



Control Number: 45107



Item Number: 13

Addendum StartPage: 0

PUC DOCKET NO. 45107

CITY OF AUBREY'S
NOTICE OF INTENT TO
PROVIDE WATER AND SEWER
SERVICE TO AREA DECERTIFIED
FROM MUSTANG SPECIAL
UTILITY DISTRICT
IN DENTON COUNTY

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OF TEXAS

**MUSTANG SPECIAL UTILITY DISTRICT'S FIRST SUPPLEMENTAL RESPONSES
TO THE CITY OF AUBREY'S FIRST SET OF REQUESTS FOR INFORMATION
TO MUSTANG SPECIAL UTILITY DISTRICT**

Pursuant to PUC Proc. Rule 22.144, Mustang Special Utility District hereby makes the following supplemental responses to The City of Aubrey's First Set of Requests for Information to Mustang Special Utility District. Mustang Special Utility District reserves the right to supplement these responses.

Respectfully submitted,

JACKSON WALKER L.L.P.

By: 

Leonard Dougal - State Bar No. 06031400

Mallory Beck - State Bar No. 24073899

100 Congress, Suite 1100

Austin, Texas 78701

E: ldougal@jw.com

T: (512) 236 2233

F: (512) 391-2112

ATTORNEYS FOR MUSTANG SPECIAL
UTILITY DISTRICT

CERTIFICATE OF SERVICE

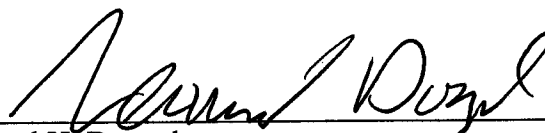
I hereby certify that on the 13th day of October 2015, a true and correct copy of the foregoing document was served on the individuals listed below by hand delivery, email, facsimile or First Class Mail.

Stephen C. Dickman
Kelly Hart & Hallman, LLP
303 Colorado St., Suite 2000
Austin, Texas 78701
Stephen.dickman@kellyhart.com
512-495-6413
512-495-6613 (Facsimile)

Attorney for City of Aubrey, Texas

Douglas Brown
Attorney-Legal Division
Public Utility Commission
1701 N. Congress
P. O. Box 13326
Austin, Texas 78711-3326
Douglas.brown@puc.texas.gov
512-936-7203
512-936-7268 (Facsimile)

Attorney for the Public Utility Commission of Texas



Leonard H. Dougal

REQUEST FOR INFORMATION

Aubrey 1-1 Please provide a true and complete copy of Mustang's current (FY 2016) budget, including all supporting budgets and financial schedules.

RESPONSE: Mustang objects to this Request because "all supporting budgets and financial schedules" is vague and ambiguous. Subject to and without waiving its objections, Mustang has enclosed responsive documents bates labeled MUSTANG_0277 to MUSTANG_0312.

Aubrey 1-2 Please identify all outstanding debt obligations of Mustang incurred since January 1, 2014 related to Mustang's Water and Wastewater System.

RESPONSE: Mustang objects to this Request because the term "debt obligations" is undefined and is therefore vague and ambiguous. Subject to and without waiving its objections, Mustang previously provided responsive documents bates labeled MUSTANG_0001 to MUSTANG_0078.

Aubrey 1-3 Please describe the purpose of the debt for all items identified in response to RFI Aubrey 1-2.

RESPONSE: Mustang objects to this Request because "the purpose of the debt" is undefined and is therefore vague and ambiguous. Subject to and without waiving its objections, Mustang previously provided responsive documents bates labeled MUSTANG_0001 to MUSTANG_0078.

Aubrey 1-4 Please provide a debt amortization schedule for all items identified in response to RFI Aubrey 1-2.

RESPONSE: Subject to and without waiving its objections to Requests 1-2 and 1-3, Mustang previously provided responsive documents bates labeled MUSTANG_0001 to MUSTANG_0078.

Aubrey 1-5 Please provide a true and complete copy of any map(s) that have been prepared or updated after January 1, 2012 depicting the location of all or any part of Mustang's Water and Wastewater System.

RESPONSE: Mustang objects to this Request because a request for "any" map depicting "any part" of Mustang's water or sewer system is vague, ambiguous, overly broad, and unduly burdensome. Subject to and without waiving its objections, Mustang previously provided documents responsive to this Request bates labeled MUSTANG_0155 to MUSTANG_240. Mustang will supplement with additional information as it becomes available.

Aubrey 1-6 Please provide a true and complete copy of Mustang's wholesale water purchase contracts with Upper Trinity Regional Water District ("UTRWD") that are or were in effect since January 1, 2010.

RESPONSE: Mustang has previously provided responsive documents bates labeled MUSTANG_0079 to MUSTANG_0154.

Aubrey 1-7 Please provide a true and complete copy of Mustang's wholesale wastewater service purchase contracts with UTRWD that are or were in effect since January 1, 2010.

RESPONSE: Mustang has previously provided responsive documents bates labeled MUSTANG_0079 to MUSTANG_0154.

Aubrey 1-8 Please provide true and complete copies of any correspondence or other documents relating to the owner(s) of the 52.613-acre tract of land which is the subject of PUC Dk. No. 45107.

RESPONSE: Mustang objects to this Request because copies of "other documents" is vague and ambiguous and overly broad. Subject to and without waiving its objections, Mustang has previously provided responsive documents bates labeled MUSTANG_0159 to MUSANT_0163 and has enclosed additional responsive documents bates labeled MUSTANG_0241 to MUSTANG_0276.

Aubrey 1-9 Please provide true and complete copies of all documents supporting any assertion that any of Mustang's property has or will be rendered useless or valueless to Mustang as a result of the decertification that is the subject of PUC Dk. No. 44580.

RESPONSE: Mustang previously provided responsive documents bates labeled MUSTANG_0001 to MUSTANG_0240. Mustang has enclosed additional responsive documents bates labeled MUSTANG_0241 to MUSTANG_0312.

Aubrey 1-10 Please provide true and complete copies of all contracts that Mustang has with any Utility District: (1) all or any part of which is located in the City of Aubrey's corporate limits or extraterritorial jurisdiction; or (2) that Mustang asserts is impacted in any manner as a result of the decertification that is the subject of PUC Dk. No. 44580.

RESPONSE: Mustang has enclosed responsive documents bates labeled MUSTANG_0248 to MUSTANG_0276.



Chief Clerk
Public Utility Commission
William B. Travis Building
1701 N. Congress, 7th Floor
Austin, Texas 78701

Re: Petition of Comanche Ridge 52 Partners, Ltd. to decertificate from Mustang Special Utility District; Sewer CCN No. 20930, Water CCN No. 11856; Denton County, Texas

Dear Sir or Madame:

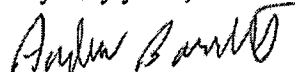
This firm represents the Comanche Ridge 52 Partners, Ltd a landowner in Denton County, Texas. On behalf of Comanche Ridge 52 Partners, Ltd. we are petitioning the Public Utility Commission (PUC) for decertification of the above referenced property from Mustang Special Utility District's (Mustang) water Certificate of Convenience and Necessity (CCN) No. 11856 and Sewer CCN 20930. We are submitting this Petition pursuant to Section 13.254(a-5), *Water Code* and PUC rules Section 24.113(r).

Comanche Ridge 52 Partners, Ltd. owns approximately 52.624 acres that are currently certificated to Mustang. As described in the attached affidavit from Mr. Rex Glendenning, the property is not receiving water service. The property's location is provided as attachments to Mr. Glendenning's affidavit. Further, the attached compact disc contains "shape files".

As required by Chapter 24.113(s), we are copying Mustang with this petition and attachments by Certified Mail Return Receipt Requested.

Please do not hesitate to contact me at 512-600-3800 or 512-217-4956 with any questions.

Very truly yours,


Andrew N. Barrett

Cc: Mustang SUD

AFFIDAVIT OF REX GLENNING

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, personally appeared Rex Glendenning, who, being by me duly sworn, deposed as follows:

“My name is Rex Glendenning, I am of sound mind, capable of making this affidavit, and

“I am Manager of Collin Preston Investments, LLC, which is General Partner of Comanche Ridge 52 Partners Ltd. I am signing on behalf of Comanche Ridge 52 Partners, Ltd, owner of approximately 52.624 acres in Denton County. All of this property is located within the Water Certificate of Convenience and Necessity No. 11856 and Sewer CCN No. 20930, each held by Mustang Special Utility District. This property is more properly on the Maps on Attachment A.”

“The above-referenced real property does not receive any water service from Mustang Special Utility District.

