

Attn: Mr. John Dowdall
5308 Village Creek
Plano, Texas 75093
Fax: 972/732-6644

Attn: Robert Crews
5950 Berkshire Ste 950
Dallas, Texas 75225
Fax: 214/739-8858

Either party may change the address for notice to it by giving written notice of such change in accordance with the provisions of this paragraph.

13. Breach of Contract and Remedies

- A. If either party breaches any term or condition of this Contract, the non-breaching party may, at its sole option, provide the breaching party with notice of the breach within sixty (60) days of discovery of the breach by the non-breaching party. Upon its receipt of a notice of breach, the breaching party shall have sixty (60) days to cure the breach. If the breaching party does not cure the breach within the sixty (60) days, the non-breaching party shall have all rights and remedies at law and in equity including, without limitation, the right to enforce specific performance of this Contract by the breaching party and the right to perform the obligation in question and to seek restitution for all damages incurred in connection therewith.
- B. Termination of this Contract by either party shall not affect any previous conveyance.
- C. The rights and remedies granted in this Contract to the parties in the event of default are cumulative, and the exercise of such rights shall be without prejudice to the enforcement of any other right or remedy authorized by law or this Contract.

14. Indemnity

Developer shall indemnify and save harmless the District and its officers, agents, representatives and employees from all suits, actions, losses, damages, claims or liability of any character, type or description, including without limiting the generality of the foregoing all expenses of litigation, court costs and attorney's fees, for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, the acts of Developer or its agents, representatives or employees in connection with or related to the Development, the Utility Service Improvements or execution or performance of this Contract.

15. No Third Party Beneficiaries

This Contract is solely for the benefit of the parties hereto, and no other person has any right, interest or claim under this Contract.

16. Context

Whenever the context requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words shall include singular and plural.

17. Litigation Expenses

Either party to this Contract who is the prevailing party in any legal proceeding against the other party, brought in relation to this Contract, shall be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing party.

18. Intent

The parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are, or may become, necessary or convenient to effectuate and carry out the intent of this Contract.

19. Authority

The signatories hereto represent and affirm that they have authority to execute this Contract on behalf of the respective parties hereto.

20. Severability

The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Contract to other persons or circumstances shall not be affected thereby and this Contract shall be construed as if such invalid or unconstitutional portion had never been contained therein.

21. Entire Agreement

This Contract, including any exhibits and/or addendums attached hereto and made a part hereof, constitutes the entire agreement between the parties relative to the subject matter of this Contract. All prior agreements, covenants, representations, or warranties, whether oral or in writing, between the parties are merged herein.

22. Amendment

No amendment of this Contract shall be effective unless and until it is duly approved by each party and reduced to a writing signed by the authorized representatives of the District and the Developer, respectively, which amendment shall incorporate this Contract in every particular not otherwise changed by the amendment.

23. Governing Law

This Contract shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Denton County, Texas.

24. Venue

Any action at law or in equity brought to enforce or interpret any provision of this Contract shall be brought in a state court of competent jurisdiction with venue in Denton County, Texas.

25. Successors and Assigns

This Contract shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the parties.

26. Assignability

The rights and obligations of the Developer hereunder may not be assigned without the prior written consent of the District.

27. Effective Date

This Contract shall be effective from and after the date of due execution by all parties.

IN WITNESS WHEREOF each of the parties has caused this Contract to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

EXECUTED on this the 10 day of November, 2003

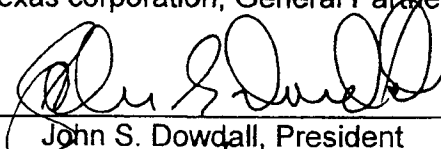
**Fishtrap Properties, LTD,
a Texas limited partnership**

By: RLC PROPERTIES, INC.
a Texas corporation, General Partner

By: 
Robert L. Crews, President

11/10/03
Date of Execution

BY: KENILWORTH DEVELOPMENT, INC.,
a Texas corporation, General Partner

By: 
John S. Dowdall, President

11/10/03
Date of Execution

EXECUTED on this the _____ day of _____, 20____.

MUSTANG SPECIAL UTILITY DISTRICT

By: _____
General Manager

EXHIBIT cAc
TO
NON-STANDARD SERVICE CONTRACT

()

PROPERTY DESCRIPTION

EXHIBIT cBc
TO
NON-STANDARD SERVICE CONTRACT

(_____)

PRO-RATA FEE FORMULA

Acres in connecting applicant's
development.

CCCCCCCCCCCCCCC

Total potential acres served by
the Off-Site Facilities constructed
by Developer.

(x)

Actual cost of the
Off-Site Facilities

(=)

Pro-Rata Fee

(less)

Total acres in the Development.

EXAMPLE:

$$\frac{100(a)}{500(b) - 100(c)} \quad (x) \quad \$50,000.00(d) \quad (=) \quad \$12,500.00(e)$$

Where:

- (a) = Acres in connecting applicant's new development.
- (b) = Total potential acres served by the Off-Site Facilities constructed by Developer as determined by the District's engineer.
- (c) = Total acres in the Development.
- (d) = Actual cost of the Off-Site Facilities.
- (e) = Pro-rata fee to be collected from any water service applicant that connects or desires to connect to the Off-Site Facilities.

ADDENDUM

1. The parties acknowledge that Developer is engaged in a process that will result in the creation of a political subdivision of the State of Texas ("Prosper Water Control and Improvement District No. 1", herein sometimes designated "Prosper WC&ID No. 1") which would have authority to issue tax-exempt obligations to finance Infrastructure to serve the Property, including, but not limited to, the "Utility Service Improvements."

2. The District agrees to support the creation and funding of Prosper WC&ID No. 1 to facilitate the issuance of tax-exempt obligations ("Obligations") by Prosper WC&ID No. 1 to repay to the Developer all eligible costs incurred pursuant to this Contract, ~~and all costs attendant to the construction, acquisition and ownership of all of the Infrastructure.~~

3. The parties agree to follow all procedures required by law to facilitate the issuance by Prosper WC&ID No. 1 of Obligations to be repaid from the imposition of an ad valorem tax by Prosper WC&ID No. 1 on all taxable property within its boundaries.

4. The parties agree that the District shall ^{own} operate and maintain the Utility Service Improvements, and shall serve as the retail provider of water and sewer services to the customers located within the Property.

5. ~~The parties agree that the "net revenues" from the operation of the Utility Service Improvements shall be made available to the District, to be used for any lawful purpose, including repayment of the costs incurred by the District or the Developer under this Contract.~~

6. The parties acknowledge ~~that the Glenbrook Water Supply Corporation may undertake to perform some of the obligations (for example, easement acquisition) allocated to the Developer under this Agreement.~~

FILE COPY

MUSTANG

Special Utility District

5315 HWY 377 SB
Aubrey, Texas 76227

Ph. 940-440-2111

Fax 940-440-3313

Resolution 121503-4

A RESOLUTION OF THE MUSTANG SPECIAL UTILITY DISTRICT BOARD OF DIRECTORS APPROVING A NON-STANDARD SERVICE CONTRACT BY AND BETWEEN MUSTANG SPECIAL UTILITY DISTRICT AND FISHTRAP PROPERTIES, L.L.C., EXHIBIT A (Phase II).

WHEREAS, Developer is engaged in developing Phase II of a 108+/- acre tract of land out of the P. Barnes Survey, Abstract No. 679, J. Gonzales Survey, Abstract No. 447, J. Kennedy Survey, Abstract No. 1688, B.R. Hodges Survey, Abstract No. 593, all as shown in Volume 4626, Page 2922 of the Denton County Records in Denton County, Texas;

WHEREAS, the Property is located within the District;

WHEREAS, the Developer has requested the District to provide water and sewer service to the Property through an extension of the District's water supply and sewage collection systems.

THEREFORE, IT IS HEREBY RESOLVED BY THE MUSTANG SPECIAL UTILITY DISTRICT BOARD OF DIRECTORS:

The Non-Standard Service Contract by and between Mustang Special Utility District and Fishtrap Properties, L.L.C., Exhibit A (phase II) is approved.

ADOPTED, this 15th day of December 2003 at a regular scheduled meeting, with a quorum present, of the Mustang Special Utility District Board of Directors.

