the "United States Treasury" for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Generally, the user fee will be refunded only if the Internal Revenue Service declines to issue a determination.

Where To File

Send the determination letter application and Form 8718 to:

Internal Revenue Service
 P.O. Box 12192
 Covington, KY 41012-0192

Who Should File

Organizations applying for federal income tax exemption, other than filers of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3), or Form 1023-EZ (filed only electronically), should file Form 8718.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating

to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8718 are covered in section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on "More Information" and then on "Give us feedback." Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File*, above.



Application for Recognition of Exemption Under Section 501(a)

OMB No. 1545-0057

If exempt status is approved,
 this application will be open
 for public inspection.

Read the instructions for each Part carefully. **A User Fee must be attached to this application.**
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment
 of the appropriate user fee), the application may be returned to the organization.
Complete the Procedural Checklist on page 6 of the instructions.

Part I. Identification of Applicant (Must be completed by all applicants; also complete appropriate schedule.)
 Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

- a Section 501(c)(2)—Title holding corporations (Schedule A, page 7)
- b Section 501(c)(4)—Civic leagues, social welfare organizations (including certain war veterans' organizations), or local associations of employees (Schedule B, page 8)
- c Section 501(c)(5)—Labor, agricultural, or horticultural organizations (Schedule C, page 9)
- d Section 501(c)(6)—Business leagues, chambers of commerce, etc. (Schedule C, page 9)
- e Section 501(c)(7)—Social clubs (Schedule D, page 11)
- f Section 501(c)(8)—Fraternal beneficiary societies, etc., providing life, sick, accident, or other benefits to members (Schedule E, page 13)
- g Section 501(c)(9)—Voluntary employees' beneficiary associations (Parts I through IV and Schedule F, page 14)
- h Section 501(c)(10)—Domestic fraternal societies, orders, etc., not providing life, sick, accident, or other benefits (Schedule E, page 13)
- i Section 501(c)(12)—Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations (Schedule G, page 15)
- j Section 501(c)(13)—Cemeteries, crematoria, and like corporations (Schedule H, page 16)
- k Section 501(c)(15)—Mutual insurance companies or associations, other than life or marine (Schedule I, page 17)
- l Section 501(c)(17)—Trusts providing for the payment of supplemental unemployment compensation benefits (Parts I through IV and Schedule J, page 18)
- m Section 501(c)(19)—A post, organization, auxiliary unit, etc., of past or present members of the Armed Forces of the United States (Schedule K, page 19)
- n Section 501(c)(25)—Title holding corporations or trusts (Schedule A, page 7)

1a Full name of organization (as shown in organizing document) Bear Springs Trails Water Supply Corporation, Inc.	2 Employer identification number (EIN) (if none, see Specific Instructions on page 2) 46 : 4493058	
1b c/o Name (if applicable) 	3 Name and telephone number of person to be contacted if additional information is needed Jan W. Serene (830) 510-4284	
1c Address (number and street) P.O. Box 63479		
1d City, town or post office, state, and ZIP + 4 If you have a foreign address, see Specific Instructions for Part I, page 2. Pipe Creek, TX 78063-3479		
1e Web site address bearspringstrailhoa.org	4 Month the annual accounting period ends December	5 Date incorporated or formed August 8, 2013

- 6 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? Yes No
 If "Yes," attach an explanation.
- 7 Has the organization filed Federal income tax returns or exempt organization information returns? Yes No
 If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.
FORMS 1120, TAX YEARS 2013-2016, OGDEN, UT

- 8 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING.
- a Corporation— Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also attach a copy of the bylaws.
 - b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
 - c Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence that the organization was formed by adoption of the document by more than one person. Also include a copy of the bylaws.
- If this is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization, and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

PLEASE SIGN HERE _____ **Jan W. Serene, President** _____ **August 15, 2017**
 (Signature) (Type or print name and title or authority of signer) (Date)

Part II. Activities and Operational Information (Must be completed by all applicants)