“This affidavit is in support of de-certifying Mustang Special Utility District’s water certificate of convenience and necessity pursuant to Section 13.254(a-5), *Water Code* and 30 TAC Section 291.113(r).”

SIGNED on this 20th day of March 2015.

Comanche Ridge 52 Partners, Ltd,
a Texas Limited Partnership

By: Collin Preston Investments, LLC
a Texas limited liability company
its General Partner

By: 
Rex Glendenning, Manager

STATE OF TEXAS

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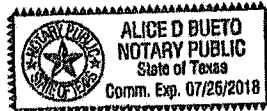
COUNTY OF ~~DALLAS~~

Collin

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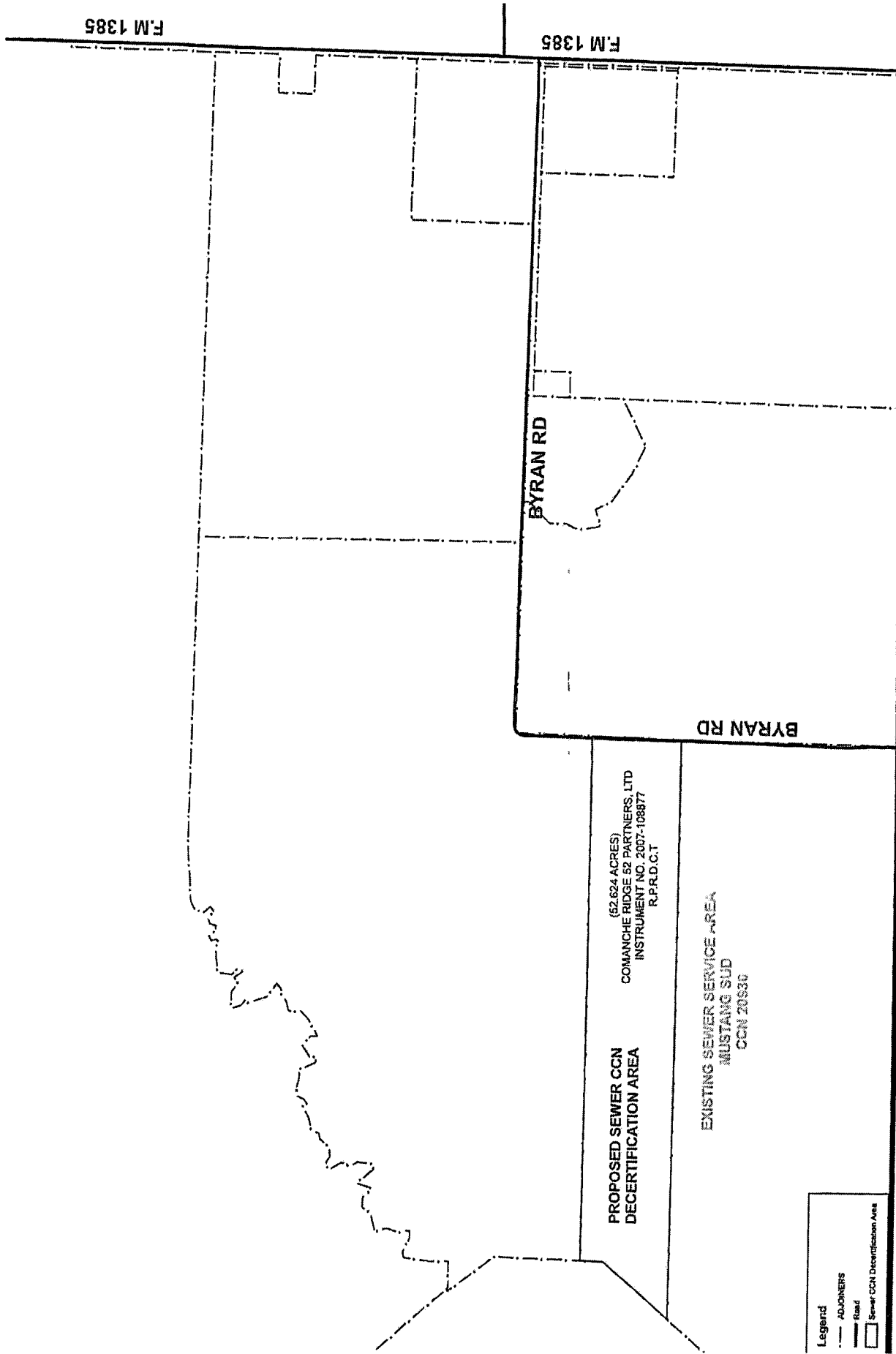
of Collin Preston Investments, LLC the
General Partner

This instrument was acknowledged before me on the 20th day of March,
20 15, by Rex Glendenning, Manager of Comanche Ridge 52 Partners, Ltd, a Texas limited
liability partnership on behalf of such partnership.



Alice D. Bueto
Notary Public, State of Texas

ATTACHMENT A



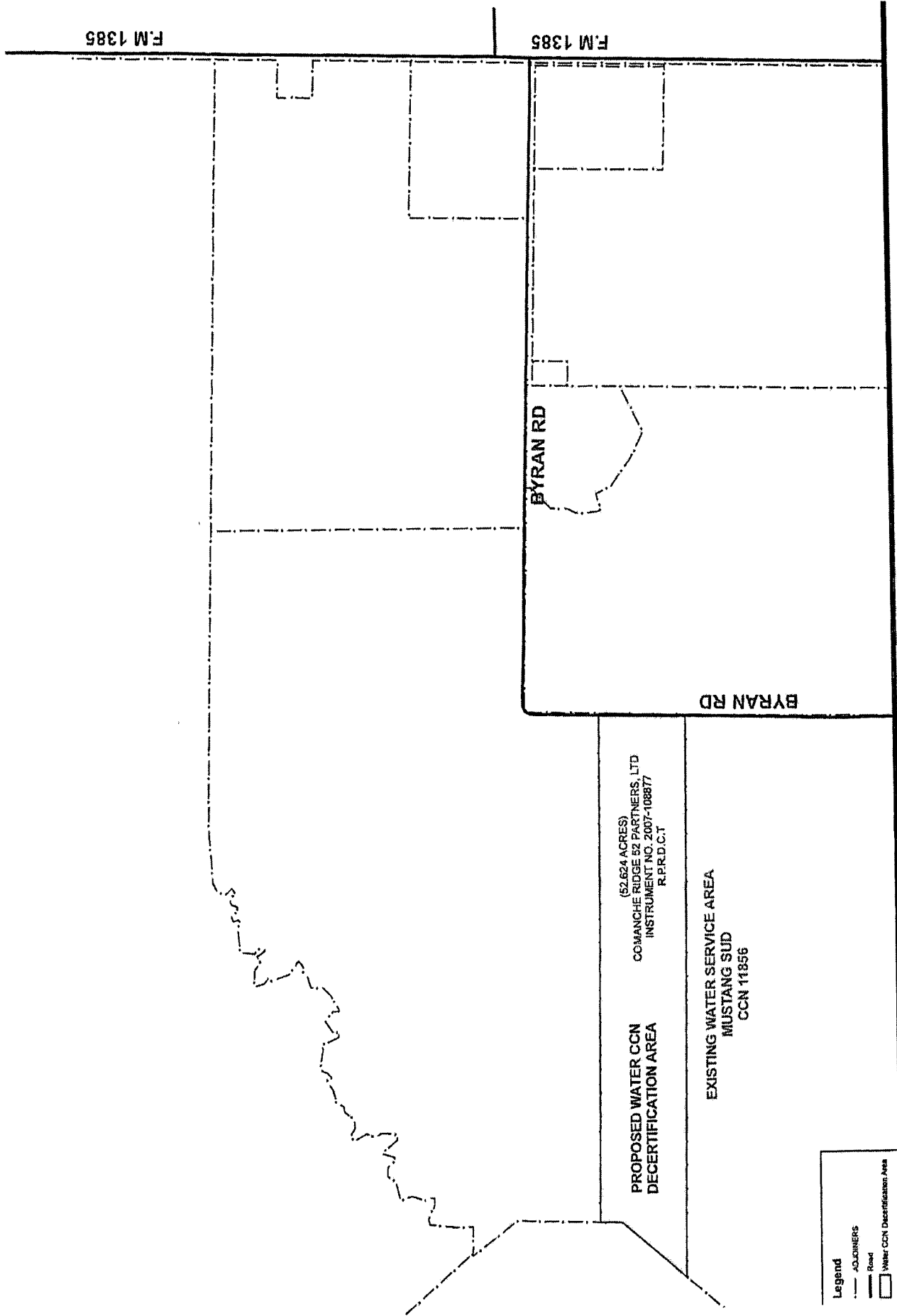
Legend
 --- ADJOINERS
 --- Road
 [] Sewer CCN Decertification Area



