



Control Number: 43733



Item Number: 15

Addendum StartPage: 0

PUC DOCKET NO. 43733

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PUC STAFF
FILING CLERK
BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

APPLICATION OF THE TOWN §
OF PROVIDENCE VILLAGE §
UNDER TX. WATER CODE §
SEC. 13.255 AND TO DECERTIFY §
A PORTION OF MUSTANG SPECIAL §
UTILITY DISTRICT'S WATER AND §
SEWER CCNS IN DENTON COUNTY §

**TOWN OF PROVIDENCE VILLAGE'S NOTICE OF
RE-SCHEDULING OF PROVIDENCE VILLAGE W.C.I.D. BOARD MEETING**

To the Honorable Judge Susan E. Goodson:

On December 29, 2014, the Town of Providence Village (the "Town") notified the PUC and all interested parties that the Town intended to file a formal response to the PUC Staff's Response to Order No. 2 following the Providence Village WCID Board meeting on January 19, 2015. However, due to unexpected and unavoidable scheduling conflicts with several of the WCID Board members, the Board's meeting had to be re-scheduled from January 19 to a date when a full meeting of all the members of the Board will be in attendance. It is presently anticipated that that special meeting of the WCID Board will occur on January 28, 2015. As previously indicated, at that meeting the WCID Board will consider, among other items on its agenda, approval of a written verification that the WCID joins in the Town's Section 13.255 Application that is the subject of this docket.

The Town has previously stated various reasons supporting its position that the WCID has already clearly evidenced its joinder in the Application. See, e.g., Section I.B. of the Town's Response to Mustang S.U.D.'s Motion to Intervene filed in this docket on November 21, 2014. In addition to those reasons, the Town further advises the PUC that on October 20, 2014 the WCID Board formally and unanimously approved and authorized the filing of the Town's


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Section 13.255 Application. See Item No. 12 of the October 20, 2014 Minutes of the WCID Board attached hereto as Exhibit "A".

Accordingly, the Town continues to respectfully disagree with PUC Staff's Response to Order No. 2 in asserting that the Town's Section 13.255 application is administratively complete "subject to the Providence Village Water Control and Improvement District (WCID) joining this proceeding as the franchised utility pursuant to Texas Water Code § 13.255(i)." Nevertheless, as indicated above, to avoid any doubt about whether the WCID has joined in the Application, the WCID will meet on January 28 to expressly approve the WCID's joinder in the Application. Notwithstanding this action to be taken by the WCID Board, the Town further asserts that it is unnecessary to presently delay the referral of this case to the State Office of Administrative Hearings.

Respectfully submitted,

KELLY HART & HALLMAN LLP
301 Congress Avenue, Suite 2000
Austin, Texas 78701
Telephone: (512) 495-6400
Facsimile: (512) 495-6401

By: 
Stephen C. Dickman
State Bar No. 05836500
Brenda L. Clayton
State Bar No. 00783837

**ATTORNEYS FOR THE TOWN OF
PROVIDENCE VILLAGE**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on the following attorneys of record on this 20th day of January, 2015.

Via Email and Regular U.S. Postal Service

Leonard Dougal
ldougal@jw.com
JACKSON WALKER L.L.P.
100 Congress, Suite 1100
Austin, TX 78701
Tel: (512) 236-2233
Fax (512) 391-2112

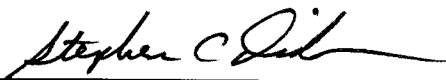
Robert L. Harris
rharris@rlharrislaw.com
RLHARRISLAW
3917 Edgewater Ct.
Richardson, TX 75082-5604
Tel: (972) 349-9991
Fax (972) 584-6113

ATTORNEYS FOR MUSTANG SPECIAL UTILITY DISTRICT

Britton Harris
bharris@hhstxlaw.com
HARRIS HILBURN
1111 Rosalie
Houston, Texas 77004
Tel: (713) 223-3936
ATTORNEY FOR PROVIDENCE VILLAGE W.C.I.D.

Via Fax and Regular U.S. Postal Service

Jason Haas
Attorney - Legal Division
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326
Tel: (512) 936-7295
Fax: (512) 936-7268
ATTORNEY FOR PUBLIC UTILITY COMMISSION



Stephen C. Dickman

EXHIBIT “A”

**Minutes of Meeting
Board of Directors
Providence Village Water Control and Improvement
District of Denton County, Texas
October 20, 2014**

The Board of Directors ("Board") of Providence Village Water Control and Improvement District of Denton County, Texas ("District"), met in regular session, open to the public, on Monday, October 20, 2014, at 7:00 p.m., at the Providence Community Center, 9400 Waterman, Providence, Texas 76227, within the District, for which notice was given as required by Chapter 551, Government Code, as amended, and Chapter 49, Texas Water Code, as amended.

