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CITY OF CELINA'S NOTICE OF
INTENT TO PROVIDE WATER AND
SEWER SERVICE TO AREA
DECERTIFIED FROM AQUA TEXAS,
INC. IN DENTON COUNTY

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PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

ORDER

This Order addresses whether Aqua Texas, Inc. had any property rendered useless or valueless by the decertification of a 128-acre tract from its water and sewer certificates of convenience and necessity (CCNs) in Docket No. 45329.¹ This Order also addresses the amount of compensation due to Aqua.

The City of Celina filed a notice of intent to provide service to the decertified tract on March 22, 2016. The matter was referred to the State Office of Administrative Hearings (SOAH) to determine what property, if any, had been rendered useless and valueless by the decertification. After hearing, the administrative law judges (ALJs) issued a proposal for decision in this docket.² In their proposal, the ALJs recommended that the following property be found to have been rendered useless and valueless to Aqua: (1) expenditures for planning, design, or construction of service facilities allocable to service the area in question; and (2) necessary and reasonable legal expenses and professional fees. The ALJs also determined that Aqua was not entitled to compensation for lost future profits.

For the reasons discussed in this Order, the Commission finds that Aqua had no property that was rendered useless or valueless by the decertification in Docket No. 45329. Accordingly, the Commission does not adopt those portions of the proposal for decision that conflict with its decisions in this Order. Because Aqua has no facilities that were rendered useless and valueless as a result of the decertification, Aqua is not entitled to any compensation and the City of Celina may provide retail water and sewer service to the 128-acre tract.

¹ *Petition of CADG Sutton Fields II, LLC to Amend Aqua Texas, Inc.'s Certificates of Convenience and Necessity in Denton County by Expedited Release*, Docket No. 45329 (Mar. 22, 2016).

² Proposal for Decision (Jan. 27, 2017) (PFD).

I. Background and Procedural History

The owner of a tract of land that is at least 25 acres and that is not receiving water or sewer service may file a petition with the Commission for expedited release of the tract from a certificate of public convenience and necessity.³ A landowner is entitled to the release of the property if the tract is located in a specified county,⁴ and the Commission is to act on the petition within 60 days.⁵ CADG Sutton Fields II, LLC filed such a petition with the Commission for the release of the 128-acre tract at issue in this docket.⁶ On March 22, 2016, the Commission granted the petition and released the tract from Aqua Texas, Inc.'s water certificate (number 13201) and its sewer certificate (number 21059). In its order, the Commission found that the property was not receiving service from Aqua and was entitled to expedited release under section 13.254 of the Texas Water Code.

When a tract has been released from a certificate of public convenience and necessity under section 13.254, before another retail public utility may provide service to the tract, the retail utility from whose certificate the tract was released must be "compensated for any property that the utility commission determines is rendered useless and valueless to the decertified retail public utility as a result of the decertification."⁷ The amount of compensation is to be determined at the time another retail utility seeks to provide service, and the Commission is directed to ensure that the amount of compensation is determined within 90 days of the date a retail utility notifies the Commission that it intends to provide service to the tract.⁸ On April 12, 2016, the City of Celina filed notice of its intent to provide retail water and sewer service to the 128-acre tract of land that was decertified from Aqua Texas, Inc.'s water and sewer certificates in Docket No. 45329. Celina's notice filing initiated this docket for a determination of what compensation, if any, is owed to Aqua for property rendered useless and valueless, if any, due to the decertification.⁹

³ Tex. Water Code Ann. § 13.254(a-5) (West 2008 & Supp. 2016) (TWC); 16 Tex. Admin. Code § 24.113(r) (TAC).

⁴ TWC § 13.254(a-6); 16 TAC § 24.113(r).

⁵ TWC § 13.254 (a-7); 16 TAC § 24.133(r).

⁶ Docket No. 45329, Petition (Nov. 10, 2015).

⁷ TWC § 13.254(d); 16 TAC § 24.113(h).

⁸ TWC § 13.254(e); 16 TAC § 24.113(i).

⁹ TWC § 13.254(d); 16 TAC § 24.113(i).