Sewer CCN Decertification Area Map

COMANCHE RIDGE 52 PARTNERS, LTD. - 52.624 AC

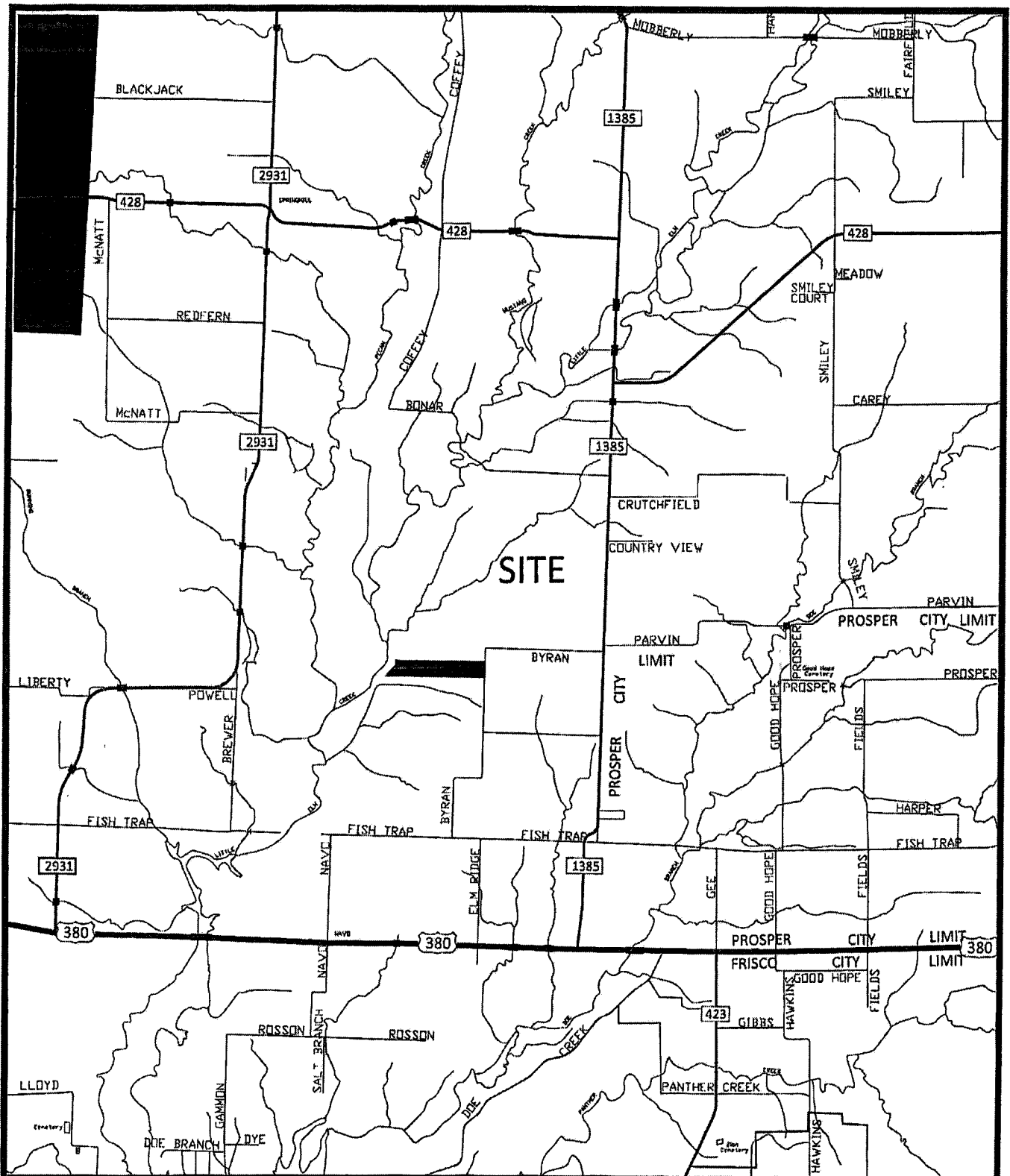
NOTE:
 Data reflected herein is derived from the
 Denton County Central Appraisal District
 and the Denton County Clerks Office
MUSTANG_0245



Water CCN Decertification Area Map

COMANCHE RIDGE 52 PARTNERS, LTD. - 52.624 AC

NOTE:
Data reflected herein is derived from the
Denton County Central Appraisal District
and the Denton County Clerks Office
MUSTANG_0246



CCN LOCATION MAP

5000 0 2500 5000



1 inch = 5000 feet

UTILITY CONSTRUCTION AND FINANCING AGREEMENT

BY AND AMONG

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NOS. 8A, 8B, 10, 11A, 11B and 11C,

MUSTANG SPECIAL UTILITY DISTRICT,

AND

COMANCHE RIDGE PROPERTIES ASSOCIATES, L.P.,

THIS UTILITY CONSTRUCTION AND FINANCING AGREEMENT (the "Agreement"), is entered into as of November 26, 2007, by and among DENTON COUNTY FRESH WATER SUPPLY DISTRICT NOS. 8A, 8B, 10, 11A, 11B and 11C, of Denton County, Texas, all bodies politic and corporate and governmental agencies of the State of Texas, operating under and governed by the provisions of Chapters 49, 51, and, for limited purposes, 53, Texas Water Code, as amended, and Section 59 of Article XVI of the Texas Constitution (the "Districts"), and MUSTANG SPECIAL UTILITY DISTRICT, operating under and governed by the provisions of Chapter 65, Texas Water Code, as amended, and is considered a conservation and reclamation district under Section 59 of Article XVI of the Texas Constitution ("Mustang"); COMANCHE RIDGE PROPERTIES ASSOCIATES, L.P., a Delaware limited partnership, ("Owner"). An individual fresh water supply district will be referred to as "FWSD" _____. For example, Denton County Fresh Water Supply District No. 8A will be referred to "FWSD 8A."

R E C I T A L S

WHEREAS, Mustang and the Districts were created, organized and exist for the purpose of furnishing water and sewer services to the area within their boundaries. Mustang and the Districts have determined that in order to meet the water storage and distribution needs of the current and future customers within their boundaries it is necessary to construct an elevated water storage facility.

WHEREAS, the Districts and Mustang have agreed to participate in the construction and financing of a 2.25 million gallon elevated water storage tank together with ancillary piping, valves and controls, all located on the Tank Site (as defined herein) (the "Elevated Tank").

WHEREAS, the Districts and Mustang also have agreed to participate in the costs of constructing certain improvements (the "Interconnection Improvements"), including metering equipment, to existing interconnection facilities connecting the collective water distribution system of the Districts to the water distribution system operated by Mustang on behalf of Denton County Fresh Water Supply District No. 9; and

WHEREAS, the Districts and Mustang each represents to the others that it may enter into this Agreement by the Constitution and laws of the State of Texas, particularly Chapters 49 and 65,

PAGE 1

Texas Water Code, as amended.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations and benefits of this Agreement, the Districts and Mustang contract and agree as follows:

ARTICLE 1

Definitions

Allowable Costs. "Allowable Costs" shall mean those costs hereunder, including Construction Costs, Site Costs, and any other costs which the Commission allows to be reimbursed by the Districts.

Commission. "Commission" shall mean the Texas Commission on Environmental Quality or its successors.

Construction Costs. "Construction Costs" shall mean all costs directly related to the construction of the Elevated Tank, including but not limited to:

- (a) construction contract amounts, including approved change orders;
- (b) advertisement costs and permitting costs, including without limitation, federal storm water permit costs;
- (c) engineering fees for review and for consultation, surveying and preparation and review of plans and specifications of the Elevated Tank and construction supervision, testing and other necessary services; and
- (d) engineering and legal fees incurred related directly to the advertising and letting and preparation and review of construction contracts and the obtaining of approval from the appropriate governmental agencies for such construction.

Owner. "Owner" shall mean Comanche Ridge Properties Associates, L.P., or its successors or assigns.

Districts. "Districts" shall mean Denton County Fresh Water Supply District Nos. 8A, 8B, 10, 11A, 11B and 11C of Denton County, Texas.

Districts' Engineer. "Districts' Engineer" shall mean Petitt & Associates, Inc., or its successor, or any additional engineering firm, duly appointed by the Districts.