Signed: _____

George Foley, President
Mustang SUD Board of Directors

Attest: _____

Peggy Morris, Secretary
Mustang SUD Board of Directors

copy / orig. to [unclear]
Sors [unclear]
12/16

**NON-STANDARD SERVICE CONTRACT
BY AND BETWEEN
MUSTANG SPECIAL UTILITY DISTRICT
AND
FISHTRAP PROPERTIES, L.L.C.,
A TEXAS LIMITED LIABILITY COMPANY
RELATING TO PHASE II OF GLENBROOK ESTATES**

This Non-standard Service Contract ("Contract") is entered into by and between Mustang Special Utility District (the "District") and Fishtrap Properties, L.L.C. ("Developer"), a Texas limited liability company.

WHEREAS, Developer is engaged in developing Phase II of a 108 $\frac{1}{2}$ acre tract of land out of the P. Barnes Survey, Abstract No. 679, J. Gonzales Survey, Abstract No. 447, J. Kennedy Survey, Abstract No. 1688, B.R. Hodges Survey, Abstract No. 593, all as shown in Volume 4626, Page 2922 of the Denton County Records in Denton County, Texas, and more particularly described or shown in Exhibit "A" attached hereto and incorporated herein by reference (the Property);

WHEREAS, Developer intends to develop a residential subdivision on the Property known as Glenbrook Estates, in Denton County, Texas (the "Development"), in accordance with plans and specifications submitted to the District for review and approval;

WHEREAS, the Property is located within the District;

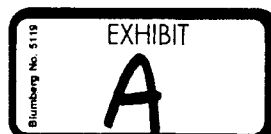
WHEREAS, Developer has requested the District to provide water and sewer service to the Property through an extension of the District's water supply and sewage collection systems, such extension being hereinafter referred to as the "Off-Site Facilities;"

WHEREAS, Developer intends to construct, or cause to be constructed or acquired, water distribution and sewer collection facilities on the Property through which the District will provide water and sewer service to a maximum of Two Hundred Twenty-Four (224) standard service connections (i.e. 5/8" x 3/4" meters) in the Development, such facilities being hereinafter referred to as the "On-Site Facilities;"

WHEREAS, the Off-Site Facilities and On-Site Facilities may be hereinafter collectively referred to as the "Utility Service Improvements;"

WHEREAS, the District has agreed to take the actions necessary to make water and sewer service available and to serve the Property pursuant to the terms and conditions of this Contract;

WHEREAS, the parties acknowledge and agree that the Developer is pursuing the creation of a political subdivision of the State of Texas under Article XVI, Section 59 and Article III, Section 52 of the Constitution of Texas to construct and finance fresh water supply and distribution facilities, sanitary sewer collection and treatment facilities, flood control and drainage facilities and roadways (herein collectively designated



"Infrastructure"), and the District agrees to support the creation and funding of the political subdivision in accordance with the provisions of the "Addendum" to this Contract attached hereto

WHEREAS, on the 18th day of November, 2003, the general manager of the District executed a Non-Standard Service Contract with the Developer relating to Phase II of Glenbrook Estates (the "Prior Contract"); and

WHEREAS, it is the intent of the parties to this Contract that if any of the terms and conditions of this Contract are inconsistent with the terms and conditions of the Prior Contract, then the terms and conditions of this contract shall control.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration for the mutual promises hereinafter expressed, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties, Developer and the District agree as follows:

1. Design and Construction of the Off-Site Facilities.

The Off-Site Facilities shall be engineered and designed by the District's Engineer. All required Off-Site Facilities relating to water service will be constructed by the District at the cost of the District. All required Off-Site Facilities related to sewer service will be constructed as provided herein.

2. Engineering and Design of the On-Site Facilities.

The On-Site Facilities shall be engineered and designed by a Texas Licensed Professional Engineer in accordance with the applicable specifications of the District and all governmental agencies having jurisdiction. All plans and specifications for the On-Site Facilities must be reviewed and approved by the District's consulting engineer prior to the issuance of any invitation for bids for construction of the On-Site Facilities. After such approval of the plans and specifications by the District's consulting engineer, the plans and specifications shall become part of this Contract by reference and shall more particularly define the "On-Site Facilities."

3 Required Easements or Rights-of-Way.

- A. Developer shall be responsible for dedicating or acquiring any easements across privately owned land or sites which the District determines are necessary for the construction or operation of the On-Site Facilities and for obtaining any governmental approvals necessary to construct the On-Site Facilities in public right-of-ways.
- B. Any easements acquired by Developer shall be in a form approved by the District and shall be assigned to the District upon proper completion of the construction of the On-Site Facility. The legal instruments by which Developer will acquire any such easements or assign such easements to the District must

be approved by the District's attorney prior to the acquisition of such easements by Developer.

4. Construction of the On-Site Facilities.

- A. To construct the On-Site Facilities, Developer shall comply with the competitive bidding requirements which will permit reimbursement to the Developer from proceeds of Obligations issued by Prosper WC&ID No. 1, and shall award the contract for construction subject to the District's approval.
- B. Upon the selection and approval of a contractor, Developer shall prepare and submit a construction contract to the District for its review and approval.
- C. The contractor shall obtain and tender payment and performance bonds in the full amount of the contract price. The bond forms and the underwriters are subject to the District's approval.
- D. The On-Site Facilities shall be constructed in accordance with the approved plans and specifications and the District's rate order, rules and regulations. The District shall have the right to inspect and approve all phases of the construction of the On-Site Facilities. Developer must give written notice to the District of the date on which construction is scheduled to commence so that the District may assign an inspector. The District may charge reasonable inspection fees based on the actual costs of labor, travel and incidental expenses of the inspectors, plus ten percent (10%) overhead.

5. Dedication of On-Site Facilities to the District.

Upon proper completion of construction of the On-Site Facilities, and final inspection and approval thereof by the District, Developer shall dedicate the Utility Service Improvements to the District by an appropriate legal instrument approved by the District's attorney. The On-Site Facilities shall thereafter be owned by the District subject to Developer's maintenance bond in an amount of not less than twenty percent (20%) of the total construction cost of the Utility Service Improvements and for a term of not less than two (2) years. Developer's maintenance bond is subject to the approval of the District's attorney. Any connection of individual customers or members to shall be made by the District.

6. Cost of the On-Site Facilities.

- A. Developer shall reimburse the District of the following costs associated with the performance of obligations under this Contract:
 - (1) engineering and design;
 - (2) easement and right-of-way acquisitions;
 - (3) construction;

- (4) inspections;
 - (5) attorney's fees related to proceedings before the Texas Commission on Environmental Quality;
 - (6) insurance and bond premiums; and
 - (7) governmental or regulatory proceedings before the Texas Commission on Environmental Quality required to lawfully provide service.
- B. Developer shall indemnify the District and hold the District harmless from all of the foregoing costs.

7. Service Investigation Fee.

- A. Simultaneous with Developer's execution and delivery of this Contract to the District, Developer shall pay a Service Investigation Fee of \$3,000.00 to the District plus any additional sums required by the District to cover administrative, legal and engineering fee that will be incurred by the District to investigate the District's ability to provide water service to the Property and Development including, without limitation, fees incurred for:
- (1) reviewing and approving plats, plans and specifications;
 - (2) obtaining or determining cost estimates for construction;
 - (3) advertising and accepting bids for construction;
 - (4) preparing a non-standard service contract between the District and Developer; and
 - (5) obtaining or providing other services as required by the District for such investigation.
- B. The District shall refund the remaining balance of the fee, if any, upon completing its service investigation, including the completion of all legal and engineering services associated with processing Developer's non-standard service request. If the fee paid by Developer is not sufficient to pay all expenses incurred or to be incurred by the District in performing the service investigation, Developer shall pay or reimburse the District for such expenses upon written request, and the District shall have no obligation to complete processing Developer's non-standard service request until the requested payment or reimbursement has been paid.