The amount of compensation is to be determined by a qualified entity serving as an independent appraiser agreed upon by both retail utilities,¹⁰ but if the two utilities cannot timely agree on an independent appraiser, each utility must engage its own appraiser.¹¹ After it receives the two appraisals, the Commission appoints a third appraiser who makes a determination of compensation that must be between the two utilities' appraisals submitted to the Commission.¹²

In this docket, a Commission administrative law judge issued an order requiring Celina and Aqua to inform the Commission by April 22, 2016 whether they had agreed on an independent appraiser, and, if they could not agree, to obtain their own appraisers and submit their appraisals within 60 days of the filing of the notice of intent to serve.¹³ On April 22, 2016, Celina filed notice that the parties were not able to agree on a single appraiser. On the same day, Aqua moved to intervene in the case and also notified the Commission ALJ that the parties could not agree on a single appraiser and would therefore be filing separate appraisals. Subsequently, the Commission ALJ ordered Celina and Aqua to submit their appraisals by June 13, 2016.¹⁴ On June 13, Celina and Aqua each filed an appraisal. The appraisal submitted by Celina assigned a value of \$38,000 to the property associated with Aqua's water and sewer certificated area.¹⁵ The appraisal submitted by Aqua determined that Aqua was owed \$985,946 in compensation.¹⁶ On July 6, 2016, the third appraisal valuing the property at \$69,839 was filed after being prepared at the request of the Commission.¹⁷

The appraisal submitted by Celina was not limited to valuing property rendered useless and valueless, in fact it did not identify or even mention property rendered useless and valueless. This appraisal valued "property associated with the Aqua Texas Water and Sewer Certificate of

¹⁰ TWC § 13.254(f); 16 TAC §24.113(j).

¹¹ TWC § 13.254(g-1); 16 TAC §24.113(j).

¹² *Id.*

¹³ Order No. 1 (Apr. 14, 2016).

¹⁴ Order No. 2 (Apr. 25, 2016).

¹⁵ City of Celina's Appraisal at 2 (Jun. 13, 2016).

¹⁶ Aqua's Appraisal at 1 (Jun. 13, 2016).

¹⁷ B&D Environmental, Inc. Appraisal at 5 (Jul. 7, 2016).

Convenience and Necessity”¹⁸ The appraisal submitted by Aqua likewise failed to identify any property rendered useless and valueless and this appraisal provided a valuation for certain of the factors listed in section 13.254(g) of the Texas Water Code to value personal property.¹⁹ The appraisal submitted by the third appraiser also did not address any property that had been rendered useless and valueless; it sought “to determine a compensation value for the approximately 128 acre tract that had been decertified”²⁰ This appraisal also focused on valuing the factors in section 13.254(g). Whether appraisals are properly limited to property rendered useless and valueless has been addressed previously by the Commission.

In another case seeking to establish compensation for an expedited release, the Commission questioned whether submitted appraisals were properly limited to property rendered useless and valueless due the decertification.²¹ After a Commission ALJ issued an order approving the amount of compensation,²² the Commission granted rehearing for the purpose of referring the matter to SOAH to determine what property, if any, was rendered useless and valueless.²³ In making this decision, the Commission recognized the tension in the statute between the compensation deadline and the Commission’s obligation to make the determination of what property, if any, was rendered useless and valueless and that referral to SOAH was appropriate to assist the Commission in making this determination.²⁴ That docket eventually settled.²⁵

Because of concerns that the appraisals in this docket are not limited to property that was rendered useless and valueless, the Commission referred this case to SOAH.²⁶ As in *Zipp Road*, the preliminary order in this docket was limited to two questions: What property, if any, was

¹⁸ City of Celina’s Appraisal at 1.

¹⁹ Aqua’s Appraisal at 4-7.

²⁰ B&D Environmental, Inc. Appraisal at 1.

²¹ *Zipp Road Utility Company LLC’s Notice of Intent to Provide Service to Area Decertified from Guadalupe-Blanco River Authority in Guadalupe County*, Docket No. 45679, Order (Feb. 21, 2017).

²² Docket No. 45679, Corrected Notice of Approval (May 27, 2016).

²³ Docket No. 45679, Order on Rehearing at 1 (Jul. 7, 2016).

²⁴ Docket No. 45679, Order on Rehearing at 1; *see also, id.*, Memorandum of Chairman Donna L. Nelson (Jun. 28, 2016); Preliminary Order at 1 (Jul. 20, 2016); Open Meeting Tr. at 35:7-38:17 (Jun. 29, 2016).

²⁵ Docket No. 45679, Order (Feb. 21, 2017).