Elevated Tank. "Elevated Tank" shall have the meaning ascribed to such term in the second recital hereto.

Interconnection Improvements. "Interconnection Improvements" shall have the meaning ascribed to such term in the third recital hereto.

Mustang. "Mustang" shall mean Mustang Special Utility District.

Mustang's Engineer. "Mustang's Engineer" shall mean HDR Engineering, Inc., or its successor, or any additional engineering firm duly appointed by Mustang.

Site Costs. "Site Costs" shall mean the cost of all necessary easements, rights-of-way and sites required for the Elevated Tank, including survey and title costs and costs of any eminent domain proceedings. Site Costs for the Tank Site shall equal \$25,000 , as provided in Article 4 hereof.

Special Construction Account. "Special Construction Account" is the bank account to be established and maintained by Mustang pursuant to Section 3.2 hereof.

Tank Site. "Tank Site" shall mean the 0.987 acre site as shown on Exhibit "A".

ARTICLE 2

Design, Construction, and Maintenance of Facilities

Section 2.1. General. Mustang shall proceed with the design and construction of the Elevated Tank with due diligence, which design shall be performed by Mustang's Engineer.

Section 2.2. Plans and Specifications.

(a) Mustang's Engineer will design the Elevated Tank in accordance with sound engineering principles, and the standards and specifications of the Districts, the Commission, Mustang, and any other agency having or hereafter acquiring jurisdiction.

(b) Mustang and the Districts have advanced 100% of the costs of the engineering design and permitting for the Elevated Tank pursuant to Memorandum Agreement dated February 17, 2006.

(c) No change in the final plans and specifications for the Elevated Tank shall be effected or permitted except pursuant to written change order approved by all parties hereto. Such change orders shall clearly state changes to be made and the increase or decrease in Construction Costs effected thereby. No substantial change shall be made without the prior consent of the Commission, if required by the then applicable Rules of the Commission. It is understood and agreed that any change orders are subject to the Rules of the Commission.

Section 2.3. Contract Documents and Bonds; Sales Tax Exemption. Along with the plans and specifications, Mustang shall submit to the Districts for approval the form of contract proposed to be used for all construction services to be performed by one or more contractors. Further, Mustang has submitted to the Districts for approval the form of the bid documents to be used for the construction of the Elevated Tank. The bid and construction contract documents shall be in a form such that they constitute a "separated contract" pursuant to the laws of the State of Texas and the rules of the Comptroller of Public Accounts of the State of Texas in order that all tangible personal property required to be purchased and incorporated into the Elevated Tank will be exempt from state sales and use tax. In that regard, Mustang will, if necessary, obtain a resale certificate and shall require all contractors and subcontractors to obtain a Texas Limited Sales, Excise and Use Tax Permit prior to execution of a construction contract for the Elevated Tank. Mustang will issue an exemption certificate or other appropriate document if, when and as necessary to assure exemption from such sales and use tax.

Mustang will further require all contractors to provide performance and payment bonds comporting with the requirements of Section 2253.021, et seq., Texas Government Code, as amended, naming the Districts and Mustang as the secured parties in order to assure completion and payment. Mustang will also require all contractors to comply with any prevailing wage rate scale heretofore or hereafter adopted by the Districts and Mustang pursuant to Chapter 2258, Texas Government Code, as amended, and such requirement and any such prevailing wage rate scale shall be included in the construction contract documents.

Mustang will file all construction plans and specifications, contract documents and supporting engineering data with respect to the Elevated Tank with the Commission as and if required by the Rules of the Commission. Mustang will also record all construction contracts and applicable payment and performance bonds in the real property records of Denton County in which the Facilities are located, as and if required pursuant to the provisions of Chapter 2253, Texas Government Code, as amended.

Section 2.4. Advertisement for Bids. Mustang has or will advertise for bids and let construction contracts in accordance with Subchapter I of Chapter 49, Texas Water Code, as amended, and the Rules of the Commission. Upon receipt of bids, Mustang will submit same to the Districts together with a tabulation of the bids for review and approval prior to award of bid. After agreement is reached between the Districts and Mustang as to the award of a bid, Mustang will submit the construction contract to the Districts for review and approval. The Districts agree to issue their respective approvals or reasons for disapproval of a contract within 15 days from receipt of the contract.

Section 2.5. Construction. Mustang will manage all construction so that it shall be performed in a good and workmanlike manner and in accordance with the Rules of the Commission. The Districts' Engineer shall be timely copied with all approved shop drawings and

submittals. All facilities related to the Elevated Tank will be constructed in dedicated public rights-of-way, utility easements or sites, or in easements or lands specifically conveyed to Mustang. Mustang shall provide such inspection of the Elevated Tank during construction as is deemed reasonable and necessary by Mustang's Engineer. Notwithstanding the foregoing, the Districts' representatives including the Districts' Engineer shall have access at all times to the construction to make such inspections thereof as they deem necessary. Any change order to a contract for the construction of Elevated Tank or component thereof shall be subject to approval by the Districts and Mustang (which approval shall not be unreasonably withheld or delayed) and shall be filed with, and approved by, the Commission as and if required by the Rules of the Commission. Any such change orders are subject to the Rules of the Commission.

Upon completion of the construction of the Facilities, Mustang will provide the Districts with "as-built" drawings of the Elevated Tank. Mustang's Engineer, with the written consent of the Districts' Engineer, shall provide a certificate of substantial completion to the effect that the construction has been completed in accordance with the approval plans and specifications and approved by all required regulatory agencies having jurisdiction, which certificate shall be addressed to both Mustang and the Districts.

Section 2.6. Maintenance. Upon final acceptance of construction, Mustang shall be responsible for the operation and maintenance of the Elevated Tank. The cost of operation and maintenance of the Elevated Tank shall be allocated and paid as provided in Article 3 hereof.

Section 2.7. Records. Mustang will keep accurate records itemizing and separating all construction costs of the Elevated Tank. The Districts will have the right to examine such records at reasonable times and intervals. The Districts and Mustang shall keep accurate records itemizing and separating operation and maintenance costs related to the Elevated Tank. Such records shall be available to the Districts for inspection at reasonable times and intervals.

ARTICLE 3

Payment for Construction, Operation, and Maintenance of the Facilities

Section 3.1. (a.) Elevated Tank. It is agreed among the Districts and Mustang that the Allowable Costs associated with the Facilities shall be allocated as follows: Mustang – 55.6%; FWSD 10 – 19.3%; FWSD 8A – 5.1%, 8B – 4.4%, 11A – 7.6%, 11B – 5.4% and 11C – 2.6%. The 2.25 million gallons of capacity in the Elevated Tank shall be allocated as follows: FWSD 10 - 435,000 gallons; FWSD 8A, 8B, 11A, 11B and 11C - 565,000 gallons (allocated among such districts in relation to the percentages set forth herein) and Mustang 1,250,000 gallons. It is further agreed that the operation and maintenance expenses associated with the Elevated Tank shall be allocated in the same percentages as the Construction Costs.

Section 3.2. Manner of Payment. (a) Mustang will establish a bank account (the "Special

Construction Account") to be styled "Mustang Special Utility District F.B.O. Denton County Fresh Water Supply Districts Nos. 8A, 8B, 10, 11A, 11B and 11C." The Special Construction Account shall be a special purpose account separate and distinct from any other Mustang account. Upon acceptance of a bid for construction of the Elevated Tank, as approved and accepted by all parties, Mustang and the Districts shall each deposit 10% of their respective pro rata shares of the Construction Costs, based on such bid amount, into the Special Construction Account. Thereafter, Mustang will forward each pay request of the contractor to the Districts.

After a contractor's pay request is approved by the engineers for Mustang and the Districts, each party to this Agreement will timely pay to Mustang for deposit in the Special Construction Account, such party's pro-rata share of an approved pay request. All pro-rata pay request installments from the parties are due and payable within 20 days of the date of the contractor's pay request which will normally be the 25th of each month. A check shall be issued from the Special Construction Account in the approved amount to the entity presenting the invoice or pay request. Mustang shall provide regular monthly reports as to all deposits to and disbursement from the Special Construction Account.

Upon completion of construction, to the extent that there are any funds remaining in the Special Construction Account, such remainder shall be distributed to Mustang and the Districts, based upon their respective pro rata shares of the Construction Costs as confirmed by the engineers for the parties. In the event that there are insufficient funds remaining, Mustang and the Districts shall deposit into the Special Construction Account their respective pro rata shares of such deficiency as confirmed by the engineers for Mustang and the Districts.