8. Service Connection Fees.

- A. The District currently charges a Connection Fee of \$2,200.00 for a standard water service connection. For purposes of this Contract, the Connection Fee for

water service includes all fees and charges required for a residential customer to obtain water service from the District except for the cost of meter installation and the customer Deposit. Developer shall pay to the District a total water Connection Fee of \$492,800.00 for the Two Hundred Twenty-Four (224) standard (residential) service connections in the Development according to the following schedule:

- (1) Payment 1: Developer shall pay the sum of \$246,400.00 to the District for 224 connections prior to commencing construction of the Utility Service Improvements for the Development; and
- (2) Payment 2: Developer shall pay the sum of \$246,400.00 to the District for 224 connections prior to the District approving and accepting dedication of the Utility Service Improvements.

B. The District currently charges a Connection Fee of \$2,000.00 for a standard sewer service connection. The District and the Developer, however, acknowledge that the Doe Creek Wastewater Treatment Plant ("WWTP") has not been constructed by the Upper Trinity Regional Water District ("UTRWD"), therefore the District does not know the costs that it will incur for treatment capacity to serve the Development. Thus the District sewer connection fee for service through the Doe Creek WWTP is subject to change, however, neither the District nor the Developer anticipate that such connection fee will be less than \$2,000.00 per connection. Therefore, the Developer will pay the District \$488,000.00 plus any additional amounts necessary for the District to secure capacity for the treatment of 70,000 gallons per day at the Doe Creek WWTP. In the interim, the District has capacity in the Riverbend WWTP for one hundred (100) residential units. The Developer, at its option and expense, may request that the District construct whatever facilities are necessary to obtain temporary sewer treatment service through the Riverbend WWTP.

9. Service From the Utility Service Improvements.

- A. After proper completion and dedication of the Utility Service Improvements to the District, the District shall provide continuous and adequate water service and sewer service to the Property, subject to all duly adopted rules and regulations of the District and payment of the following:
- (1) all standard rates, fees and charges adopted by the District;
 - (2) all service investigation fees;
 - (3) all connection fees; and
 - (4) the District obtaining the legal right to provide water and sewer service to the Development; and

- (5) the District obtaining sufficient sewer treatment capacity from the Upper Trinity in the future Doe Creek wastewater treatment plant.
- B. It is understood and agreed by the parties that the obligation of the District to provide water service in the manner contemplated by this Contract is subject to the issuance of all permits, certificates, or approvals required to lawfully provide retail water service by the Texas Commission on Environmental Quality ("TCEQ") and all other governmental agencies having jurisdiction. In this regard, the Developer acknowledges that the TCEQ has granted to the City of Prosper a water CCN that includes the area described in Exhibit "A" attached hereto. Both the District and the Developer have or will file a Motion to Overturn the TCEQ's order granting a water CCN to Prosper.
- C. Without the prior approval of the District, the Developer shall not:
- (1) construct or install additional water or sewer lines or facilities to service areas outside the Property;
 - (2) add any additional lands to the Property for which water or sewer service is to be provided pursuant to this Contract; or
 - (3) connect or serve any person or entity who, in turn, sells water or sewer service directly or indirectly to any other person or entity.
 - (4) **By execution of this Contract, Developer acknowledges that the District's water distribution system provides potable water for domestic consumption only and does not provide "fire flows" as defined by the Uniform Fire Code or similar code or regulation to fight structure fires.**

10. Effect of Force Majeure

In the event either party is rendered unable by force majeure to carry out any of its obligations under this Contract, in whole or in part, then the obligations of that party, to the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other party. The cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, restraints of government and civil disturbances, explosions, breakage or accidents to equipment, pipelines or canals, partial or complete failure of water supply, and any other inability of either party, whether similar to those enumerated or otherwise, that are not within the

control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is unfavorable in the judgment of the party having the difficulty.

11. Notices

Any notice to be given hereunder by either party to the other party shall be in writing and may be accepted by delivery in person or by facsimile, or by sending said notices by certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given by mail when deposited with the United States Postal Service with sufficient postage affixed.

To District: Mustang Special Utility District
Attn: General Manager
5315 Highway 377 S.
Aubrey, Texas 76227
Fax: 940-440-3313

To Developer: Fishtrap Properties, L.L.C.
Attn: Mr. John Dowdall
5308 Village Creek
Plano, Texas 75093
Fax: 972/732-6644

Either party may change the address for notice to it by giving written notice of such change in accordance with the provisions of this paragraph.

12 Breach of Contract and Remedies

- A. If either party breaches any term or condition of this Contract, the non-breaching party may, at its sole option, provide the breaching party with notice of the breach within sixty (60) days of discovery of the breach by the non-breaching party. Upon its receipt of a notice of breach, the breaching party shall have sixty (60) days to cure the breach. If the breaching party does not cure the breach within the sixty (60) days, the non-breaching party shall have all rights and remedies at law and in equity including, without limitation, the right to enforce specific performance of this Contract by the breaching party and the right to perform the obligation in question and to seek restitution for all damages incurred in connection therewith.
- B. Termination of this Contract by either party shall not affect any previous conveyance.

- C. The rights and remedies granted in this Contract to the parties in the event of default are cumulative, and the exercise of such rights shall be without prejudice to the enforcement of any other right or remedy authorized by law or this Contract.

13. Indemnity

Developer shall indemnify and save harmless the District and its officers, agents, representatives and employees from all suits, actions, losses, damages, claims or liability of any character, type or description, including without limiting the generality of the foregoing all expenses of litigation, court costs and attorney's fees, for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, the acts of Developer or its agents, representatives or employees in connection with or related to the Development, the Utility Service Improvements or execution or performance of this Contract.

14. No Third Party Beneficiaries

This Contract is solely for the benefit of the parties hereto, and no other person has any right, interest or claim under this Contract.

15. Context

Whenever the context requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words shall include singular and plural.

16. Litigation Expenses

Either party to this Contract who is the prevailing party in any legal proceeding against the other party, brought in relation to this Contract, shall be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing party.

17. Intent

The parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are, or may become, necessary or convenient to effectuate and carry out the intent of this Contract.

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The signatories hereto represent and affirm that they have authority to execute this Contract on behalf of the respective parties hereto.

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unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other party of this Contract to other persons or circumstances shall not be affected thereby and this Contract shall be construed as if such invalid or unconstitutional portion had never been contained therein.

20 Entire Agreement

This Contract, including any exhibits and/or addendums attached hereto and made a part hereof, constitutes the entire agreement between the parties relative to the subject matter of this Contract. All prior agreements, covenants, representations, or warranties, whether oral or in writing, between the parties are merged herein.

21. Amendment

No amendment of this Contract shall be effective unless and until it is duly approved by each party and reduced to a writing signed by the authorized representatives of the District and the Developer, respectively, which amendment shall incorporate this Contract in every particular not otherwise changed by the amendment.

22. Governing Law

This Contract shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Denton County, Texas.

23. Venue

Any action at law or in equity brought to enforce or interpret any provision of this Contract shall be brought in a state court of competent jurisdiction with venue in Denton County, Texas.

24. Successors and Assigns

This Contract shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the parties.

25 Assignability

The rights and obligations of the Developer hereunder may not be assigned without the prior written consent of the District.

26. Effective Date

This Contract shall be effective on November 18, 2003.

IN WITNESS WHEREOF each of the parties has caused this Contract to be executed by its duly authorized representative in multiple copies, each of equal dignity, on the date or dates indicated below.

EXECUTED on this the _____ day of _____, 20____.

FISHTRAP PROPERTIES, L.L.C.

By: _____
Name: _____
Title: _____

EXECUTED on this the _____ day of _____, 20____.

MUSTANG SPECIAL UTILITY DISTRICT

By: _____
General Manager

EXHIBIT A
TO
NON-STANDARD SERVICE CONTRACT

(_____)

PROPERTY DESCRIPTION

APPLICATION NO. 34203-C

IN THE MATTER OF THE	§	BEFORE THE TEXAS
THE CITY OF PROSPER TO	§	
AMEND WATER CERTIFICATE OF	§	COMMISSION ON
CONVENIENCE AND NECESSITY	§	
NO. 12967 IN COLLIN AND DENTON	§	
COUNTIES	§	ENVIRONMENTAL QUALITY

AFFIDAVIT OF CHRIS BOYD

STATE OF TEXAS §
 §
COUNTY OF DENTON §

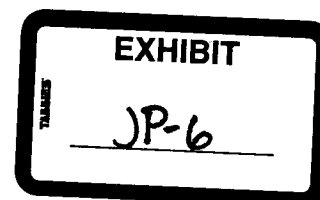
BEFORE ME, the undersigned authority, on this day personally appeared, Chris Boyd, known to me to be the person whose name is subscribed below, and who, being by me first sworn, did depose and say as follows:

1. My name is Chris Boyd. I am over the age of 18 years, have never been convicted of a felony and am fully competent to give this affidavit. All facts stated herein are true and correct and are within my personal knowledge.