The roll was called of the duly appointed members of the Board, to wit:

Greg Hugie	President
John W. Mitchell	Vice President
Efren Olvera	Secretary
Randy Bush	Assistant Secretary
Eric Newton	Director

All members of the Board were present, except Directors Olvera and Bush, who each entered the meeting later, as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Art Barraza, P.E. of Petitt Barraza LLC; Mr. Andre Ayala of FirstSouthwest; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; The Honorable Dave Shuck, Mayor of Town of Providence Village; Mr. Tom Muscle, District resident; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. Consideration was first given to determining a quorum and calling the meeting to order. A quorum being present, the President called the meeting to order at 7:05 p.m.
2. Consideration was next given to public comments. The President opened the meeting to public comments. After noting that there were no members of the public present and desiring to come before the Board, upon motion duly made by Director Mitchell, seconded by Director Newton and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to the review and approval of the Minutes of the September 15, 2014, Board of Directors Meeting. After discussion on the matter, Director Newton moved that the Board approve the Minutes of the September 15, 2014, Board of Directors meeting, as presented, and that the Secretary or Assistant Secretary be authorized to execute same on behalf of the Board and District. Director Mitchell seconded said motion, which carried unanimously.

Directors Olvera and Bush entered and participated in the remainder of the meeting.

4. Consideration was next given to approval of Resolution approving Preliminary Official Statement and Notice of Sale for proposed \$2,820,000 Unlimited Tax Road Bonds, Series 2014, and authorize other matters related to the issuance of bonds. The President recognized Mr. Ayala, who noted that interest rates in the tax exempt

municipal bond market are the lowest they have been since 2013, and recommended proceeding with the sale of road bonds. He noted that this would be the District's final road bond issuance, and that this issue would not impact the District's current debt service tax rate of \$0.81. Mr. Ayala presented and reviewed with the Board a Preliminary Official Statement and Notice of Sale, copies of which are attached to the Resolution approving Preliminary Official Statement and Notice of Sale for proposed \$2,820,000 Unlimited Tax Road Bonds, Series 2014, a copy of which is attached hereto as Exhibit "A". After discussion, Director Olvera moved that the Board approve such Resolution and authorize execution of same. Director Mitchell seconded said motion, which carried unanimously.

5. Consideration was next given to engagement of auditor to prepare audit relative to payment of proceeds from the District's \$2,820,000 Unlimited Tax Road Bonds, Series 2014. Mr. Crawford reviewed an audit engagement letter from McCall Gibson Swedlund Barfoot, PLLC, a copy of which is attached hereto as Exhibit "B". After discussion on the matter, Director Olvera moved that the Board approve engagement of McCall Gibson Swedlund Barfoot, PLLC to prepare the audit relative to payment of proceeds from the District's \$2,820,000 Unlimited Tax Road Bonds, Series 2014. Director Bush seconded said motion, which carried unanimously.
6. Consideration was next given to review and acceptance of the Developer's Report. Mr. Jameson presented the Developer's Report, a copy of which is attached hereto as Exhibit "C". He noted that, as of September 30, 2014, 2,130 lots have been developed; 2,106 lots conveyed to builders; 2,103 construction permits issued; and 2,027 homes were occupied. After discussion on the matter, Director Mitchell moved that the Board accept the Developer's Report as presented. Director Newton seconded said motion, which carried unanimously.
7. Consideration was next given to review and acceptance of the Engineer's Report. Mr. Barraza presented and reviewed with the Board a monthly engineering report, a copy of which is attached hereto as Exhibit "D". The Board next considered approval of construction pay application(s) and change order(s) to construction contracts. Mr. Barraza presented the following pay application and change orders: (i) pay application no. 4 from Interstate Pipeline for utility improvements for Harbor Village at Providence Phase 6B in the amount of \$18,193.88; (ii) pay application no. 1 from Pavecon for paving improvements for Harbor Village at Providence Phase 6B in the amount of \$74,946.49; (iii) pay application no. 2 from Pavecon for paving improvements for Harbor Village at Providence Phase 6B in the amount of \$432,315.16; and (iv) change order no. 4 to contract with Interstate Pipeline for utilities for Harbor Village at Providence Phase 6B for a net increase in contract price of \$669.92. After discussion, Director Olvera moved that the Board approve the pay applications and change order as set forth above. Director Mitchell seconded said motion, which carried unanimously.

The Board then considered the Roadway and Drainage Maintenance Program Scope of Work, and authorizing actions necessary and appropriate in connection therewith. Mr. Barraza presented and reviewed with the Board five (5) proposed drainage improvement projects, a copy of which is attached to the Engineering Report. After discussion on the matter, Director Olvera moved that the Board authorize Mr. Barraza

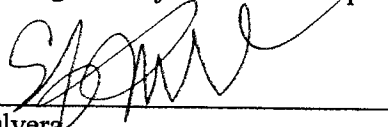
to obtain three (3) proposals each of the first four (4) projects: (i) Creek Village – clean creek area from Cambridge Drive/Davisville Drive/Boston Harbor Drive to Bridgeport Drive; (ii) Harbor Village – clean area behind elevated storage tank; (iii) Club Village – clean ditch area from Providence Elementary School to the East End of the Commercial Tract along U.S. 380; and (iv) Providence Village – clean inlet structures at all lakes through Providence Village. Director Newton seconded said motion, which carried unanimously.