Section 3.3. Representations. Mustang and each District each represents and covenants that:

- (a) This Agreement, the transactions contemplated herein, and the execution and delivery of this Agreement have been duly authorized by its governing body;
- (b) This Agreement, and the representations and covenants contained herein, and the consummation of the transactions contemplated herein, will not violate or constitute a breach of any contract or other agreement to which it is a party; and
- (c) It has made or will make sufficient financial arrangements to assure its ability to provide funds to pay its share of all costs associated with the acquisition and construction of the Elevated Tank, as provided herein.

Section 3.4. Survival of Representations. All representations, warranties and agreements of the Districts, Owner and Mustang shall survive the completion of construction of and payment for the Elevated Tank.

Section 3.5. Ownership and Use. When the Districts and Mustang accept construction of the Facilities, they shall have and enjoy beneficial ownership and use of the Elevated Tank in the respective pro rata shares set forth in Section 3.1 hereof.

Section 3.6. Remedies. In the event of default by any party hereto of its obligations, hereunder (and which default continues for thirty (30) days after receipt of written notice by another party) the non-defaulting party or parties shall have the option to:

- (a) terminate this Agreement with respect to the defaulting party; and/or
- (b) assume the defaulting party's interest in outstanding construction contracts, and complete the construction of the Elevated Tank; and/or
- (c) pursue all other remedies provided at law or in equity, including particularly, but without limitation, the right to obtain an injunction requiring the defaulting party to perform its obligations hereunder.

ARTICLE 4

Conveyance of Site

On or before the commencement date of the construction on the Tank Site, the Owner will execute and deliver to Mustang the Special Warranty Deed attached hereto as Exhibit "B". Within ten (10) days of receipt of the Special Warranty Deed from the Owner, Mustang will pay to the Owner, the sum of \$25,000.00 as full and adequate consideration for the Tank Site.

ARTICLE 5

Special Considerations

Section 5.1. Radio Antenna Revenues. Mustang and the Districts agree to cooperate in allowing antennas to be placed on the Elevated Tank. Mustang and the Districts will be parties to any written agreement for the placement of antennas on the Elevated Tank, and the terms of such agreement shall be subject to joint approval. In addition, Mustang and the Districts will jointly coordinate the construction and installation of any antenna upon the Elevated Tank. In order for any antenna to be constructed or installed upon the Elevated Tank, both Mustang and the Districts must agree thereto. Any revenues generated by the installation of antennas on the Elevated Tank shall be shared in accordance with the respective capacity allocations established in Section 3.1 herein.

Section 5.2. Logos. Only the Mustang logo shall appear on the Elevated Tank.

Section 5.3. Interconnection Improvements. Mustang understands and acknowledges that by separate instrument, the Districts have allocated among themselves payment of costs for the Interconnection Improvements, which are located along U.S. Highway 380 as shown on Exhibit "C" hereto. Mustang agrees to pay twenty percent (20%) of the total cost of installation and construction of the Interconnection Improvements within thirty (30) days of request thereof. In such request, the Districts shall designate the party to which Mustang should direct such payment.

ARTICLE 6

Miscellaneous

Section 6.1. Force Majeure. If a party hereto is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, except the obligation of a party to pay their portion of the Construction Costs, then the obligations of such party, to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include, without limitation of the generality thereof, (i) acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, and (ii) breakage or accidents to machinery, pipelines or canals, and (iii) any other incapacities of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability and which such party could not have 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 above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

Section 6.2. Modification. This Agreement shall be subject to change or modification only with the mutual written consent of all the parties.

Section 6.3. Term. Except as otherwise provided herein, this Agreement shall be in force and effect from the date hereof until only one or none of the parties have an ownership interest in the Elevated Tank.

Section 6.4. Assignability. This Agreement shall bind and benefit the parties and their respective legal successors, but shall not otherwise be assignable, in whole or in part, by a party except by supplementary written agreement among all the parties.

Section 6.5. Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by either of the parties, the parties agree that such approval or consent shall not be unreasonably withheld or delayed. Section 6.6. Construction and Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas. The titles assigned to the various Sections and Articles of this Agreement are for convenience of reference only and shall not be restrictive of the subject matter of any such Section or Article or otherwise affect the meaning, construction, or effect of any part hereof.

Section 6.7. Severability. If any provision or application of this Agreement shall be held illegal, invalid, or unenforceable by any court, the invalidity of such provision or application shall not affect or impair any of the remaining provisions and applications hereof.

Section 6.8. Entire Agreement. This Agreement contains the complete and entire agreement of the parties relative to the subject matter contained herein and supersedes any prior or contemporaneous negotiations, agreements, representations and understandings, oral or written, if any, between or among the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in several counterparts, each of which shall be deemed to be an original and all of which shall constitute the original, as of the date and year first written herein.

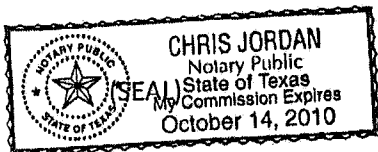
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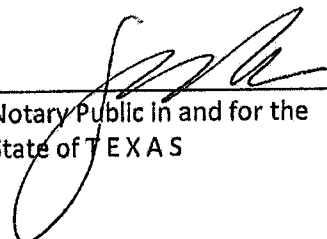
DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 8A

By: 
President, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 15th day of November, 2007, by Jonathan Kleppe, President of the Board of Directors of Denton County Fresh Water Supply District No. 8A, on behalf of said political subdivision.



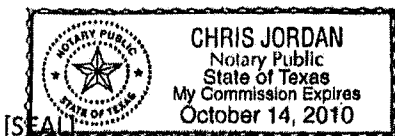

Notary Public in and for the
State of TEXAS

DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 8B

By: [Signature]
President, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 14 day of NOVEMBER 2007, by DAVID HARRISON, President of the Board of Directors of Denton County Fresh Water Supply District No. 8B, on behalf of said political subdivision.



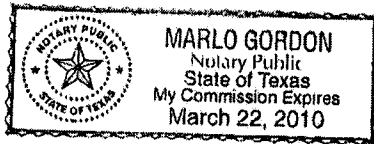
[Signature]
Notary Public in and for the
State of TEXAS

DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 10

By: Nancy Heintzel
President, Board of Directors

THE STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me on this 15th day of November, 2007, by Nancy Heintzel, President of the Board of Directors of Denton County Fresh Water Supply District No. 10, on behalf of said political subdivision.



(SEAL)

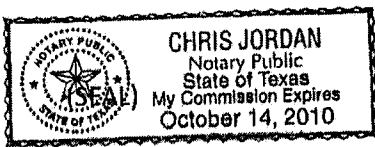
Marlo Gordon
Notary Public in and for the
State of T E X A S

DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 11A

By: [Signature]
President, Board of Directors

THE STATE OF TEXAS §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 15th day of November, 2007, by R.D. Wilder via President of the Board of Directors of Denton County Fresh Water Supply District No. 11A, on behalf of said political subdivision.



[Signature]
Notary Public in and for the
State of TEXAS

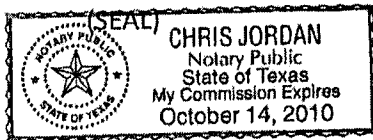
DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 11B

By: Debbie Allred
President, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 15th day of November, 2007, by Debbie Allred, President of the Board of Directors of Denton County Fresh Water Supply District No. 11B, on behalf of said political subdivision.

[Signature]
Notary Public in and for the
State of TEXAS

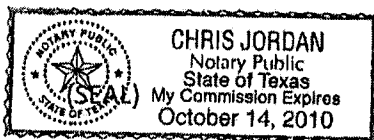


DENTON COUNTY FRESH WATER
SUPPLY DISTRICT NO. 11C

By *Connie Christensen*
President, Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 14th day of November, 2007, by Connie Christensen, President of the Board of Directors of Denton County Fresh Water Supply District No. 11C, on behalf of said political subdivision.



[Signature]
Notary Public in and for the
State of TEXAS

MUSTANG SPECIAL UTILITY DISTRICT

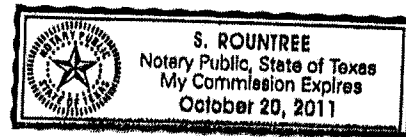
By: M L Sonny Snow
M. L. (Sonny) Snow, President,
Board of Directors

THE STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on this 26th day of November
2007, by M. L. (Sonny) Snow, President of the Board of Directors of Mustang Special Utility District,
on behalf of said political subdivision.