2. Since October 7, 2002, I have been employed by Mustang Special Utility District ("Mustang" or "District" herein) as its General Manager. Prior to joining the District, I served as City Manager for the City of Hubbard, Texas and Director of Solid Waste Services for the City of Waco, Texas. As General Manager of the District, I am also the Custodian of District records. The attachments to this Affidavit are true and correct copies of documents retrieved from the official records of the District and are kept and maintained by the District in the ordinary and official conduct of District business.

3. Mustang is the holder of Water CCN No. 11856 and Sewer CCN No. 20930. Mustang's certificated water and sewer service areas encompass approximately 90,000 acres in Denton County, Texas. Mustang is a member of the Upper Trinity Regional Water District. As the retail provider of water and sewer service within its service area, Mustang contracts with the Upper Trinity Regional Water District to provide wholesale potable water supplies and wastewater treatment and disposal services on a wholesale basis to meet the area's regional needs.

4. According to District records, in early September 2002, Mustang received a Notice of an Application filed by the Town of Prosper for an amendment to the Town's sewer CCN, such Notice being attached hereto as Exhibit "1." Such Notice indicated that the Town intended to extend its sewer service area boundaries into Denton County with the entirety of such area stated as being within the boundaries of the Town's corporate limits. Because such area lies within the Doe Branch



drainage area, an area currently best served and long planned to be served by Mustang and the Upper Trinity Regional Water District, Mustang filed a protest and request for hearing with the Commission, which protest is attached hereto as Exhibit "2." Mustang and the Upper Trinity Regional Water District currently maintain a lift station within the Doe Branch Basin and within 100 yards of the Town's proposed service area, for transmission of area wastewater to Upper Trinity's Riverbend wastewater plant located elsewhere in Mustang's boundaries. Mustang, the Upper Trinity Regional Water District and the City of Celina are presently co-participants in the development of a regional wastewater treatment plant directly on Doe Branch that will enable wastewater service throughout the drainage basin of Doe Branch by gravity flow.

5. Because the Town of Prosper stated its intention to be certificated only to an area entirely within the Town's corporate boundaries, according to its Notice, the District determined that it should not attempt to interfere with the Town's internal affairs or extension of utility service exclusively within such boundaries, even though such extension would likely entail unnecessary infrastructure development and consumer costs when compared to the service that could be afforded from Mustang's facilities, since Mustang and the Upper Trinity maintain water and wastewater facilities within 100 yards of the Town's proposed service area and the Town has no facilities or services within Denton County. Accordingly, Mustang withdrew its protest to the Town's proposed sewer CCN amendment, as shown in Exhibit "3."

6. At the same time that Mustang determined that it would not seek to interfere with the Town's intended extension of services within its internal municipal corporate limits, Mustang received a Notice on or about March 31, 2003, of the Town's application to amend its water CCN to include the same identical area as previously noticed for its sewer CCN. Such notice is attached as Exhibit "4." The service area proposed by such Notice was the same as that proposed by the Town's sewer CCN Notice and the language there stated in the Notice that such area was "bounded by the corporate limits" led me to believe that the entire area sought by the Town was wholly within the Town's corporate limits since the prior sewer CCN Notice had expressly stated as such and had not been retracted. Based on Mustang's determination that it would not seek to intervene in proceedings designed to certificate utility service in areas wholly within the Town's corporate limits, Mustang did not file a protest or request for hearing as to the Town's water CCN amendment.

7. In September of 2003, it came to my attention and to that of my Board of Directors that the service area sought by the Town was not wholly within the corporate limits of the Town of Prosper as we had been previously led to believe by the Town's public notices. This discovery was soon followed by receipt of a second notice by the Town in early October 2003 of its sewer CCN amendment application, a copy of which is attached as Exhibit "5." Conspicuously absent from this notice is any reference to the Town's proposed service area as being "within" or "bounded by" the Town's corporate limits. Indeed, the only portion of the Town's corporate limits within its proposed 5100 acre service area consisted of a ten foot wide strip of highway previously annexed by the Town in the 1960's. Upon this discovery and receipt of the new notice, Mustang immediately filed a protest to both of the Town's CCN applications, a true and correct copy of which are attached hereto as Exhibits "6" (sewer) and "7" (water). The Town's sewer application is pending before the State

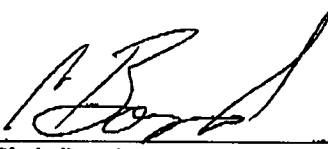
Office of Administrative Hearings ("SOAH") (SOAH Docket No. 582-03-1994), and Mustang has been granted party status in such proceeding as a result of its protest. The Town's water CCN application, however, was not transferred to SOAH, although the retail service issues are virtually identical in the two applications. Rather, on November 12, 2003, the Executive Director granted the Town's water CCN application after receiving Mustang's letter of protest and request for hearing without responding to Mustang's request. Mustang was not aware of such action taken by the Executive Director until December 1, 2003, the Monday following the Thanksgiving holidays as the Executive Director's notice of such action not mailed until November 25, 2003.

8. Mustang has received requests for water and sewer service from property owners within the 5100 acre area sought by the Town. Fishtrap Properties, Ltd. approached the District and requested water and sewer service to its 108 acre tract in September and October 2003 because the District could provide such service more economically, efficiently and timely than the Town of Prosper. At the request and petition of the owners of the property, by Order dated October 27, 2003, the District annexed the Fishtrap property, a copy of said Order being attached hereto as Exhibit "8." On November 18, 2003, as revised on December 15, 2003, the District also entered into contracts to furnish water and sewer services to the Fishtrap property. A copy of additional water service requests received by the District from the owners of approximately 137 acres within the area sought by Prosper's water CCN application are attached hereto as Exhibits "9" (John Noles), "10" Tommy Noles and "11" (Benny Noles).

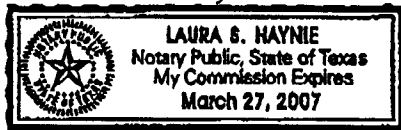
9. Because of the superior feasibility of serving the area requested by the Town from Mustang's and Upper Trinity's regional water and wastewater facilities, the District has filed its own application to amend its water and sewer CCNs to encompass the Doe Branch Basin lying within the Town's proposed service area outside the Town's corporate limits. Such application has been reviewed by the Commission staff and found to be administratively complete on December 11, 2003. A copy of such declaration letter from the Commission staff is attached as Exhibit "12."

10. Mustang and the Upper Trinity Regional Water District have made extensive investments in Denton County to ensure that the objectives of regionalization are met while also securing timely, affordable and reliable utility service for area developments and consumers. It is my opinion that these objectives will be ignored if the Executive Director's Order granting the Town of Prosper's Water CCN amendment is allowed to stand without conducting a contested case hearing to elicit all facts relevant to the service issues presented for this growing area of Denton County.

Further Affiant sayeth not.

By: 
Chris Boyd

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on this 18th day of December, 2003 to certify which witness my hand and seal of office.



Laura S. Haynie

Notary Public in and for The State of Texas

Notice to Neighboring Systems and Cities

NOTICE OF AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)
TO PROVIDE WATER/SEWER UTILITY SERVICE IN DENTON COUNTY

August 27, 2002

To: Mustang Water Supply Corporation
Dewayne Cork, General Manager
5315 US Highway 377 South, Suite B
Aubrey, TX 76227-6207

The City of Prosper has filed an application to amend CCN No. 20888 with the Texas Natural Resource Conservation Commission to provide sewer utility service in Denton County.