8. Consideration was next given to review and approval of the Tax Assessor/Collector's report, a copy of which is attached hereto as Exhibit "E". Ms. Bloomfield presented and reviewed with the Board the report, as of September 30, 2014, reflecting 99.57% collections for the District's 2013 tax levy. After discussion on the report presented, upon motion duly made by Director Mitchell, seconded by Director Olvera and unanimously carried, the Board accepted the report as presented.
9. Consideration was next given to utility service and billing complaints/requests and authorizing actions to address such matters. Mr. Crawford discussed with the Board ratification of waiver of late fees other than reconnect fee for resident at 1376 Portsmouth (Mike Mitchell/Annie Smith). After discussion on the matter, Director Olvera moved that the Board ratify in all respects waiver of the late fees at 1376 Portsmouth, other than reconnect fee. Director Bush seconded said motion, which carried unanimously.
10. Consideration was next given to approval of Second Amended and Restated Interim Allocation Agreement with the Town of Providence Village. Mr. Crawford reviewed the revisions to the previously approved agreement, a copy of such agreement is attached hereto as Exhibit "F". After discussion on the matter, Director Bush moved that the Board approve the Second Amended and Restated Interim Allocation Agreement with the Town of Providence Village. Director Mitchell seconded said motion, which carried unanimously.
11. Consideration was next given to approval of Reserve Study Proposal from Criterium-Dotson Engineers, a copy of which is attached hereto as Exhibit "G". Director Hugie explained the scope of services and \$4,700.00 fee for "enhanced option". After discussion on the matter, Director Olvera moved that the Board approve the proposal from Criterium-Dotson Engineers and authorized Mr. Barraza to participate. Director Bush seconded said motion, which carried unanimously.
12. Consideration was next given to approval of application to Texas Commission on Environmental Quality/Public Utility Commission for single certification of Town of Providence Village and/or its franchise utility to serve area within the Town, including preparation of maps and engineering reports and appraisals. Mr. Crawford presented and reviewed with the Board an application to the Public Utility Commission, a copy of which is attached hereto as Exhibit "H". After discussion on the matter, Director Mitchell moved that the Board approve the application to the Public Utility Commission for single certification of Town of Providence Village and/or its franchise utility to serve area within the Town, and authorize the filing of same. Director Olvera seconded said motion, which carried unanimously.

13. Consideration was next given to approval of Task Order No. 1 for maintenance of trees in District easements and rights-of-way and issuance of notice to proceed to Tree Shepherds. Director Hugie discussed the scope of the task order, noting the maximum fee of \$6,500.00, a copy of such task order is attached hereto as Exhibit "I". After discussion, Director Olvera moved that the Board approve Task Order No. 1 and notice to proceed. Director Bush seconded said motion, which carried unanimously.
14. Consideration was next given to Committee Reports, and the taking of any actions necessary or appropriate in connection therewith. With regard to the Planning Committee (including Joint Town/District Committee), Director Hugie reported that the Town approved the Second Amended and Restated Interim Allocation Agreement and the 13.255 Application to the Public Utility Commission. He noted that Mayor Shuck and Justin Steiner have been appointed to the Transition Committee. Director Hugie also noted that the Town's Charter Committee meeting was cancelled. With regard to the Development and Management Committee, Director Olvera noted that he had nothing new to report. With regard to the Services Committee, Director Hugie noted that he had nothing new to report. Director Olvera noted that, with regard to the Finance and Administration Committee, the Series 2014 refunding bond deal has closed. After discussion on the matter, Director Mitchell moved that the Board approve the reports as presented. Director Bush seconded said motion, which carried unanimously.
15. Consideration was next given to status of litigation styled "Town of Providence Village vs. Providence Village Water Control and Improvement District and Mustang Special Utility District", and authorizing actions necessary and appropriate in connection therewith. Mr. Crawford noted that he had nothing new to report.
16. Consideration was next given to status of Mustang SUD and District application to Texas Commission on Environmental Quality ("TCEQ") to transfer retail water and sewer facilities and to transfer and cancel certificates of convenience and necessity and authorize actions necessary and appropriate in connection therewith. Mr. Crawford noted that he had nothing new to report.
17. Consideration was next given to review and approval of the Bookkeeper's Report, including collection summary, payment of bills, status of investments, and comparison report, and budget amendments as necessary, as presented by Ms. Bloomfield, a copy of which is attached hereto as Exhibit "J". After considerable discussion on the bookkeeping matters, Director Olvera moved that the Board approve said Bookkeeper's Report and authorize payment of checks as specified in said Report. Director Bush seconded said motion, which carried unanimously.
18. The Board next deferred consideration of Executive Session pursuant to Section 551.071 and Section 551.072, Texas Government Code, as amended.
19. Consideration was next given to items for placement on agenda of future District Board of Directors meetings. It was noted that items relating to the proposed sale of

the District's \$2,820,000 Unlimited Tax Road Bonds, Series 2014, should be included on the next agenda.