[Signature]
Notary Public in and for the
State of T E X A S

(SEAL)



COMANCHE RIDGE PROPERTIES
ASSOCIATES, L.P., a Delaware limited
partnership, by its general partner, FPR Preston,
L.C., a Texas limited liability company

By: Donald B. Huffines
Donald B. Huffines, Manager, and

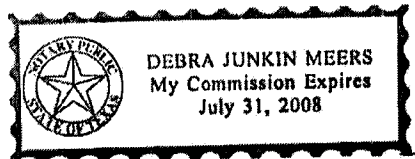
By: Phillip W. Huffines
Phillip W. Huffines, Manager

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 16 day of November
2007, by Phillip W. Huffines, a Manager of FPR Preston, L.C., a Texas limited liability company, as
the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership
and acknowledged to me that he executed the same for the said General Partner for the purposes
and consideration therein expressed.

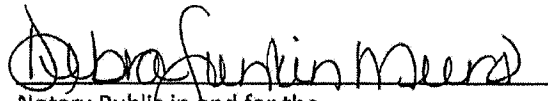
Debra Junkin Meers
Notary Public in and for the
State of TEXAS

(SEAL)

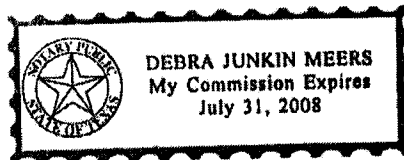


THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 16 day of November 2007, by Donald B. Huffines, a Manager of FPR Preston, L.C., a Texas limited liability company, as the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership and acknowledged to me that he executed the same for the said General Partner for the purposes and consideration therein expressed.


Notary Public in and for the
State of T E X A S

(SEAL)



Comanche Ridge Properties Associates, L.P.,
a Delaware limited partnership, by it's general partner
FPR Preston, L.C., a Texas limited liability company

By *Phillip W. Huffines*
Phillip W. Huffines, Manager

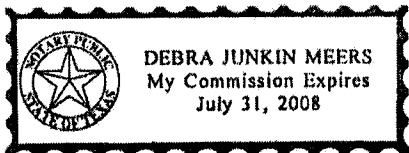
By *Donald B. Huffines*
Donald B. Huffines, Manager

STATE OF TEXAS)

COUNTY OF DALLAS)

Before me, Notary Public, on this day personally appeared Phillip W. Huffines, Manager of FPR Preston, L.C. a Texas limited liability company, as the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership and acknowledged to me that he executed the same as for the purposes and consideration therein expressed.

Given under my hand and seal of office this 16 day of November, 2007.



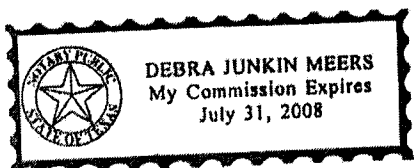
Debra Junkin Meers
Notary Public for the State of Texas

STATE OF TEXAS)

COUNTY OF DALLAS)

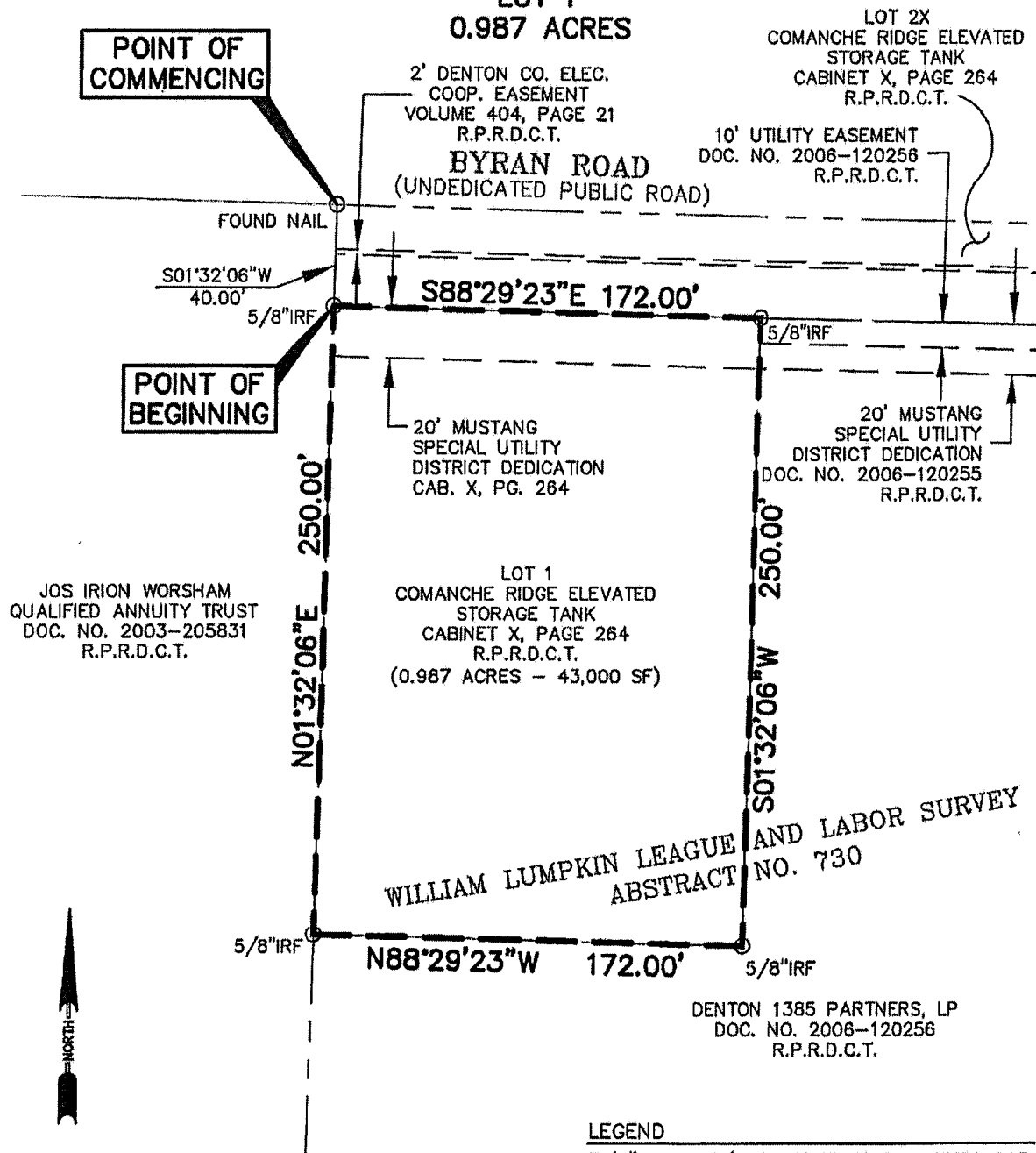
Before me, Notary Public, on this day personally appeared Donald B. Huffines, Manager of FPR Preston, L.C. a Texas limited liability company, as the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership and acknowledged to me that he executed the same as for the purposes and consideration therein expressed.

Given under my hand and seal of office this 16 day of November, 2007.



Debra Junkin Meers
Notary Public for the State of Texas

EXHIBIT "A"
LOT 1
0.987 ACRES



SCALE 1" = 60'

LEGEND

5/8"IRF = 5/8-INCH IRON ROD WITH CAP
MARKED "PETITT-RPLS 4087"
FOUND FOR CORNER.

R.P.R.D.C.T. = REAL PROPERTY RECORDS OF
DENTON COUNTY, TEXAS.