The proposed utility service area is located approximately Two (2) miles West of Prosper, Texas, and is generally bounded on the North by Parvin Road; on the East by County Line Road; on the South by U.S. 380; and on the west by FM 1385; AND IS TOTALLY WITHIN THE CITY LIMITS OF PROSPER, TEXAS. See enclosed map of the proposed service area.

The total area being requested includes approximately 5,100 acres and -0- current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Natural Resource Conservation Commission
Water Permits and Resource Management Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

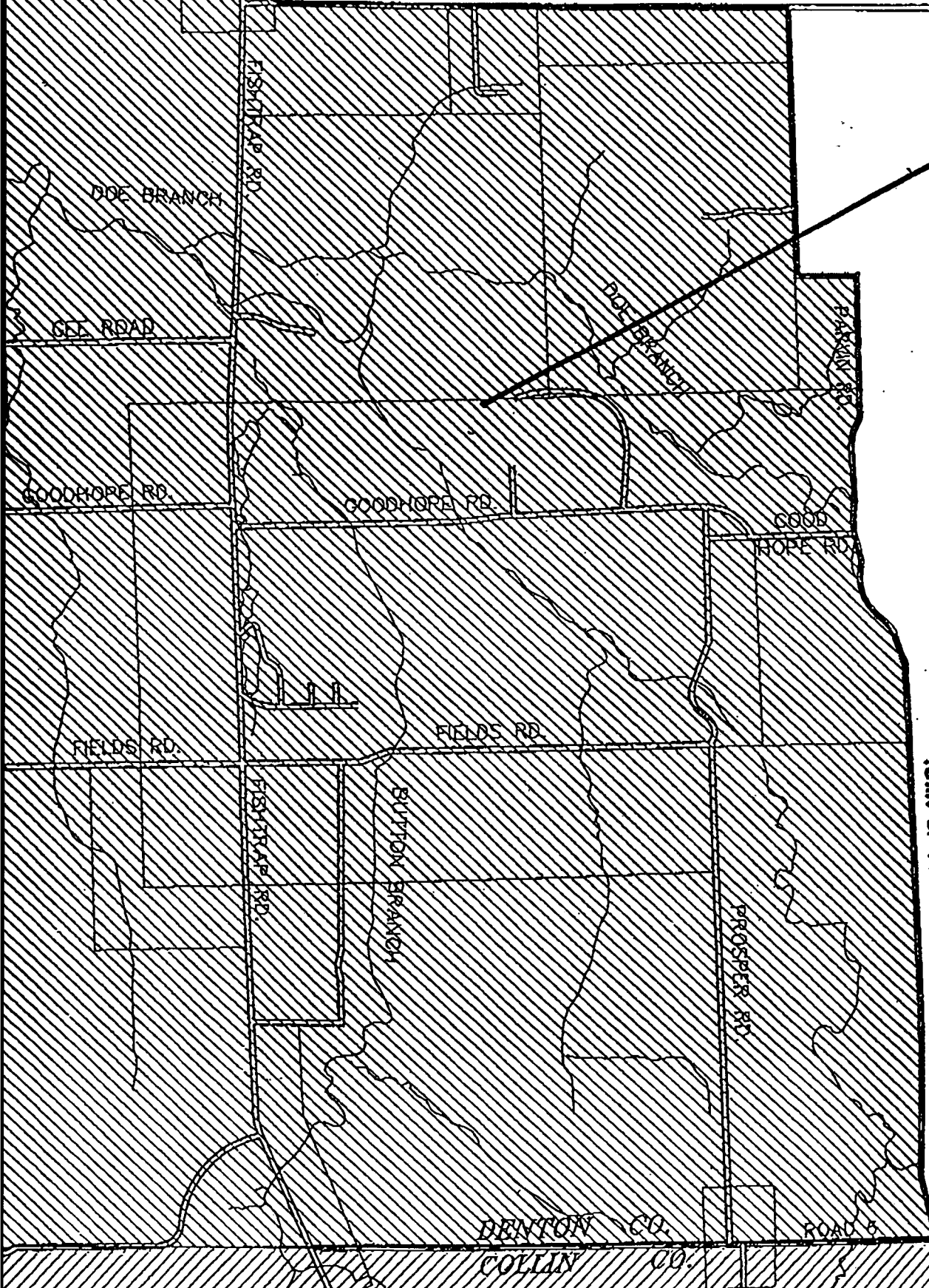
EXHIBIT
v | "

F.M. 1385

TOWN OF PROSPER CORPORATE LIMIT

F.M. 1385

proposed area



TOWN OF PROSPER CORPORATE LIMIT

DENTON CO.
COLLIN CO.

ROAD 5

COUNTY

RAPIER & WILSON, P.C.

Attorneys at Law

103 W. McDermott, Allen, Texas 75013-2782

John E. Rapier

E-mail: rapier@rapierwilson.com

Telephone: 972-727-9904

800-831-3126

Facsimile: 972-727-4273

September 25, 2002

Jeffrey A. Saitas, Executive Director
Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section, MC -153
P.O. BOX 13087
Austin, TX 78711-3087

Via Fax 1-512-239-6972,
1-512-239-3311
and Regular Mail

Re: Application of the City of Prosper to Amend CCN No 20888 to provide Sewer Utility Service in Denton County.

Dear Mr. Saitas:

This office represents the Mustang Special Utility District ("Mustang"). Mustang has recently received the attached notice from the City of Prosper ("Prosper") to which Mustang files the following response:

1. Mustang requests a public hearing on Prosper's application.
2. Mustang is the holder of CNN # 11035 for water service and CNN # 20930 for sewer service. Prosper is requesting a CNN for sewer service that is contingent and adjacent to Mustang CNN for water and sewer service in northeast Denton County.
3. Together with the Upper Trinity Regional Water District, the City of Celina and others, Mustang participates in regional water and sewer service for northeast Denton County.
4. The western portion of Prosper's requested sewer CNN naturally drains through Doe Branch. The partners in the Northeast Denton County Sewer Projects are in the process of constructing a regional sewer treatment facility on Doe Branch that will serve the drainage basin of Doe Branch.
5. Mustang has received a request that it provide water and sewer service to a 108 acre tract (the "Tract") from Fishtrap Properties Ltd. The Tract is bound on the west by FM 1385 and on the north by Fishtrap Road. The plat/development plan for the Tract includes 446 water/sewer connections. The Tract is located on the extreme western side of Prosper's requested sewer CCN and the Doe Branch drainage basin.


EXHIBIT

2

6. The Tract is located only 75 feet from a major water transmission line being constructed by Mustang, the Upper Trinity and Celina. The Tract is located on 3,000.00 feet of the Doe Branch Regional Water Treatment Facility.
7. It appears that a substantial percentage of Prosper's requested sewer service area is not within the City of Prosper's corporate limits. Prosper is a general law municipality and therefore Prosper has very limited annexation powers.
8. It appears that a substantial percentage of Prosper's requested sewer service area is not within Prosper's CCN for water service.
9. If Prosper's application is granted, then optimal use of the regional facilities will not be achieved causing a negative impact on water and sewer rates, unwarranted negative impact on ground water supplies in the area and a negative impact on Panther Creek.
10. Mustang may withdraw its protest if Prosper will include that part of its proposed sewer and water CCN that is located in the Doe Branch drainage basin in the Northeast Denton County Regional Plan for water and sewer service.

Please add this office to the distribution list for communications. Mustang will work with the Commission, the Applicant and the State Office of Administrative Hearings to resolve the issues relating to Prosper's application.

Very truly yours,
Rapier & Wilson, P.C.

By: 
John Rapier
Attorneys for the
Mustang Special Utility District

c: City of Prosper
Mustang Special Utility District
John Dowdall, DR Capital
Fishtrap Properties, Ltd.

RAPIER & WILSON, P.C.

Attorneys at Law

103 W. McDermott, Allen, Texas 75013-2782

John E. Rapier

E-mail: rapier@rapierwilson.com

Telephone: 972-727-9904

800-831-3126

Facsimile: 972-727-4273

March 17, 2003

Michelle Abrams, Team Leader
Texas Commission on Environmental Quality
Water Supply Division
P.O. Box 13087
Austin, TX 78711-3087

Re: Application No. 34004-C of the City of Prosper to Amend CCN No 20888 to provide Sewer Utility Service in Denton County. SOAH Docket No. 582-03-1994; TCEQ Docket No. 2002-1350-UCR

Dear Ms. Abrams:

Mustang Special Utility District ("Mustang") hereby withdraws its protest to the City of Prosper's ("Prosper") application to amend CCN No. 20888 to provide sewer service in Denton County.