20. After noting that no further business was to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned at 8:25 p.m.



Efren Olvera
Secretary

EXHIBIT

tabbies

H H

PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER
SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY



Application to Obtain or Amend a Certificate of Convenience and Necessity (CCN) Under Water Code Section 13.255

Docket Number: _____

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

CCN Requirements

1. Purpose of application

Check all boxes that apply.

The purpose of this application is to:

☒ Obtain single certification to a service area within the cities limits; and /or

☐ Amend Certificate of Convenience and Necessity (CCN) No. _____

to provide ☒ water or ☒ sewer service to:

The Town of Providence Village

(Subdivision or Area) and to decertify

a portion of Mustang Special Utility District, CCN Nos. 11856 and 20930 (Name of Utility and CCN No.)

2. Applicant

Name of City: Town of Providence Village

Mailing address: 1745 FM 2931, Providence Village, TX 76227

Phone: 940-365-9333

Fax: 940-365-9373

Email: philipmack@furlowlegal.com

Tax Identification number:

3. County or counties

Name of county(ies) where the city intends to provide retail public utility service:

Denton

4. Contact information

Contact person regarding this application:

Name: Philip Mack Furlow

Title: City Attorney

Mailing address: 1415 North Locust, Denton, TX 76201

Phone: 940-484-4488

Fax:

Email: philipmack@furlowlegal.com

5. Retail public utility

Retail public utility currently certificated to the area involved in this application:

Utility Name: Mustang Special Utility District

Title: Chris Boyd, General Manager

Mailing address: 7985 FM 2931, Aubrey, TX 76227

Phone: 940-440-9561

Fax: 940-440-9686

Email: cboyd@mustangwater.com

Retail public utility contact person regarding negotiations with the city over the service area involved:

Name: Tony Corbett

Title: Attorney at Law

Mailing address: Freeman & Corbett, 8500 Bluffstone Cove, Suite B-104, Austin, TX 78759

Phone: 512-451-6689

Fax: 512-453-0865

Email: tcorbett@freemanandcorbett.com

6. Service area

On what date was this proposed service area incorporated by the city? May 8, 2010

7. Negotiation date between city and retail public utility

On what date did negotiations begin between the city and the retail public utility? April 30, 2014

8. Notice date

On what date was notice of the city's intent to provide service to the incorporated or annexed area provided to the retail public utility made? April 30, 2014

Please attach a copy of the notice provided. Also attach a copy of the mailing list indicating to whom such notice was provided. See cc: list on letter of April 30, 2014

9. Description of retail public utility facilities

Please provide a brief description of the retail public utility's facilities in the service area involved in this application. Also indicate how many customers are currently receiving service from the retail public utility in this area:

Mustang SUD currently has no facilities serving the area within the Town of Providence Village except for a 63.4% interest in a one million gallon elevated water tower tank generally located at the northwest corner of the intersection of Liberty Road and Brewer Road in Denton County, along with associated water transmission lines.

10. Service start date

Provide the date when city service to the area can begin. Immediately

11. Franchised utility information

If the city will allow a franchised utility to provide service to the area involved, please attach a copy of the city consent or franchise agreement and provide the following information:

Utility Name: Providence Village Water Control and Improvement District of Denton County

Mailing address: c/o Crawford & Jordan LLP, 19 Briar Hollow Lane, Suite 245, Houston, TX 77027-2858

Phone: 713-621-3707

Fax: 713-621-3909

Email: ccrawford@crawlaw.net

Franchised Utility's CCN Number: 13020 and 20922

Franchised Utility's contact person and their address:

Name: Clay Crawford

Title: General Counsel

Mailing address: Crawford & Jordan LLP, 19 Briar Hollow Lane, Suite 245, Houston, TX 77027-2858

Email: ccrawford@crawlaw.net

Phone: 713-621-3707

Phone: 713-621-3707

Fax: 713-621-3909

Email: ccrawford@crawlaw.net

12. Paper map requirements

All maps should include applicant's name, address, telephone number, and date of drawing or revision and be folded to 8½ x 11 inches.

Attach the following maps with each copy of the application:

- A. Subdivision plat or engineering plans or other large scale map showing the following:
1. The exact proposed service area boundary showing locations of requests for service and locations of existing connections (if applicable).
 2. Metes and bounds (if available).
 3. Proposed and existing service area boundaries should be plotted on the map in relation to verifiable natural and man-made landmarks such as roads, creeks, rivers, railroads, etc.
 4. Service area boundaries should be shown with such exactness that they can be located on the ground.
- ❖ ***Applicant may use a USGS 7.5"-minute series map if no other large scale map is available.***
- B. Small scale location map delineating the proposed service area. The proposed service area boundary should be delineated on a copy of the official CCN map. This map will assist the Public Utility Commission in locating the proposed service area in relation to neighboring utility service areas.
- C. Hard copy maps should include the following items:
1. Map scale should be prominently displayed.
 2. Color coding should be used to differentiate the applicants existing service areas from the proposed service area.
 3. Attach a written description of the proposed service area.
 4. Proposed service area should be the same on all maps.
 5. Include map information in digital format (if available), see 13, GIS map information.
- D. Each utility shall make available to the public at each of its business offices and designated sales offices within Texas the map of the proposed service area currently on file with the Commission. The applicant employees shall lend assistance to persons requesting to see a map of the proposed area upon request.