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The Bear Springs Trails Water Supply Corporation is a customer-owned and operated non-profit company that provides water to the households in the Bear Springs Trails subdivision in Pipe Creek, Texas as its only activity. As a water supply corporation, a non-profit corporation under state law, it is exempt from Texas franchise taxes. Although the corporation was incorporated by the State of Texas on August 8, 2013, the company was not granted authority by the Texas Public Utility Commission to assume operation of the subdivision's water system until November 20, 2015. After the Public Utility Commission's approval the Bear Springs Trails Water Supply Corporation began operating with a grant from the members of \$15,000 from the Bear Springs Trails Owners Association. The homeowners association bought the water system for the water supply corporation for \$70,000 from a for profit company operated by the developer of the subdivision. The members/customers of the water supply corporation are also the members of the homeowners association; however, under Texas statutes the homeowners association had to create a separate corporation to operate its water system. The water supply corporation provides water only to the subdivision, and its officers and directors are limited to customers/residents of the subdivision.

- 2 List the organization's present and future sources of financial support, beginning with the largest source first. As stated above, the Bear Springs Trails Water Supply Corporation was initially granted \$15,000 for operating funds by its members/customers through the homeowners association which has the same membership, and the homeowners association paid for the water system for the water supply corporation. The water supply corporation's primary source of revenue is the collection of payments from its customers/members based upon their monthly water usage. The homeowners association provided an additional funding of approximately \$5000 in 2017 to help defray the cost of repair to the pipe in the central water well.

Part II. Activities and Operational Information (continued)

3 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Jan W. Serene, 997 Bear Springs Trail, Pipe Creek, TX 78063, President/Director	0
Andy Watson, 1542 Bear Springs Trail, Pipe Creek, TX 78063, Vice President/Director	0
Elizabeth A. Serene, 997 Bear Springs Trail, Pipe Creek, TX 78063, Treasurer/Director	0
Karla Seale, 142 Bear Springs Trail, Pipe Creek, TX 78063, Secretary/Director	0
Flint Lemon, 657 Bear Springs Trail, Pipe Creek, TX 78063, Director	0

4 If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected. **Bear Springs Trail Water Supply Corporation purchased the water system from Bear Springs Water Co., Inc. which was a for profit company operated by the subdivision's developer. Copies of the Bill of Sale and Public Utility Commission of Texas approval of the transfer are attached. The bill of sale is dated July 31, 2015, which is after we were notified the State would approve the transfer. The formal transfer of operations did not take place until the Commission's approval on November 20, 2015. The Commission required the transfer documents be completed before final approval.**

5 If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees). **The Bear Springs Trails Water Supply Corporation shares common membership with the Bear Springs Owners Association, the homeowners association for the subdivision serviced by the water supply corporation. The homeowners association is a tax exempt organization, whose EIN is 32-0068794. When the homeowners decided to purchase the water system from the developer, they were required to establish a water supply corporation under Texas law to operate the system. Currently two officer/directors of the water supply corporation are also officers/directors of the homeowners association; however, this is a result of a shortage of volunteers to fill the positions. The HOA members can approve additional funding for the water supply corporation, if the need arises.**

6 If the organization has capital stock issued and outstanding, state: (1) class or classes of the stock; (2) number and par value of the shares; (3) consideration for which they were issued; and (4) if any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.
N/A

7 State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued. **Membership is limited to residents/customers of the serviced subdivision. Each household is limited to one vote, and the only privilege afforded is the receipt of water for the household from the subdivision's central water well. Under the deed restrictions for the subdivision residents cannot operate individual water wells; therefore, residents are required to use the central water system.**

8 Explain how your organization's assets will be distributed on dissolution. **Upon dissolution the assets will be distributed to its members and former members as required by the bylaws which are prescribed by the State of Texas.**

Part II. Activities and Operational Information (continued)

9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? Yes No
If "Yes," state the full details, including: (1) amounts or value; (2) source of funds or property distributed or to be distributed; and (3) basis of, and authority for, distribution or planned distribution.

10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? . Yes No
If "Yes," state in detail the amount received and the character of the services performed or to be performed.

11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? Yes No
If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.

12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? Yes No
If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.

13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? Yes No
If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.

14 Does the organization now lease or does it plan to lease any property? Yes No
If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement. (If the organization is a party, as a lessor, to multiple leases of rental real property under similar lease agreements, please attach a single representative copy of the leases.)