²⁶ Preliminary Order (Jul. 20, 2016).

rendered useless and valueless due to the decertification in Docket No. 45329; and are the existing appraisals limited to such property.²⁷

The hearing on the merits was held on September 16, 2016. Commission Staff, the City of Celina and Aqua participated. The record closed on January 10, 2017. Exceptions to the proposal for decision were filed on February 15, 2017. Aqua filed a response to the exceptions on February 22. Aqua and the City of Celina agreed that finding of fact 1 should be revised to refer to “retail public utilities” rather than “public utilities.”²⁸ On March 1, the ALJs filed a letter in response to the exceptions to the proposal for decision agreeing with that change.²⁹

II. Discussion

A. Texas Water Code § 13.254(g)

After a tract of land has been decertified under Texas Water Code (TWC) § 13.354(a-5) and (a-6), a retail public utility may not provide service to that area until the retail public utility holding the certificate from which the tract was removed is compensated for any property that the Commission determines is rendered useless and valueless because of the decertification.³⁰ The amount of compensation is to reflect the value of the property rendered useless and valueless and is to be determined at the time that a retail public utility notifies the Commission of its intent to provide service to the tract.³¹ The statute specifies how the value of the property that is rendered useless and valueless shall be determined.³² In determining the value of personal property, subsection (g) lays out an exclusive list of nine factors,³³ but the last factor allows consideration of “other relevant factors.”³⁴ The definition of property and the manner of determining the value of property was addressed in the proposal for decision.

²⁷ *Id.* at 3.

²⁸ Aqua’s Response to Exceptions to the PFD at 1 (Feb. 22, 2017); Celina’s Exceptions to the PFD at 1 (Feb. 15, 2017).

²⁹ ALJs’ Response to Exceptions (Mar. 1, 2017).

³⁰ TWC § 13.254(d).

³¹ TWC §§ 13.254 (d), (e), (f), (g).

³² TWC § 13.254(g).

³³ *Id.* (“the value of personal property shall be determined according to the factors of this subsection.”)

³⁴ *Id.*

Aqua argued that subsection (g) “outlines certain property interests that must be considered in determining the value of property rendered useless and valueless,”³⁵ and also argued that *property* must have a broad meaning.³⁶ The ALJs concurred with Aqua “that the factors listed in Water Code § 13.254(g) identify a utility’s *property interests*, which must be broadly interpreted.”³⁷ In disagreeing with the city and Commission Staff that subsection (g) provides “mere ‘compensation factors,’ and . . . [does] not describe property interests,”³⁸ the ALJs concluded that such a construction “separates property from its value” and that subsection (g) must be read “such that property is indivisible from its value.”³⁹

The Commission disagrees with the ALJs and agrees with Commission Staff and the City of Celina: TWC § 13.254(g) identifies factors to be used to value property and does not identify property, or property interests, for which compensation is required under TWC § 13.543(d). The statute explicitly requires compensation only “for property that the utility commission determines is rendered useless and valueless due to the decertification.”⁴⁰ The Commission agrees with the ALJs that property, as generally understood, has a broad meaning and includes property real and personal, tangible and intangible. Subsection (g) does not, however, identify property interests, it identifies the factors that must be used to *value* the property found to be useless and valueless. By properly valuing property rendered useless and valueless due to a decertification, just and adequate compensation can be determined in accordance with the standards of TWC § 13.254.

Accordingly, based on the plain language of the statute, the Commission concludes that the factors listed in TWC § 13.254(g) are intended to be used only to value the property that has been determined to be useless and valueless as a result of decertification and these factors do not identify property interests.

³⁵ PFD at 6.

³⁶ *Id.* at 6-8.

³⁷ PFD at 17 (emphasis added); *see also, id.* at 15 (Water Code § 13.254(d) and (g) must be read consistent with a broad interpretation of property); 21 (“the plain text of Water Code § 13.254(g), Factor 3, describes a utility’s property interest, not a mere compensation factor”); 36.

³⁸ PFD at 18.

³⁹ *Id.*

⁴⁰ TWC § 13.254(d).

To reflect its decision, the Commission deletes conclusion of law 9, modifies conclusions of law 8 and 10, and adds conclusion of law 8A.

B. Expenditures

The third factor listed in subsection (g) is “the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the area in question.”⁴¹ The ALJs concluded that “*expenditures* for planning and design of service facilities allocable to the [t]ract are also compensable property under Water Code § 13.254(d) and (g).”⁴² The basis of the ALJs’ decision is that a utility must obtain a permit to plan, design, and build a service facility;⁴³ that Aqua spent money on planning, designing, and permitting a planned service facility and on litigating the decertification;⁴⁴ that money is property and that the money Aqua spent on planning and design “produced property rights;”⁴⁵ and that “Aqua retained property rights in the monies it [spent],”⁴⁶ even though a permit is not property and the service facility was never built.⁴⁷ The ALJs also noted testimony that “permit-related expenses are capitalized by a utility into the related asset and are considered property.”⁴⁸

The Commission disagrees with the ALJs: *expenditures* by the utility are not property of the utility; even capital expenditures are not property of the utility. These expenditures may have been made using money that was formerly the property of the utility, but upon payment ceased being the property of the utility: an expenditure represents the transfer of the utility’s property (money or otherwise) to another. One generally does not retain any property interest in money spent to obtain products or services. And whether such retained rights can be found by contract or special laws, there is no evidence in this case that would support a conclusion that Aqua retained any property interest in the money it spent on planning or designing.