❖ ***For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC's website for assistance.***

13. GIS map information

A. Digital Map Requirements: In order that your digital data can be properly used, the following information is necessary:

1. Submit digital data of the proposed CCN service area on a CD, flash drive, or DVD. Two digital copies are necessary. Most files of CCNs (minus the base map) should be small enough to zip up and put on a CD.
2. The digital data should include all items represented in the hard copy maps.
3. Please identify data file format, projection information, map units and base map used. Acceptable Data File Format:
 - a. ArcView shape file (preferred)
 - b. Arc/Info E00 file

❖ *For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.*

ALL APPLICABLE QUESTIONS MUST BE ANSWERED FULLY.

THE APPLICATION WILL NOT BE ACCEPTED FOR FILING WITHOUT MAPS.

PLEASE NOTE THE FILING OF THIS APPLICATION DOES NOT CONSTITUTE AUTHORITY TO PROVIDE WATER/SEWER SERVICE IN THE REQUESTED AREA.

OATH

State of Texas

County of Denton

I, Philip Mack Furlow being duly sworn, file this

application under V.T.C.A., Water Code Section 13.255 as Attorney for Town of Providence Village
(Name of the City); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form available only from the Commission.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.

AFFIANT

(Applicant's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of
Texas, this _____ day of November 2014

SEAL

NOTARY PUBLIC



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Certificate of Convenience and Necessity (CCN) Under Water Code Section 13.255

Instructions and Checklist

Each question on the application must be answered completely. If additional space is needed, attach additional sheets clearly labeled with the applicant's name and Docket Number if available. If a question is not applicable, please mark it N.A. and briefly explain why the question does not apply. DO NOT LEAVE ANY QUESTIONS BLANK.

7 copies of the application package, including the original, must be filed with the commission's filing clerk, per §22.71(c)(9) of the Commission's procedural rules.

The following items must be included in the application package:

- Completed application form, including any attachments
- Copy of notice of city's intent to serve the incorporated or annexed area to the retail public utility
- Completed Oath
- Maps - See the Map section on the application form for more details.

No required filing fee.

7 copies of the completed application package, including the original should be sent to:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326



**TOWN OF
PROVIDENCE
VILLAGE**

1745 F.M. 2931 / P.O. Box 838
Providence Village, Texas 76227
(940) 365-9333 / (940) 365-9373 (fax)

April 30, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
#7009 2250 0001 5281 9779

Mr. Bill Hathaway
President, Board of Directors
Mustang Special Utility District
7985 FM 2931
Aubrey, TX 76227

Re: Texas Water Code Section 13.255(b) Notice of Intent to Provide Retail Water and Sewer Service Within the Corporate Limits of the Town of Providence Village

Dear Mr. Hathaway:

Pursuant to Texas Water Code Section 13.255(b), please be advised that the Town of Providence Village (the "Town") intends to provide retail water and sewer service to the area within the corporate limits of the Town. As you know, Mustang Special Utility District ("Mustang") presently holds Certificate of Convenience and Necessity Nos. 11856 and 20930 to provide retail water and sewer service, respectively, to the area comprising the corporate limits of the Town.

The Town will provide retail water and sewer service to the area within the Town by and through the Town's exclusive franchised utility which will be Providence Village Water Control and Improvement District of Denton County, Texas (the "WCID"). The Town and the WCID are presently negotiating a Franchise Agreement designating the WCID as the exclusive municipally franchised water and sewer utility for the Town, and the Town anticipates that such franchise agreement will be executed in the near future. Upon completion of the Section 13.255 process, the area within the Town will be single-certified to the WCID as the Town's franchised utility and operated under CCN Nos. 13020 and 20922 presently held by the WCID as part of its dual certification with Mustang of the area within the Town.

Pursuant to Texas Water Code Section 13.255, the Town invites Mustang to negotiate with the Town over terms and conditions for the orderly changeover from the current dual-

April 30, 2014
Page 2

certified status to single-certification of the WCID for and on behalf of the Town as the Town's franchised utility. However, as you know, Mustang currently does not own any facilities providing water and sewer service to the Town and, therefore, the Town does not believe that any compensation to Mustang for the taking of real or personal property is appropriate. Accordingly, the Town respectfully requests that Mustang enter into an agreement with the Town and the WCID under Section 13.255(a) for single certification to the WCID as the Town's franchised utility.

If you disagree with this position of the Town, please advise me at your earliest convenience so that the Parties can make the best use of the 180-day negotiating period established under Section 13.255. If no agreement between the Parties is reached within 180 days from the date of your receipt of this notice, the Town and the WCID will proceed to file an application with the Texas Commission of Environmental Quality ("TCEQ") under Section 13.255(b) for single certification of the area within the Town.