I appears that all of the issues Mustang had relating to Prosper's application have been resolved.

Very truly yours,
Rapier & Wilson, P.C.

By: 

John Rapier
Attorneys for the
Mustang Special Utility District

c: Kerry E. Russell
John Dowdall
Mark H. Zeppa
Mustang Special Utility District

EXHIBIT

W 3H

Notice to Neighboring Systems and Cities

NOTICE OF AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER UTILITY SERVICE IN COLLIN AND DENTON COUNTIES

Mustang Water Supply Corporation (CCN No. 11856)
5315 US Highway 377 South, Suite B
Aubrey, TX 76227-6207

March 28, 2003

The Town of Prosper has filed an application to amend CCN No. 12967 with the Texas Commission on Environmental Quality to provide water utility service in Collin and Denton Counties.

The proposed utility service in area is located approximately Two (2) miles west of Prosper, Texas, and is generally bounded on the north by Parvin Road; on the east by County Line Road; on the south by U.S. 380; and on the west by FM 1385; and is bounded by the Corporate Limits of the Town of Prosper. See enclosed map of the proposed service area.

The total area being requested includes *approximately* 5,100 acres and -0- current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

EXHIBIT

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First Amended Notice to Neighboring Systems and Cities

**NOTICE OF AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)
TO PROVIDE WATER/SEWER UTILITY SERVICE IN DENTON COUNTY**

October 6, 2003

To: Denton County FWSD No. 10
% Leonard Hurt Frost Lilly & Levin
600 North Pearl Street, Suite 900
Dallas, TX 75201

via certified mail: 7002 2410 0000 6171 7347

The Town of Prosper has filed an application to amend CCN No. 20888 with the Texas Commission on Environmental Quality to provide sewer utility service in Denton County.

The proposed utility service area is located approximately two (2) miles west of downtown Prosper, Texas, and is generally bounded on the north by Parvin Road; on the east by County Line Road; on the south by U.S. 380; and on the west by FM 1385. See enclosed map of the proposed service area.

The total area being requested includes approximately 5.100 acres and -0- current customers.

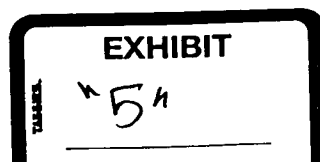
A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section, MC-153
P. O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.



RAPIER & WILSON, P.C.

Attorneys at Law

103 W. McDermott, Allen, Texas 75013-2782

John E. Rapier
E-mail: rapier@rapierwilson.com

Telephone: 972-727-8904
800-831-3126
Facsimile: 972-727-4273

October 31, 2003

Margaret Hoffman, Executive Director
Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section, MC -153
P.O. BOX 13087
Austin, TX 78711-3087

Via Fax No. 512-239-3900

TCEQ Docket No. 2002-1250-UCR, SOAH Docket No. 682-03-1994, Application of the City of Prosper to Amend CCN No 20888 to provide Sewer Utility Service in Denton County.

Dear Ms. Hoffman:

This office represents the Mustang Special Utility District ("Mustang"). Mustang has recently received the attached notice from the City of Prosper ("Prosper") to which Mustang files the following response:

1. Mustang requests a public hearing on Prosper's application.
2. Mustang is the holder of CCN # 11865 for water service and CCN # 20930 for sewer service. Prosper is requesting a CCN for sewer service that is contingent and adjacent to Mustang's CCN for water and sewer service in northeast Denton County.
3. Together with the Upper Trinity Regional Water District, the City of Celina and others, Mustang participates in regional sewer service for northeast Denton County pursuant to §49.230 of the Texas Water Code.
4. The western portion of Prosper's requested sewer CCN naturally drains through Doe Branch. The partners in the Northeast Denton County Sewer Projects are in the process of constructing a regional sewer treatment facility on Doe Branch that will serve the drainage basin of Doe Branch.
5. Mustang has received a request that it provide water and sewer service to a 108 acre tract (the "Tract") from Fishtrap Properties Ltd. The Tract is bound on the west by FM 1385 and on the north by Fishtrap Road. The plat/development plan for the Tract includes 446 water/sewer connections.

EXHIBIT

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The Tract is located on the extreme western side of Prosper's requested sewer CCN and in the Doe Branch drainage basin.

6. The Tract is located only 75 feet from a major water transmission line being constructed by Mustang, the Upper Trinity and Celina. The Tract is located on 3,000.00 feet of the Doe Branch Regional Water Treatment Facility.
7. It appears that a substantial percentage of Prosper's requested sewer service area in Denton County is not within the City of Prosper's corporate limits. Prosper is a general law municipality and therefore Prosper has very limited annexation powers.
8. It appears that a substantial percentage of Prosper's requested sewer service area is not within Prosper's CCN for water service.
9. If Prosper's application is granted, then optimal use of the regional facilities will not be achieved causing a negative impact on water and sewer rates, unwarranted negative impact on ground water supplies in the area and a negative impact on Panther Creek.
10. Mustang may withdraw its protest if Prosper will include that part of its proposed sewer and water CCN that is located in the Doe Branch drainage basin in the Northeast Denton County Regional Plan for water and sewer service.

Please add this office to the distribution list for communications. Mustang will work with the Commission, the Applicant and the State Office of Administrative Hearings to resolve the issues relating to Prosper's application.

Very truly yours,
Rapier & Wilson, P.C.

By: 

John Rapier
Attorneys for the
Mustang Special Utility District

- c: Doug Holcomb via fax no. 512-239-6972
Duncan Norton, General Counsel via fax no. 512-239-5533
Chief Clerk, LaDonna Castañuela via fax no. 512-239-3311
Skip Newsom via fax no. 512-477-4121

RAPIER & WILSON, P.C.

Attorneys at Law

103 W. McDermott, Allen, Texas 75013-2782

John E. Rapier
E-mail: rapier@rapierwilson.com

Telephone: 972-727-9904
800-831-3126
Facsimile: 972-727-4273

October 29, 2003

Margaret Hoffman, Executive Director
Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section, MC -153
P.O. BOX 13087
Austin, TX 78711-3087

Via Fax No. 512-239-3900

**Re: Application of the City of Prosper to Amend CCN No. 12967 in Denton County,
Application No. 34203-C provide Water Utility Service in Denton County.**

Dear Ms. Hoffman:

This office represents the Mustang Special Utility District ("Mustang"). Mustang has recently learned that the City of Prosper ("Prosper") has applied for a water CCN in Denton County. Mustang did not receive notice of Prosper's application. Mustang hereby protests the application of the City of Prosper for a water CCN in Denton County and requests a hearing. Mustang's objection and protest is based on the following considerations:

1. Mustang is the holder of CCN # 11035 for water service and CCN # 20930 for sewer service. Prosper is requesting a CCN for sewer service that is contingent and adjacent to Mustang's CCN for water and sewer service on three (3) sides of Mustang's service area in northeast Denton County.
2. Together with the Upper Trinity Regional Water District (the "Upper Trinity"), the City of Celina ("Celina") and others, Mustang participates in regional water and sewer service for northeast Denton County.
3. Mustang will be adversely impacted if Prosper is granted a water CCN in Denton County including but not limited to the following reasons:
 - a. Mustang has received a request that it provide water and sewer service to a 108 acre tract (the "Tract") from Fishtrap Properties Ltd. The Tract is bound on the west by FM 1385 and on the north by Fishtrap Road. The plat/development plan for the Tract includes 446 water/sewer connections. The tract is within Prosper's proposed water CCN.