15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any Federal, state, or local public office or to an office in a political organization? . . Yes No
If "Yes," explain in detail and list the amounts spent or to be spent in each case.

16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? Yes No
If "Yes," attach a recent copy of each.

Part III. Financial Data (Must be completed by all applicants)

A. Statement of Revenue and Expenses

Revenue	(a) Current Tax Year	3 Prior Tax Years or Proposed Budget for Next 2 Years			(e) Total
	From Jan 1 To July 31	(b) 2016	(c) 2015	(d) 2014	
1 Gross dues and assessments of members	5535	0	15,000	0	20535
2 Gross contributions, gifts, etc.					
3 Gross amounts derived from activities related to the organization's exempt purpose (attach schedule) (Include related cost of sales on line 9.)	8775	18,910	5265		32,950
4 Gross amounts from unrelated business activities (attach schedule)	0	0	0	0	0
5 Gain from sale of assets, excluding inventory items (attach schedule)	0	0	0	0	0
6 Investment income (see page 3 of the instructions)	0	0	0	0	0
7 Other revenue (attach schedule).	0	0	0	0	0
8 Total revenue (add lines 1 through 7)	14,310	18,910	20,265	0	53,485
Expenses					
9 Expenses attributable to activities related to the organization's exempt purposes.	20,769	15,162	7277	0	43,208
10 Expenses attributable to unrelated business activities	0	0	0	0	0
11 Contributions, gifts, grants, and similar amounts paid (attach schedule).	0	0	0	0	0
12 Disbursements to or for the benefit of members (attach schedule)	0	0	0	0	0
13 Compensation of officers, directors, and trustees (attach schedule)	0	0	0	0	0
14 Other salaries and wages.	0	0	0	0	0
15 Interest	0	0	0	0	0
16 Occupancy	0	0	0	0	0
17 Depreciation and depletion	0	0	0	0	0
18 Other expenses (attach schedule)	0	0	0	0	0
19 Total expenses (add lines 9 through 18)	20,769	15,162	7277	0	43,208
20 Excess of revenue over expenses (line 8 minus line 19)	(6459)	3748	12,988	0	10,277

B. Balance Sheet (at the end of the period shown)

		Current Tax Year as of 31 July	
		1	2
Assets			
1	Cash	10,277	
2	Accounts receivable, net	2261	
3	Inventories	0	
4	Bonds and notes receivable (attach schedule)	0	
5	Corporate stocks (attach schedule).	0	
6	Mortgage loans (attach schedule)	0	
7	Other investments (attach schedule)	0	
8	Depreciable and depletable assets (attach schedule)	70,000	
9	Land	0	
10	Other assets (attach schedule)	0	
11	Total assets	82,538	
Liabilities			
12	Accounts payable	(979)	
13	Contributions, gifts, grants, etc., payable	0	
14	Mortgages and notes payable (attach schedule)	0	
15	Other liabilities (attach schedule)	0	
16	Total liabilities.	(979)	
Fund Balances or Net Assets			
17	Total fund balances or net assets	82,538	
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	81,559	

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation.

Schedule G Organizations described in section 501(c)(12) (Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations)

- 1 Attach a schedule in columnar form for each tax year for which the organization is claiming exempt status. On each schedule:
 - a Show the total gross income received from members or shareholders.
 - b List, by source, the total amounts of gross income received from other sources. *SEE PART III*

- 2 If the organization is claiming exemption as a local benevolent insurance association, state:
 - a The counties from which members are accepted or will be accepted.

- b Whether stipulated premiums are or will be charged in advance, or whether losses are or will be paid solely through assessments.

- 3 If the organization is claiming exemption as a "like organization," explain how it is similar to a mutual ditch or irrigation company, or a mutual or cooperative telephone company.
The Bear Springs Trails Water Supply Corporation is a non-profit cooperative that provides water services solely to its members/owners, and derives its revenue only from its members which is similar to a mutual ditch, irrigation, telephone, or electric cooperative.

- 4 Are the rights and interests of members in the organization's annual savings determined in proportion to their business with it? Yes No
 If "Yes," does the organization keep the records necessary to determine at any time each member's rights and interests in such savings, including assets acquired with the savings? Yes No

- 5 If the organization is a mutual or cooperative telephone company and has contracts with other systems for long-distance telephone services, attach copies of the contracts.