Thank you in advance for your prompt response and cooperation in this matter.

Very truly yours,



Brian Roberson
Mayor, Town of Providence Village

BDR/csh

cc: Chris Boyd, General Manager, Mustang Special Utility District
Robert L. Harris, Attorney for Mustang Special Utility District
Britton B. Harris, Attorney for Providence Village WCID of Denton County
Philip Mack Furlow, Attorney for Town of Providence Village
Constance Hall, Attorney for Providence Homeowners Association



Special Utility District

May 30, 2014

The Honorable Dave Shuck
Town of Providence Village
1745 F.M. 2931
P.O. BOX 838
Providence Village TX 76227

Re: Notice of the Town of Providence Village's Intent to Provide Retail Water and Sewer Service pursuant of Texas Water Code §13.255.

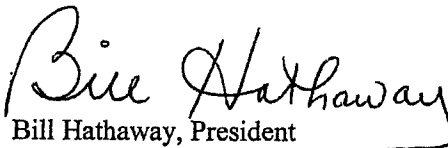
Dear Mayor Shuck:

On May 2, 2014, Mustang Special Utility District ("Mustang") received a Notice dated April 30, 2014, of the intent of the Town of Providence Village (the "Town") to provide retail water and sewer service to the area within the corporate limits of the Town pursuant to Texas Water Code §13.255(b) by and through Providence Village Water Control & Improvement District of Denton County, Texas ("WCID").

For many reasons, including but not limited to Mustang's contract with the WCID and the current litigation being prosecuted by the Town against Mustang and the WCID, the WCID does not have the right to a single certification.

In addition, Mustang does not agree with the Town's characterization of the nature or the value of Mustang's property rights or rights to compensation pursuant to §13.255. Mustang, however will continue to evaluate the Town's request.

Very truly yours,


Bill Hathaway, President
Mustang SUD Board of Directors

ORDINANCE NO. 2014-062

AN ORDINANCE GRANTING PROVIDENCE VILLAGE WCID OF DENTON COUNTY ("PVWCID") A FRANCHISE TO OPERATE AND MAINTAIN WATER AND SEWER SYSTEMS WITHIN THE TOWN OF PROVIDENCE VILLAGE; TO USE THE RIGHTS-OF-WAY IN SAID TOWN FOR A PERIOD OF TWENTY YEARS WITH RENEWAL PROVISIONS; PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS; PROVIDING FOR THE PAYMENT TO THE TOWN OF A PERCENTAGE OF GRANTEE'S GROSS RECEIPTS RELATED TO SAID FACILITIES; PROVIDING FOR GRANTEE'S ACCEPTANCE; CONTAINING MISCELLANEOUS PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, PVWCID operates retail water and sewer systems, portions of which are included within the incorporated area of the Town of Providence Village;

WHEREAS, Texas Tax Code 182.025 and Texas Water Code 13.247 authorize a municipality to charge a public utility, including a retail water and/or sewer service provider, for the use of the Town's streets, alleys, or public ways; and

WHEREAS, Pursuant to the Texas Local Government Code the Town has the authority to grant franchises for public water and sewer utilities, and to govern a public utility's use of municipal streets, alleys, grounds, and rights of way; and

WHEREAS, the Town Council believes it in the best interest of the Town to grant PVWCID a franchise on the following terms and conditions;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN OF PROVIDENCE VILLAGE, TEXAS, THAT:

Section 1. Definitions.

When not inconsistent with the context, words used in the present tense include the future tense, words in the plural include the singular, and words in the singular include the plural, and the use of any gender shall be applicable to all genders whenever the sense requires. The words "shall" and "will" are mandatory and the word "may" is permissive. Words not defined in this Section 1 shall be given their common and ordinary meaning.

"Consumer" shall mean any person or organization receiving and using water and/or sewer service from the Grantee for his or her own appliances or equipment whether or not the water and/or sewer service is billed directly to him or her, or to a second party. (As an example, in the case of a rental unit where the cost of utilities is part of the rent, the landlord is a Customer and the tenant is a Consumer.)

"Customer" shall mean any person or organization billed for water service by the Grantee whether used by him or her, or by others.

"Effective Date" shall mean the first day following the entry of an order of the Texas Commission on Environmental Quality or its successor agency cancelling the certificate of convenience and necessity of Mustang Special Utility District inside the Town.

"Emergency" shall mean an occurrence with a potential to endanger personal safety or health, or cause substantial damage to property, that calls for immediate action.

"Franchise" shall mean the authority granted by this ordinance, and all rights and obligations established herein or as it may be amended.

"Grantee" shall mean PVWCID, a water control and improvement district and political subdivision of the State of Texas, its successors and assigns.