Petitt and Associates, Inc.
ENGINEERING & SURVEYING

300 MUNICIPAL
Richardson, Texas 75080

Tel. No. (214) 221-9955
Fax No. (214) 340-3550

F:\2000\00038\SURVEY\0102300-0.987ac-Lot1-CabinetX264.dwg
Sep 24, 2007 - 2:21pm
bwade

JOB NO: 00038-00

SCALE: 1" = 60'

DATE: SEPTEMBER, 2007

DRAWN BY: TAC

MUSTANG_0267

EXHIBIT 'A'
LOT 1
0.987 ACRES

BEING A TRACT OF LAND SITUATED IN THE WILLIAM LUMPKIN LEAGUE AND LABOR SURVEY, ABSTRACT NO. 730, IN DENTON COUNTY, TEXAS, AND BEING ALL OF LOT 1 OF COMANCHE RIDGE ELEVATED STORAGE TANK, AN ADDITION TO DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN CABINET X, PAGE 264 OF THE REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND NAIL IN THE APPROXIMATE CENTER OF BYRAN ROAD (UNDEDICATED PUBLIC ROAD) FOR THE NORTHEAST CORNER OF A TRACT OF LAND DESCRIBED IN A DEED TO JOS IRION WORSHAM QUALIFIED ANNUITY TRUST, RECORDED AS DOCUMENT FILE NO. 2003-205831 OF SAID REAL PROPERTY RECORDS AND THE NORTHWEST CORNER OF LOT 2X OF SAID COMANCHE RIDGE ELEVATED STORAGE TANK ADDITION;

THENCE SOUTH 01 DEGREE 32 MINUTES 06 SECONDS WEST, ALONG THE COMMON LINE BETWEEN SAID WORSHAM TRACT AND LOT 2X, A DISTANCE OF 40.00 FEET TO A 5/8-INCH IRON ROD WITH CAP MARKED "PETITT-RPLS 4087" FOUND FOR THE **POINT OF BEGINNING**;

THENCE SOUTH 88 DEGREES 29 MINUTES 23 SECONDS EAST, ALONG THE NORTH LINE OF LOT 1, A DISTANCE OF 172.00 FEET TO A 5/8-INCH IRON ROD WITH CAP MARKED "PETITT-RPLS 4087" FOUND FOR THE NORTHEAST CORNER OF SAID LOT 1;

THENCE SOUTH 01 DEGREE 32 MINUTES 06 SECONDS WEST, ALONG THE EAST LINE OF SAID LOT 1, A DISTANCE OF 250.00 FEET TO A 5/8-INCH IRON ROD WITH CAP MARKED "PETITT-RPLS 4087" FOUND FOR THE SOUTHEAST CORNER OF SAID LOT 1;

THENCE NORTH 88 DEGREES 29 MINUTES 23 SECONDS WEST, ALONG THE SOUTH LINE OF SAID LOT 1, A DISTANCE OF 172.00 FEET TO A 5/8-INCH IRON ROD WITH CAP MARKED "PETITT-RPLS 4087" FOUND FOR THE SOUTHWEST CORNER OF SAID LOT 1;

THENCE NORTH 01 DEGREE 32 MINUTES 06 SECONDS EAST, ALONG THE WEST LINE OF SAID LOT 1, A DISTANCE OF 250.00 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 43,000 SQUARE FEET, OR 0.987 ACRES OF LAND, MORE OR LESS, AND BEING THE SAME PROPERTY SHOWN AS LOT 1 ON THE FINAL PLAT OF COMANCHE RIDGE ELEVATED STORAGE TANK, AN ADDITION TO DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN CABINET X, PAGE 264 OF THE REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS.

AFTER RECORDING RETURN TO:

Angela Kuykendall
Rapier, Wilson & Wendland, P.C.
103 W. McDermott
Allen, Texas 75013

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

Special Warranty Deed

Date: _____

Grantor: Comanche Ridge Properties Associates, L.P., a Delaware limited partnership

Grantor's Mailing Address:

Comanche Ridge Properties Associates, L.P.
8200 Douglas Ave, #300
Dallas, Texas 75225
Dallas County

Grantee: Mustang Special Utility District

Grantee's Mailing Address:

Mustang Special Utility District
7985 FM 2931
Aubrey, Texas 76227
Denton County

Consideration:

TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid from Grantee's separate property.

Property (including any improvements):

Lot 1 of Comanche Ridge Elevated Storage Tank, an Addition to Denton County, Texas, and being in the William Lumpkin League and Labor Survey, Abstract No. 730 in Denton County, Texas according to the Plat thereof recorded in Cabinet X, Page 264 of the Real Property Records, Denton County, Texas and being more particularly described in Exhibit A attached hereto and made a part hereof for all purposes (the "Property").



All groundwater, being all underground water, percolating water, artesian water, and other waters from any and all reservoirs, formations, depths, and horizons beneath the surface of the earth in and under or that may be produced from the Property, together with all rights, titles, and interests appurtenant to the water estate and that are necessary or useful in Grantee's operations to find, protect, produce, sever, save, care for, measure, store, treat, and transport water from and over the water estate.

Reservations from Conveyance:

None

Exceptions to Conveyance and Warranty:

Validly existing easements, rights-of-way presently recorded and validly existing instruments that affect the Property; and taxes for 2008 and subsequent years, which Grantee assumes and agrees to pay.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

As a material part of the Consideration for this deed, Grantor and Grantee agree that Grantee is taking the Property "AS IS" with any and all latent and patent defects and that there is no warranty by Grantor that the Property has a particular financial value or is fit for a particular purpose. Grantee acknowledges and stipulates that Grantee is not relying on any representation, statement, or other assertion with respect to the Property condition but is relying on Grantee's examination of the Property. Grantee takes the Property with the express understanding and stipulation that there are no express or implied warranties.

Grantor, for the same Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee, without express or implied warranty, the strips or gores, if any, between the Property and abutting properties and land lying in or under any public thoroughfare, opened or proposed, abutting or adjacent to the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. All warranties that might arise by common law as well as the warranties in section 5.023 of the Texas Property Code (or its successor) are excluded as to the property conveyed by this paragraph.

Grantor has been paid in full for the Property and any lien, expressed or implied, in favor of Grantor against the Property is waived.

When context requires, singular nouns and pronouns include the plural.

Comanche Ridge Properties Associates, L.P.,
a Delaware limited partnership, by it's general partner
FPR Preston, L.C., a Texas limited liability company

By _____
Phillip W. Huffines, Manager

By _____
Donald B. Huffines, Manager

STATE OF TEXAS)

COUNTY OF DALLAS)

Before me, Notary Public, on this day personally appeared Phillip W. Huffines, Manager of FPR Preston, L.C. a Texas limited liability company, as the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership and acknowledged to me that he executed the same as for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 2007.

Notary Public for the State of Texas

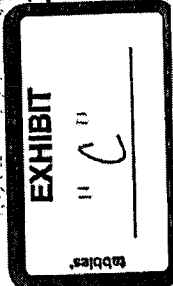
STATE OF TEXAS)

COUNTY OF DALLAS)

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Notary Public for the State of Texas



Petitt and Associates, Inc.



RAPIER, WILSON & WENDLAND, P.C. *Attorneys at Law*

Angela Kuykendall, Paralegal
kuykendall@rapierwilson.com

November 26, 2007

Via First Class U. S. Mail

Denton County Clerk
Cynthia Mitchell
P. O. Box 2187
Denton, Texas 76202

Re: Special Warranty Deed

Dear Clerk:

Enclosed is the original and two (1) copy of a Special Warranty Deed and our firm's check in the amount of \$19.00 to cover the costs associated with filing.

Please file these documents with the County and return a file-stamped copy to us in the enclosed envelope. Thank you in advance for your time and assistance and should you have any questions or require further information, please do not hesitate to contact us.

Very truly yours,

Angela J. Kuykendall,
Paralegal to John Rapier

ajk/
enclosures
c:client

F:\Water Districts\Mustang SUD\CONTRACTS\Fresh Water Districts\Bryan Road Elevated Tank\2007 Lit to Denton Cty filing Special Warranty Deed.wpd

AFTER RECORDING RETURN TO:
Angela Kuykendall
Rapier, Wilson & Wendland, P.C.
103 W. McDermott
Allen, Texas 75013

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Special Warranty Deed

Date: November 16, 2007

Grantor: Comanche Ridge Properties Associates, L.P., a Delaware limited partnership

Grantor's Mailing Address:

Comanche Ridge Properties Associates, L.P.
8200 Douglas Ave, #300
Dallas, Texas 75225
Dallas County

Grantee: Mustang Special Utility District

Grantee's Mailing Address:

Mustang Special Utility District
7985 FM 2931
Aubrey, Texas 76227
Denton County

Consideration:

TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid from Grantee's separate property.

Property (including any improvements):

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All groundwater, being all underground water, percolating water, artesian water, and other waters from any and all reservoirs, formations, depths, and horizons beneath the surface of the earth in and under or that may be produced from the Property, together with all rights, titles, and interests appurtenant to the water estate and that are necessary or useful in Grantee's operations to find, protect, produce, sever, save, care for, measure, store, treat, and transport water from and over the water estate.

Reservations from Conveyance:

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Exceptions to Conveyance and Warranty:

Validly existing easements, rights-of-way presently recorded and validly existing instruments that affect the Property; and taxes for 2008 and subsequent years, which Grantee assumes and agrees to pay.