EXHIBIT

7

- b. Mustang has received a request for annexation of the Tract into Mustang's District and the same has been granted by Mustang's board of directors. Mustang intends to provide water and wastewater service to the Tract. Mustang is permitted to provide service to the tract without a CCN so long as Prosper or another utility is not granted a CCN to provide service in the area.
- 4. The Tract is located only 75 feet from a major water transmission line being constructed by Mustang, the Upper Trinity and Celina. Mustang can provide service to the Tract and the other areas within Prosper's proposed CCN for water service in Denton County.
- 5. The City of Prosper is located in Collin County. It appears that in Denton County, the City of Prosper has no or very limited water facilities with which to provide water service to the applicants in Denton County. In fact, a large development that is located in the center of Prosper's proposed water CCN in Denton County will obtain water service from the Upper Trinity, not Prosper.
- 6. It appears that only a 10-foot strip within road rights-of-way in Denton County is within the City of Prosper's corporate limits. If further appears that a material amount of the area within the requested water CCN in Denton County is not within Prosper's ETJ.
- 7. If Prosper's application is granted, then optimal use of the regional facilities will not be achieved causing a negative impact on water rates and an unwarranted negative impact on ground water supplies in the area.

Based on these considerations, Mustang Special Utility District respectfully requests that the Executive Director:

- (a) not administratively issue a water CCN in Denton County to the City of Prosper, and
- (b) refer Prosper's application for a water CCN to the State Office of Administrative Hearings.

Please add this office to the distribution list for communications.

Very truly yours,
Rapier & Wilson, P.C.

By: 

John Rapier

Skip Newsom
FISHER & NEWSOM, P.C.
3724 Jefferson Street, Suite 210
Austin, Texas 78731
Tel: 512-477-4121
Fax: 512-477-2860

Attorneys for the
Mustang Special Utility District

C:

Doug Holcomb via fax no. 512-239-6972
Duncan Norton, General Counsel via fax no. 512-239-5533
Chief Clerk, LaDonna Castañuela via fax no. 512-239-3311
Skip Newsom via fax no. 512-477-4121

ANNEXATION ORDER

THE STATE OF TEXAS

§

COUNTY OF DENTON

§

180275

MUSTANG SPECIAL UTILITY DISTRICT

§

The Board of Directors of Mustang Special Utility District met in special session, open to the public on the date hereinafter set out; whereupon the roll was called of the members of the Board of Directors, to-wit:

George Foley	President
Mike Frazier	Vice President
Peggy Morris	Secretary
Bill Hathaway	Board Member
Ann Hunt	Board Member
Bruce Arledge	Board Member
Robert Houlihan	Board Member
Fred Teves	Board Member
M.L. Snow	Board Member

All members of the Board were present

WHEREUPON, among other business conducted by the Board, there came on to be considered an Annexation Petition, a copy of which is set out in EXHIBIT "A", which is attached hereto and made a part hereof for all purposes, (hereinafter called the "Petition"). After consideration of the Petition presented to the Board, Director Ann Hunt introduced the Order set out below and moved its adoption, which motion was seconded by Director Bruce Arledge and, after full discussion and the question being put to the Board of Directors, said motion was carried by the following vote:

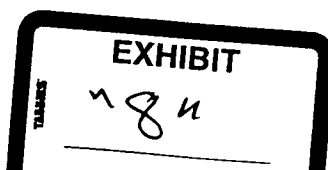
"Aye" 9 ;

"No" 0 .

WHEREAS, an Annexation Petition, has been submitted to this Board of Directors, praying that approximately 107.577 acres of land be added to and become a part of the District as provided in Texas Water Code, as amended and said Petition is in all respects in conformity with law.

WHEREAS, the land described in said Petition lies within Denton County, Texas.

WHEREAS, the legal title to and ownership of all land described in said Petition is vested in the party which executed said Petition; and



WHEREAS, said Petition and the evidence thereon has been duly heard and fully considered by this Board of Directors.

1. The Petition attached hereto as **EXHIBIT "A"** describes the lands sought to be added by metes and bounds, is signed and executed by the current owner thereof in the same manner provided by law for the conveyance of real estate, is in proper form, and meets all legal requirements.

2. The addition of the tract of land described in said Petition to the District would be of advantage to the District and to the advantage of the owners thereof and to the future owners and residents thereof.

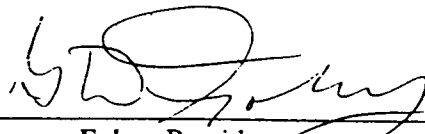
3. The existing and proposed water and sanitary sewer facilities of the District will be sufficient to supply such services and facilities to all of such land sought to be added without injury to the lands currently in the District.


4. All legal requirements have been met and established at this hearing for the addition of the tract described below and all recitals and statements of fact in this Order are true and correct.

IT IS, THEREFORE, ORDERED BY THE BOARD OF DIRECTORS OF MUSTANG SPECIAL UTILITY DISTRICT THAT:

- A. The above-mentioned Petition is hereby granted in all respects and the tracts of land described in **EXHIBIT "A"** to said Petition are hereby added to, and shall become a part of Mustang Special Utility District in all respects, as provided by law.
- B. The Petition and this Order shall be filed for record and be recorded in the office of the County Clerk of Denton, Texas.
- C. The President is authorized to execute and the Secretary is authorized to attest this Order on behalf of the Board of Directors.

PASSED, ADOPTED, ORDERED and APPROVED this 27rd day of October, 2003.


George Foley, President

ATTEST:

Peggy Morris, Secretary

(DISTRICT SEAL)

THE STATE OF TEXAS

§

COUNTY OF DENTON

§

§

Before me, the undersigned authority, on this day personally appeared **George Foley**, President of Mustang Special Utility District, a political subdivision of the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity herein stated and as other act and deed of said District.

Given under my hand and seal of office on this 27th day of October, 2003.



Beth Ann Kazel
Notary Public in and for the State of Texas

THE STATE OF TEXAS

§

COUNTY OF DENTON

§

MUSTANG SPECIAL UTILITY DISTRICT

§

I, the undersigned Secretary of the Board of Directors of the Mustang Special Utility District, certify that the attached and foregoing is a true and correct copy of the ORDER ADDING LANDS of said Board and an excerpt of the minutes of the meeting of the Board of Directors showing adoption and passage thereof; the original of said order and minute entry is on file in the District's office.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE DISTRICT 27th day
of October, 2003.

Peggy Morris
Peggy Morris, Secretary

(DISTRICT SEAL)

EXHIBIT

"A"

MUSTANG SPECIAL UTILITY DISTRICT
ANNEXATION PETITION

(Texas Water Code § 49.301)

TO THE BOARD OF DIRECTORS OF MUSTANG SPECIAL UTILITY DISTRICT:

The undersigned Petitioner hereby petitions the Board of Directors of Mustang Special Utility District (the "District") pursuant to Water Code § 49.301 to annex into the District the following described territory, to-wit:

The tract of land described by metes and bounds on Exhibit "A" attached hereto and included herein for all purposes (the "Property").

The Petitioner certifies that it is vested with 100% of the fee title to the Property and that this petition is signed and duly acknowledged by each person required and authorized to bind the Petitioner in the manner provided by law for the Petitioner to convey of real estate.

EXECUTED on this the 24 day of October, 2003.

Petitioner:

FISHTRAP PROPERTIES

By:

John Dowdall

Printed Name: John Dowdall

Title: Managing Partner

Address: 5305 Village Creek

Plano, TX 75093

Phone #

972-447-0650

STATE OF TEXAS

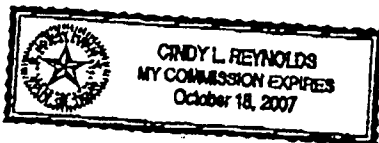
COUNTY OF

Collin

§
§
§

This instrument was acknowledged before me on Oct 24, 2003 by John Dowdall, Managing Partner of Fishtrap Properties on behalf and with authority of said entity.