"Gross Receipts" shall mean the total amount collected by the Grantee for retail public water and/or sewer utility services received by Consumers and Customers after the Effective Date by the Grantee within the corporate limits of the Town. Gross Receipts shall not include charges for taxes or regulatory charges on services furnished by the Grantee herein that are imposed directly upon any Consumer or Customer by the State, the Town or other governmental unit and collected by the Grantee on behalf of the governmental units (including, without limitation, Texas Limited Sales Tax), nor shall it include any amounts refunded to Customers or Consumers. Gross receipts shall not include impact fees, or other non-water and/or sewer utility service fees and charges Grantee may charge and collect under its lawful tariff.

Section 2. Grant of Franchise and Term.

(a) There is hereby granted to the Grantee an exclusive franchise to maintain, construct, equip, extend, replace, repair, alter and otherwise establish and operate in the Town, as constituted as of the Effective Date, or as may hereafter be constituted, Facilities necessary or appropriate to sell, distribute, convey or otherwise conduct, serve, supply and furnish the inhabitants of the Town retail water and sewer utility service. The Grantee is hereby granted passage and rights-of-way in, under, along and across the Rights-of-Way of the Town and beneath the surface of same, and the right to occupy and use in any lawful way during the term of this Franchise said Rights-of-Way as they now or hereafter may exist, for every and any such service, use, effect, and lawful purpose as herein mentioned; provided that all such work, activity and undertakings by the Grantee shall be subject to the terms and provisions of this Franchise. The Town shall have and will retain the authority to create and impose standards on how Grantee will construct and maintain its facilities within the municipal rights-of-way to insure the timely and effective maintenance of said rights-of-way for public purposes. For example for illustration purposes only, the Town may set standards on the depth at which water lines must be installed within the right-of-way or the manner in which water lines may cross public streets – road bore or cross cut.

(b) In exercising its operations under this Franchise, the Grantee reserves the right to use affiliated entities or third party contractors or subcontractors.

(c) The term of this Franchise shall be for a period of twenty (20) years from the Effective Date; provided that this Franchise shall not be or become effective unless accepted by the Grantee as herein provided. The Franchise shall be automatically renewed for additional terms of ten (10) years unless either party notifies the other in writing, at least one (1) year prior to the end of the then current term, of the party's desire to terminate the Franchise.

(d) The Grantee shall have full authority to repair and replace pipes and facilities existing on the adoption of this Franchise, and any pipe or facility within any Rights-of-Way and to expand and enlarge such facilities for the purpose of providing for growth and expansion both within and outside the Town.

(e) The Grantee will bear the costs of any required publication.

Section 3. Use of Rights-of-Way.

The Grantee is hereby authorized, licensed and empowered to do any and all things necessary and proper to be done and performed in executing the powers and utilizing the privileges herein mentioned and granted by this Franchise, and provided that all work done in said Rights-of-Way by the Grantee shall be done with reasonable diligence and without unnecessary inconvenience to the public or individuals. The Town shall take reasonable precautions to avoid conflicting with the Grantee's facilities in such Rights-of-Way. The Town shall include as a requirement in all franchises that are granted or renewed after the Effective Date that all other franchised entities occupying Rights-of-Way shall also take reasonable precautions to avoid conflicting with the Grantee's facilities in such Rights-of-Way. It is not the intention of either the Town or the Grantee to create any liability, right or claim for the benefit of third parties and this Franchise is intended and shall be construed for the sole benefit of the Town and the Grantee.

Section 4. Franchise and Rental Fees.

(a) The Grantee shall, commencing on the Effective Date and continuing through the term of this Franchise, pay to the Town two percent (2%) of the Grantee's Gross Receipts collected from Customers and Consumers within the corporate limits of the Town as a franchise fee.

(b) The franchise fee shall be payable annually to the Town and delivered to the Town's Director of Finance together with a statement indicating the derivation and calculation of such payment. Each such annual payment shall be due on the fifteenth day of the second month (February 15) following the end of the calendar year period for which said payment is due and shall be based upon the Gross Receipts during that same calendar year period. The statement shall be presented in the form of generally accepted accounting procedures.

(c) The franchise fee shall be in lieu of any and all other Town imposed rentals or compensation or franchise, license, privilege, instrument, occupation, excise or revenue taxes or fees and all other exactions or charges (except ad valorem property taxes, special assessments for local improvements, Town sales tax, and such other charges for utility services imposed uniformly upon persons, firms or corporations then engaged in business within the Town) or permits upon or relating to the business, revenue, franchise, transmission and distribution lines, installations and

systems, fixtures, and other facilities of the Grantee and all other property of the Grantee and its activities, or any part thereof, in the Town which relate to the operations of the Facilities.

(d) The Town shall promptly notify Grantee of any annexations or disannexations by the Town when such actions are completed, and shall provide Grantee with a map showing the area affected. Grantee shall promptly, but no later than thirty (30) days after receipt of the complete information from the Town, revise its records to reflect the addition or deletion of territory from the Town for the purpose of calculating franchise fees payable hereunder.

Section 5. Acceptance of Franchise by Grantee.