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As a material part of the Consideration for this deed, Grantor and Grantee agree that Grantee is taking the Property "AS IS" with any and all latent and patent defects and that there is no warranty by Grantor that the Property has a particular financial value or is fit for a particular purpose. Grantee acknowledges and stipulates that Grantee is not relying on any representation, statement, or other assertion with respect to the Property condition but is relying on Grantee's examination of the Property. Grantee takes the Property with the express understanding and stipulation that there are no express or implied warranties.

Grantor, for the same Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee, without express or implied warranty, the strips or gores, if any, between the Property and abutting properties and land lying in or under any public thoroughfare, opened or proposed, abutting or adjacent to the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. All warranties that might arise by common law as well as the warranties in section 5.023 of the Texas Property Code (or its successor) are excluded as to the property conveyed by this paragraph.

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Comanche Ridge Properties Associates, L.P.,
a Delaware limited partnership, by its general partner
FPR Preston, L.C., a Texas limited liability company


By *Phillip W. Huffines*
Phillip W. Huffines, Manager

By *Donald B. Huffines*
Donald B. Huffines, Manager

STATE OF TEXAS)
COUNTY OF DALLAS)

Before me, Notary Public, on this day personally appeared Phillip W. Huffines, Manager of FPR Preston, L.C. a Texas limited liability company, as the General Partner of Comanche Ridge Properties Associates, L.P., a Delaware limited partnership and acknowledged to me that he executed the same as for the purposes and consideration therein expressed.


Given under my hand and seal of office this 16 day of November, 2007.

 *Debra Junkin Meers*
Notary Public for the State of Texas

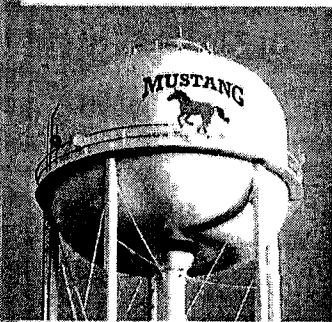
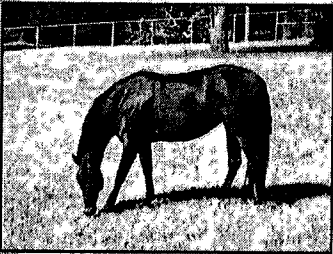
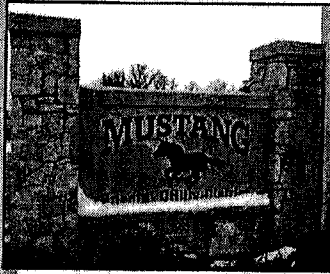
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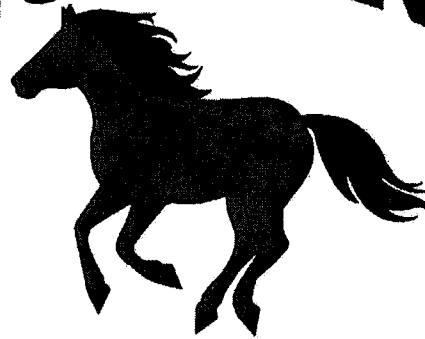
Given under my hand and seal of office this 16 day of November, 2007.

 *Debra Junkin Meers*
Notary Public for the State of Texas

2016



MUSTANG



SPECIAL UTILITY DISTRICT

**Mustang Special
Utility District**

**Annual Budget
2015-2016**

Adopted September 28, 2015

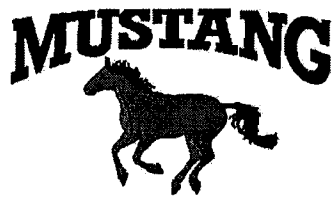
www.mustangwater.com

Mustang Special Utility District

FY 2016 Budget

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Special Utility District

Adopted Budget for the
Fiscal Year 2015-2016

General Manager – Chris Boyd

Finance Director – Patty Parks

Operations Manager – Aldo Zamora

Customer Service Supervisor – Beth Kazel

Mustang Special Utility District Board Members



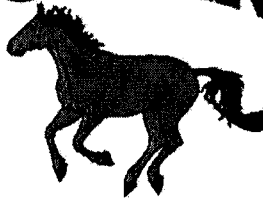
Front Row L-R: Mike Frazier, Vice President; Bill Hathaway, President; James Burnham, Secretary

Back Row L-R: Marc Hodak, Pete Carrothers, Wade Veeder, Dean Jameson, Kim Lehere, Donna Sims

Three Directors are elected every year, for a term of three years.

The President, Vice President and Secretary are selected by vote of the Board each year.

MUSTANG



SPECIAL UTILITY DISTRICT

MISSION STATEMENT

The mission of the District is to provide the District's residents and businesses with water supply and sewage disposal services that support a high quality of life.

GOALS AND OBJECTIVES

To provide water and wastewater service that meets all Federal and State guidelines to our customers.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Mustang Special Utility District
Texas**

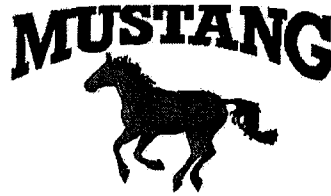
For the Fiscal Year Beginning

October 1, 2014

Jeffrey R. Egan

Executive Director

Executive Summary



Special Utility District

Manager's Letter of Transmittal

30 September 2015

To the Mustang S.U.D. Board of Directors and customers:

I am pleased to submit the published Mustang Special Utility District Fiscal Year 2015-2016 budget as approved by the Board of Directors on September 28, 2015. This document includes the Operating Budget and the Capital Improvement Program (CIP). These budgets outline the structure in which we provide outstanding water and wastewater service to the customers in our District.

1. General Economy

Mustang has experienced an increase in growth due to the improvements in the housing market. Residential homebuilders have begun to increase their growth as sales have grown. Commercial and retail development is continuing at a steady pace. I anticipate that all new development will maintain a level greater than 3-5% per year for the next few years.

Fortunately, Mustang is a rate-revenue driven organization and is not reliant upon property tax revenue. Mustang's rate structure has provided a consistent source of revenue with most variations due to uncontrollable climatic conditions.

2. Water Service

Mustang continues to maintain an adequate reserve production capacity for future growth. The current water production capacity of 5.1 million gallons per day (GPD) would serve an additional 1,250 customers. As a member of the Upper Trinity Regional Water District, Mustang has the ability to contract for water supplies to meet 50 year future demand. We also maintain significant reserve capacity in our ground and elevated storage facilities. Overall, we are well structured to handle additional future growth.

Maintenance of the distribution system remains a yearly focus for our Operations Department. Staff believes it to be of vital necessity to adequately fund ongoing maintenance in order to achieve the highest level of reliability and quality. Maintenance funding of \$95,000 assures that Mustang's distribution system operates in the most reliable and efficient manner possible.

Mustang water revenue continues to trend higher due to growth. However, water revenue is always highly variable because it is based on annual climatic conditions.

3. Wastewater

Wastewater service will continue to expand as growth occurs in those areas where service is available. Mustang contracts for treatment capacity with the Upper Trinity Regional Water District (UTRWD). The current capacity of 940,000 GPD in the Peninsula Plant provides enough reserve to add an additional 2,000 connections, which will slowly over the next five years. In 2011, we gained 110,000 GPD in the Riverbend Plant which is wholly committed to future growth. The Doe Branch Plant is under construction, and is expected to be completed February 2016, which will add an additional 200,000 GPD.

Mustang's wastewater collection system is still new enough that no significant repairs or replacement needs are anticipated this year. Since FY2011, we have had two dedicated staff people conducting routine preventative maintenance to the system. The funding for these positions was in conjunction with the establishment of the Wastewater Department separate from Water Department. The Wastewater Department will continue to expand as more customers come online, and the system continues to age.

For FY2016, rates have been revised to cover the operating costs of the Wastewater Department, as well as the yearly debt service related to Wastewater Infrastructure.

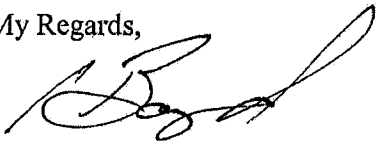
4. Summary

While the rate of growth and development in Mustang's service area has been approximately 10% in the last year, the budget is based upon a growth rate of approximately 3-5%. Climatic influence on water revenue is an annual challenge, but we have taken a moderately conservative approach, with historical trending, to project water revenue. Wastewater revenue will continue to be stable, while increasing due to growth.

Mustang does project the need for additional capital debt for 2016, as the infrastructure capital improvements planned will be more than what can be funded with dedicated reserves.

The FY 2015-2016 Annual Budget continues our commitment to our highest priority of providing excellent service with the best value for our customers.

My Regards,



Chris Boyd
General Manager