Seal



Cindy L. Reynolds
Notary Public, State of Texas

EXHIBIT "A"

LEGAL DESCRIPTION

BEING all that tract of land in Denton County, Texas, a part of the P. Barnes Survey, Abstract No. 79, a part of the J. Gonzales Survey, Abstract No. 447, a part of the B. R. Hodges Survey, Abstract No. 593, a part of the J. Kennedy Survey, Abstract No. 1688, and being all of that 107.577 acre tract of land conveyed to Fishtrap Properties, Ltd. as recorded in Volume 4626, Page 2922, Denton County Deed Records, and being further described as follows:

BEGINNING at a one-half inch iron rod found the southwest corner of said 107.577 acre tract of land, said point being in the east line of Farm-to-Market Highway No. 1385 (a 80 foot wide right-of-way), said point being the northwest corner of a 64.2 acre tract of land conveyed to M. Taylor Hansel as recorded in Document No. 94-R0091793, Denton County Deed Records;

THENCE along the west line of said 107.577 acre tract of land and along the east line of Farm-to-Market Highway No. 1385 as follows:

Northeasterly, 77.13 feet along a curve to the left which has a central angle of 03 degrees 43 minutes 35 seconds, a radius of 1185.91 feet, a tangent of 38.58 feet, and whose chord bears North 03 degrees 58 minutes 48 seconds East, 77.12 feet to a one-half inch iron rod found for corner;

North 02 degrees 07 minutes 00 seconds East, 1324.90 feet to a one-half inch iron rod found for corner;

North 01 degrees 01 minutes 00 seconds East, 830.80 feet to a one-half inch iron rod found for corner;

North 02 degrees 07 minutes 00 seconds East, 311.85 feet to a one-half inch iron rod found for corner;

Northeasterly, 58.19 feet along a curve to the right which has a central angle of 11 degrees 58 minutes 48 seconds, a radius of 278.31 feet, a tangent of 29.20 feet, and whose chord bears North 08 degrees 06 minutes 24 seconds East, 58.09 feet to a P.K. nail set at the northwest corner of said 107.577 acre tract of land, said point being in the center of Fish Trap Road;

THENCE along the north line of said 107.577 acre tract of land and along the center of Fish Trap Road as follows:

South 86 degrees 13 minutes 02 seconds East, 482.34 feet to a P.K. nail set for corner;

South 87 degrees 56 minutes 23 seconds East, 765.27 feet to a P.K. nail set at the northeast corner of said 107.577 acre tract of land, said point being the northwest corner of a 3.300 acre tract of land conveyed to Ronnie Iabell as recorded in Volume 2113, Page 985, Denton County Deed Records;

THENCE along the east line of said 107.577 acre tract of land as follows:

South 01 degrees 27 minutes 19 seconds West, 968.09 feet to a one-half inch iron rod found at the southwest corner of said 3.300 acre tract of land;

South 88 degrees 32 minutes 34 seconds East, 150.13 feet to a one-half inch iron rod found at the southeast corner of said 3.300 acre tract of land;

South 01 degrees 28 minutes 00 seconds West, 698.87 feet to a one-half inch iron rod set for corner at the base of a 14 inch hackberry tree;

South 57 degrees 18 minutes 16 seconds East, 886.68 feet to a concrete monument found for corner;

South 57 degrees 53 minutes 28 seconds East, 249.55 feet to a concrete monument found for corner;

South 33 degrees 31 minutes 58 seconds West, 221.38 feet to a concrete monument found for corner;

South 22 degrees 39 minutes 39 seconds West, 709.91 feet to a concrete monument found for corner;

South 29 degrees 36 minutes 28 seconds West, 67.81 feet to a concrete monument found at the southeast corner of said 107.577 acre tract of land and in the north line of said 64.2 acre tract.

THENCE North 72 degrees 10 minutes 59 seconds West, 2051.39 feet along the south line of said 107.577 acre tract of land and along the north line of said 64.2 acre tract of land to the POINT OF BEGINNING and containing 4,686,065 square feet or 107.577 acres of land.

South 33 degrees 31 minutes 58 seconds West, 221.36 feet to a concrete monument found for corner;

South 22 degrees 39 minutes 39 seconds West, 709.91 feet to a concrete monument found for corner;

South 29 degrees 36 minutes 28 seconds West, 67.81 feet to a concrete monument found at the southeast corner of said 107.577 acre tract of land and in the north line of said 64.2 acre tract.

THENCE North 72 degrees 10 minutes 59 seconds West, 2051.39 feet along the south line of said 107.577 acre tract of land and along the north line of said 64.2 acre tract of land to the POINT OF BEGINNING and containing 4,686,065 square feet or 107.577 acres of land.

December 14, 2003

John D. Noles
14023 Noles Rd.
Aubrey, Texas 76227
(972) 347-2305

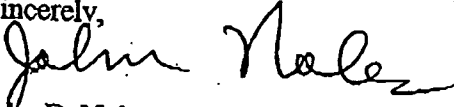
Mustang Water Supply
5315 Hwy 377 South
Aubrey, Texas 76227

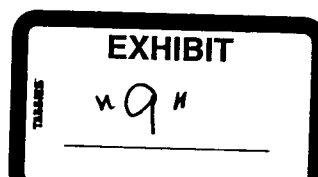
Re: Requesting a water meter

To Whom It May Concern:

I, John Noles, would like to request that a water meter be installed on my property. I own forty-two acres of land off of FM 1385. It is located approximately one and a half miles north of Hwy 380 on the east side of 1385, just south of Parvin Road. I have plans to build in the future and would like to have access to water. Thank you for this consideration.

Sincerely,


John D. Noles



December 12, 2003

Mustang Water Co...

I have 25 acres of land on the East Side of FM Rd 1385 approximately 1-1/2 miles from Hwy 380.....

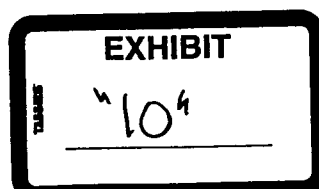
...
I am planning on building a home (on the property) in the near future and would be interested in getting water from Mustang Water Co.....

Thank you in advance

Tommy Noles
2340 S. Elm Ridge Rd
Little Elm, Tx 75069-4819

972-347-2227

Tommy Noles



December 12, 2003

Benny Noles
13885 Noles Road
Aubrey, Texas 76227
(972) 347-2273

Mustang Water Supply
5315 Hwy 377 South
Aubrey, Texas 76227

Re: Requesting a water meter

To Whom It May Concern:

I, Benny Noles, am sending this request for the installation of a new water meter on my property.

I own seventy acres of land on FM 1385. It is located approximately a mile and half north of Hwy 380 on the east side of FM 1385, just south of Parvin Road. I have plans on building in the future and need to have accessible water. I appreciate this consideration.

Sincerely,

Benny Noles

Benny Noles

EXHIBIT

W 11 H

Kathleen Hartnett White, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Larry R. Soward, *Commissioner*
Margaret Hoffman, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

December 11, 2003

Mr. Britton L. Larison
Rapier & Wilson, P.C.
103 W. McDermott
Allen, Texas 75013-2782

RE: Declaration of Administrative Completeness
Name: Mustang SUD
CCN Number: 11856 (water) and 20930 (sewer)
CN: 601363534; RN: 101222669 (water); RN: 102946019 (sewer)
Administrative Review Number: A-201-3
Type of Application: Amend Water and Sewer CCNs

Dear Mr. Larison:

The above referenced application was received by the Water Quality Applications Team on December 10, 2003. An administrative review of the application has been conducted and the application was declared administratively complete on December 10, 2003.

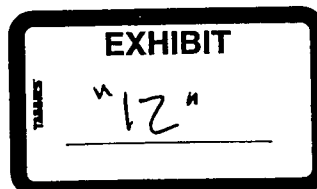
This application has been forwarded to Ms. Michelle Abrams, Utility Certification and Rate Analysis Team, Districts and Utilities Section (Mail Code 153), Water Supply Division for a technical review. If during the course of the technical review additional information is needed, you will be notified of the deficiency and be requested to supplement the application.

You may contact Ms. Abrams at (512) 239-6014 if you have questions regarding the technical evaluation of your application. If you have questions regarding the administrative review, please contact Peggy Hiscoe at (512) 239-6168.

Sincerely,

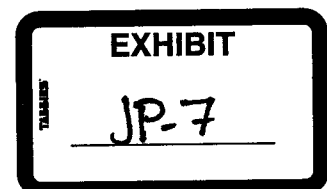
A handwritten signature in cursive script that reads "Peggy Hiscoe".

Peggy Hiscoe
Water Quality Applications Team (Mail Code 156)
Permits Administrative Review Section
Registration, Review & Reporting Division



MUSTANG SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2003

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252



MUSTANG SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2003

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