Instructions

Mutual or cooperative electric or telephone companies should show income received from qualified pole rentals separately. Mutual or cooperative telephone companies should also show separately the gross amount of income received from nonmember telephone companies for performing services that

involve their members and the gross amount of income received from the sale of display advertising in a directory furnished to their members.

Do not net amounts due or paid to other sources against amounts due or received from those sources.



Office of the Secretary of State

CERTIFICATE OF INCORPORATION
OF

Bear Springs Trails Water Supply Corporation, Inc.
File Number: 801831957

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above corporation duly signed pursuant to the provisions of Chapter 67 of the Texas Water Code have been received in this office and have been found to conform to law.

ACCORDINGLY, the undersigned, as such Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Dated: 08/08/2013

Effective: 08/08/2013



A handwritten signature in black ink, appearing to read "John Steen".

John Steen
Secretary of State

BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.
EIN 46 4493058
PART I, LINE 8

EIN 464493058

BY-LAWS

PART I, LINE 8

BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.

By-Laws of Bear Springs Trails Water Supply Corporation, Inc. having been presented to the Board of Directors of said Corporation and duly adopted as follows:

ARTICLE I

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

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

The Secretary shall keep minutes of all meetings of Members and Directors, have custody of the seal of the Corporation, and affix it as directed hereby or by resolution passed by the Board of Directors or Members. The Secretary shall provide notices of all meetings as required by Chapter 551 of the Texas Government Code. The Board of Directors may appoint an employee as assistant or deputy secretary to assist the Secretary in all official duties pertaining to the office of the Secretary.

DOCKET NO. 43355

RECEIVED

APPLICATION OF BEAR SPRINGS WATER CO., INC. AND BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC. FOR SALE, TRANSFER, OR MERGER OF FACILITIES AND CERTIFICATES OF CONVENIENCE AND NECESSITY IN BANDERA COUNTY (37912-C)

§
§
§
§
§
§
§
§

PUBLIC UTILITY COMMISSION

PUBLIC UTILITY COMMISSION
FILING CLERK

NOTICE OF APPROVAL

This Notice addresses the application of Bear Springs Trails Water Supply Corporation (BST WSC) and Bear Springs Water Co., Inc. (Bear Springs Water) (collectively, Applicants) for the transfer of all the water facilities, customers and service area of water Certificate of Convenience and Necessity (CCN) No. 12963 from Bear Springs Water to BST WSC in Bandera County pursuant to Tex. Water Code § 13.301 (TWC) and 16 Tex. Admin Code §§ 24.109 and 24.112 (TAC) (application). Public Utility Commission of Texas (Commission) Staff recommended approval of the application. The application is approved.

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

I. Findings of Fact

Procedural History, Description, and Background

1. On May 6, 2014, Bear Springs Water filed an application with the Texas Commission on Environmental Quality (TCEQ) for the transfer of certificated water service in Bandera County to BST WSC and the transfer of CCN No. 12963 to BST WSC.
2. Bear Springs Water holds water CCN No. 12963 and is a retail public utility in Bandera County.
3. On September 1, 2014, the rates and CCN programs relating to water and sewer service were transferred from the TCEQ to the Commission. The application was part of the transfer and is now under the Commission's purview.
4. On October 1, 2014, the Commission issued Order No. 2, requiring Commission Staff to

BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.

EIN 46 4493058

PART II, LINE 4 AND PART III, LINE B8

BILL OF SALE

Date: July 31, 2015

Seller: Bear Springs Water Co., Inc.

Seller's Mailing Address: P.O. Box 18078
Sugar Land, Texas 77496-8078

Buyer: Bear Springs Trails Water Supply Corporation, Inc.

Buyer's Mailing Address: P.O. Box 63479
Pipe Creek, Texas 78063

Consideration: \$70,000.00

Transferred Property: All that property shown as Tangible Assets of Bear Springs Water Co. Inc. as of July 31, 2015 on Exhibit "A" which is attached hereto and incorporated herein for all purposes.

Seller, for the consideration and subject to the exceptions to transfer and warranty, sells, transfers, and delivers the Transferred Property to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold unto Buyer and Buyer's heirs, successors, and assigns forever. Seller binds Seller and Seller's successors and assigns to warrant and forever defend all and singular the Transferred Property to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the exceptions to transfer and warranty.

BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.

EIN 46 4493058

PART II, LINE 7

Dear Member,

Your membership in the Bear Springs Trails Water Supply Corporation, Inc. has been approved by the Board of Directors as evidenced by this membership certificate.

We are pleased to have you as a member.

Bear Springs Trails Water Supply Corporation, Inc.

This Certificate and the membership evidenced hereby are not transferable except as provided by in the bylaws of the Corporation and such membership may be terminated as provided in said bylaws.

Each member of the Corporation, or in the case of a joint membership, the holders thereof jointly, or either of them, but not both, shall be entitled to One (1) Vote and no more upon each matter submitted to a vote at all meetings of the members of the Corporation.

This Certificate and the membership evidenced hereby are subject to all the terms, conditions, and limitations contained in the Bylaws and the Tariff of the Corporation and all amendments thereto and in the applications of the holder or holders hereof for membership in the Corporation.

001/08/2015

Bear Springs Trails Water Supply Corporation, Inc.

Membership Certificate

ORGANIZED UNDER LAWS OF TEXAS

THIS certifies THAT a membership in BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC. (hereinafter called the "Corporation") is held by:

LASTNAME, FIRSTNAME
SERVICE ADDRESS
CITY, TX ZIPCODE

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its President and Secretary and its corporate seal to be hereunto affixed this 1st day of August, 2015.

_____, President

_____, Secretary

BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.

EIN 46 4493058

PART II, LINE 13

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 4, 2017

Mr. Jan W Serene, President
Bear Springs Trails WSC
PO Box 63479
Pipe Creek, TX 78063

Re: Notice of Compliance with Notice of Violation (NOV):
Bear Springs Trail Subdivision, Off of Bear Springs Trail 0.85 miles NE of Hwy 46, Pipe
Creek, Bandera County, Texas
Regulated Entity No.: RN101281467, TCEQ ID No.:0100076, Investigation No.:1395698

Dear Mr. Serene:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) San Antonio Region Office has received adequate compliance documentation on March 9, 2017 to resolve the alleged violation documented during the investigation of the above-referenced regulated entity conducted on December 15, 2015. Based on the information submitted, no further action is required concerning this investigation.

The Texas Commission on Environmental Quality appreciates your assistance in this matter and your compliance efforts to protect the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Deshaune Blake in the San Antonio Region Office at (210) 490-3096.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Bumguardner".

Lynn Bumguardner
Water Section Manager
San Antonio Region Office
Texas Commission on Environmental Quality

LB/JMTC/eg

Internal Revenue Service
P.O. Box 2508
Cincinnati, Ohio 45201

Department of the Treasury

Date: January 12, 2018

Bear Springs Trails Water Supply
Corporation, Inc.
P.O. Box 63479
Pipe Creek, TX 78063-3479

Person to Contact - ID#:

Kevin Payton – ID # 0203275

Contact Telephone Number:

877-829-5500

Employer Identification Number:

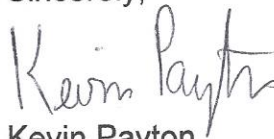
46-4493058

Dear Applicant:

Enclosed is a copy of your *Certificate of Formation* obtained from the website of the state in which you are incorporated. We have made it part of your file. Because we have provided a copy of this information to you, it is available for public inspection as part of your exemption application.

If the enclosed information relates to another organization, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,



Kevin Payton
Exempt Organizations Specialist

Enclosure
Certificate of Formation

FILED
In the Office of the
Secretary of State of Texas

AUG 08 2013

Corporations Section

**CERTIFICATE OF FORMATION
OF
BEAR SPRINGS TRAILS WATER SUPPLY CORPORATION, INC.**

We, the undersigned citizens of the State of Texas, acting as incorporators do hereby adopt the following Certificate of Formation pursuant to (i) Chapter 67 of the Texas Water Code and (ii) the Texas Non-Profit Corporation Law as defined by the Texas Business Organizations Code.

Article 1. Name

The name of the corporation is Bear Springs Trails Water Supply Corporation, Inc.