(a) When accepted by the Grantee strictly in conformance with this Section, this Franchise shall be a duly executed contract by and between the Town and the Grantee. Upon the acceptance of this Franchise by the Grantee, the Town shall be deemed to have released and forever discharged the Grantee from all claims that the Town has asserted, or could have asserted, for franchise fee payments by the Grantee prior to the Effective Date.

(b) The Grantee shall, if it elects to accept this Franchise, give written notice of acceptance to the Town Secretary within thirty (30) days from the date of this Franchise. Such acceptance shall be typed or printed on the letterhead of the Grantee and, with the blank spaces appropriately completed, shall be as follows:

(insert date of letter)

The Town of Providence Village
Attn: Town Secretary
1745 FM 2931
Providence Village, Texas 76227

PVWCID (the "Grantee"), acting by and through the undersigned officer who is acting within his official capacity and authority, hereby accepts the franchise to operate a water utility system within the Town of Providence Village (the "Town") as said franchise is set forth and provided in the Town Charter (the "Franchise"). The Grantee agrees the Franchise was negotiated in good faith between the Grantee and the Town and that the terms, provisions and conditions thereof are mutually accepted and constitute a valid contract between the Grantee and the Town.

By: _____
Name: _____
Title: _____

Section 6. Termination of Franchise.

(a) Either party (provided such party is not then in material breach of this Franchise) may terminate this Franchise upon a material breach thereof by the other party (the "Breaching Party") by giving not less than forty-five (45) days' prior written notice of such termination (containing reasonable detail of the material breach) to the Breaching Party; provided, however, in the event that the Breaching Party shall have cured the specified material breach within the above-referenced forty-five (45) day notice period (or, if the material breach is of a type which is not reasonably capable of being cured within such a period, the Breaching Party has then commenced action to cure such breach), the above-referenced notice shall be of no further force or effect.

(b) The Grantee may terminate this Franchise at any time upon written notice to the Town in the event the Grantee is then no longer providing water or sewer service to Customers or Consumers within the corporate limits of the Town.

(c) In the event this Franchise is terminated, easements and real property purchased and acquired by the Grantee, and held in the name of the Grantee, shall be and remain the property of the Grantee, according to the terms, conditions and limitations of the instruments conveying such property and interest in property to the Grantee.

Section 7. Severability

If any section, paragraph, subdivision, clause, part or provision hereof shall be adjudged invalid, illegal or unconstitutional, the same shall not affect the validity hereof as a whole or any part or provision other than the part or parts held invalid or unconstitutional.

Section 8. Captions and Headings.

The use of captions or headings for the various sections of this Franchise are for convenience of parties only and do not reflect the intent of the parties. The rule of interpretation to resolve ambiguities in a contract against the party drafting such contract shall not apply to this Franchise.

Section 9. Open Meetings.

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, as required by the Open Meetings Act, *Chapter 551, Texas Government Code*.

Section 10. Notice.

Whenever notice is required to be given to Grantee by this Franchise or by the Ordinance, notice shall be given to the following:

Providence Village WCID of Denton County
Attn: President

c/o Crawford & Jordan LLP
19 Briar Hollow Ln Ste 245
Houston, TX 77027

Section 11. Entire Agreement; Amendments.

This Franchise contains the entire agreement between the parties with respect to the subject matter herein and all prior negotiations and agreements are merged herein and hereby superseded. This Franchise may not be amended or revised except upon agreement of both parties, which agreement shall be in writing.

Section 12. No Waiver.

(a) The failure of the Town or the Grantee, upon one or more occasions, to exercise a right or to require compliance or performance under this Franchise or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance, unless such right has been specifically waived in writing.

(b) Waiver of a particular breach of this Franchise shall not be construed as a waiver of any other breach. No provision of this Franchise shall operate as a waiver by the Town or the Grantee of any right guaranteed by the federal or state constitutions or other applicable law.

PASSED AND APPROVED on this the 9th day of June, 2014.

Town of Providence Village, Texas

David Shuck, Mayor

Attest:

Connie Hansen, Town Secretary

The caption of the foregoing Ordinance was published in the newspaper on the 20th day of June, 2014.

Connie Hansen, Town Secretary

the _____ accepted the foregoing Franchise by written instrument filed on
the _____ day of _____ 2014.

Connie Hansen, Town Secretary

**PROVIDENCE VILLAGE WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY**

**3100 McKinnon Street, Suite 1100
Dallas, Texas 75201**

June 24, 2014

The Town of Providence Village
Attn: Town Secretary
1745 FM 2931
Providence Village, Texas 76227

PVWCID (the "Grantee"), acting by and through the undersigned officer who is acting within his official capacity and authority, hereby accepts the franchise to operate a water utility system within the Town of Providence Village (the "Town") as said franchise is set forth and provided in the Town Charter (the "Franchise"). The Grantee agrees the Franchise was negotiated in good faith between the Grantee and the Town and that the terms, provisions and conditions thereof are mutually accepted and constitute a valid contract between the Grantee and the Town.



By: _____
Name: Gregory S. Hugie
Title: President

cc: Mr. Clay E. Crawford
Mr. Mark Zeppa
Mr. Britt Harris