Article 2. Powers

The corporation is a non-profit corporation organized under the Texas Business Organizations Code, Texas Non-Profit Corporation Law and Chapter 67 of the Texas Water Code, as amended, and is authorized to exercise all powers, privileges and rights conferred upon a water supply corporation pursuant to Texas law including, but not limited to, Chapters 13, 49, and 67 of the Texas Water Code, the Texas Non-Profit Corporation Law, and Title 30 of the Texas Administrative Code.

Article 3. Duration

The period of the corporation's duration is perpetual.

Article 4. Purpose

The purpose of the corporation is to provide: (i) water supply, sewer service, or both for a municipality, a private corporation, an individual or a military camp or base; (ii) flood control and a drainage system for a political subdivision, a private corporation or another person; and (iii) such other purposes as the corporation may engage under the Texas Business Organizations Code, Texas Non-Profit Corporation Law and Chapter 67 of the Texas Water Code, as amended.

Article 5. Registered Office

The initial registered office of the corporation is 997 Bear Springs Trail, Pipe Creek, TX 78063.

Article 6. Registered Agent

The initial registered agent is Jan Serene whose address is 997 Bear Springs Trail, Pipe Creek, TX 78063.

Article 7. Management

The management of the affairs of the corporation is vested in the board of directors. The number of directors constituting the initial Board of Directors of the corporation is five (5) whose names and addresses are as follows:

- Jan W. Serene, P.O. Box 63479, Pipe Creek, TX 78063
- Elizabeth A. Serene, P.O. Box 63479, Pipe Creek, TX 78063
- Flint Lemon, 657 Bear Springs Trail, Pipe Creek, TX 78063



k6...

IF...

Karla S. Seale, 142 Bear Springs Trail, Pipe Creek, TX 78063
David Ketterer, P.O. Box 510, Pipe Creek, TX 78063

Article 8. Members

The corporation shall have members. Membership is deemed a personal estate and shall be transferable only on the books of the corporation in such manner as provided by Texas Water Code, as amended, and as may be prescribed by the bylaws of the corporation.

Article 9. Effective Date

This Certificate of Formation becomes effective when it is filed by the Texas Secretary of State.

Article 10. Incorporators

The incorporators are as follows:

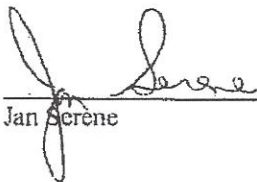
Jan Serene
PO Box 63479
Pipe Creek, TX 78063

Elizabeth Serene
PO Box 63479
Pipe Creek, TX 78063

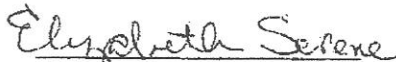
David Ketterer
P.O. Box 510
Pipe Creek, TX 78063

The undersigned affirm that the person designated as registered agent has consented to the appointment. The undersigned sign this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certify under penalty of perjury that the undersigned are authorized to execute the filing instrument.

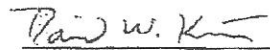
Executed this 5th day of August, 2013



Jan Serene



Elizabeth Serene



David Ketterer

Bear Springs Trails Water Supply Corporation, Inc.

Tax Form 1024

Employer Identification Number: 46-4493058

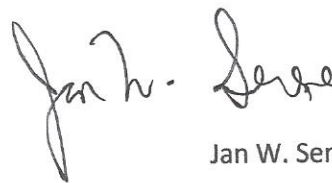
February 26, 2018

TO: Kevin Payton

Subject: Letter of Clarification

This responds to your telephone request for clarification of line 3, page 5 of Form 1024. Our charter from the State of Texas limits our water supply service area to the limits of the Bear Springs Trails subdivision. Therefore, we supply water and derive income only from the residents and/or property owners of the Bear Springs Trail subdivision. These residents and/or property owners are the sole members of the Bear Springs Trails Water Supply Corporation, Inc. Accordingly, the gross amounts derived from activities related to the organization's exempt purpose reflected on page 5, line 3 were provided solely by our members through their payments for water provided by the water supply corporation.

I declare under the penalties of perjury that I am authorized to sign this clarification on behalf of the above organization, and to the best of my knowledge it is true, correct, and complete.



Jan W. Serene

President

Bear Springs Trails Water Supply Corporation, Inc.