⁴¹ TWC § 13.254(g).

⁴² PFD at 10 (emphasis added); *see also, id.* at 14, 16, 18, 21.

⁴³ *Id.* at 16.

⁴⁴ *Id.* at 17.

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.* at 16.

⁴⁸ *Id.* at 17.

The Commission agrees with the ALJs that costs to obtain property, whether by purchase or by construction or manufacture, may be capitalized and form the book value of a utility's assets.⁴⁹ In fact, generally there are special accounts to accumulate such amounts until the asset is dedicated to public service by the utility and the amounts are transferred to the plant-in-service account. There are accounting requirements that must be satisfied to capitalize expenses into an asset account. The included expenses establish the value of the asset on the utility's books, and assuming that the Commission finds the costs were prudently incurred and are reasonable and necessary costs to provide service, may be recovered through the utility's rates. The Commission sees no discussion in this docket regarding how any of the amounts at issue here were recorded in the utility's books. While these costs are too recent to have been addressed by the Commission in a rate proceeding, the manner in which the costs were recorded in the utility's books, and the assets the costs were associated with, might have been informative in this case.

In a similar fashion, the factors in subsection (g) recognize the general proposition that the value of a utility's property is determined by a number of factors, including the amounts spent for planning, designing, and constructing service facilities. But the costs—expenditures—are not themselves property, or a property interest; they are a factor to determine the value of the property, as expressly provided by TWC §13.254(g). Once a utility proves that property was rendered useless and valueless as a result of decertification, the utility would then bear the burden to prove that any expenditures are appropriate to establish the value of such property. But here, Aqua simply failed to prove that any property was rendered useless and valueless.

The Commission also disagrees with the ALJs' contention that money spent by Aqua remained the property of Aqua.⁵⁰ Under TWC § 13.254(g), expenditures can be a factor in determining the value of property or services, but they are not themselves property. Once Aqua spent its money on designing, planning, legal, professional or other services, Aqua had no remaining property interest in that money because it became the property of those entities that Aqua paid to provide the services.

⁴⁹ *Id.* at 18 (“Aqua was entitled to capitalize those expenses and recover them through rates”); *id.* Proposed Finding of Fact Nos. 46 and 48.

⁵⁰ *Id.* at 14.

To reflect this decision, Commission declines to adopt those portions of the PFD to the contrary. Specifically, the Commission deletes findings of fact 36, 37, 38, 39, 40, 41, 42, 45 and 46. The Commission also deletes conclusions of law 13, 14, 15, 17 and 21. In addition, the Commission adds conclusions of law 7A and 7B.

C. Expenditures for Legal Expenses

As they did for the previous expenditures, the ALJs recommended that “expenditures for legal and professional services are property”⁵¹ These are expenses Aqua incurred to litigate the decertification in Docket No. 45329 and this docket.⁵² Because Aqua spent the money to participate in these proceedings, the ALJs concluded that “expenditures for legal or professional services are Aqua’s property [under subsection (g)].”⁵³ “When Aqua spent its money,” the ALJs state, “it [the money] did not transform into non-property.”⁵⁴ The Commission agrees the money did not turn into non-property; it became the property of someone else. Expenditures are not property. Under TWC § 13.254, expenditures are a factor that is to be used to value property rendered useless and valueless—no such property has been identified. Simply showing that it spent money is not enough; Aqua must identify property and prove that it has been rendered useless and valueless. Once property has been identified, then the factors in TWC § 13.254(g) can be used to value that property.

To reflect its decision, the Commission adds conclusion of law 7C. In addition, the Commission deletes finding of fact 48 and conclusions of law 16, 18 and 22.

D. Lost Economic Opportunity

The Commission agrees with the ALJs that the legislature did not intend future revenue from future customers to be included in the factors listed in subsection (g). Again, lost economic opportunity is not property, even in its broadest meaning. Further, the lost opportunity Aqua complains of—“its goal of making money through service to future customers on the [t]ract”⁵⁵—is not, as the ALJs noted, properly considered as a factor under subsection (g).

⁵¹ *Id.* at 23.

⁵² *Id.* at 21, 22.

⁵³ *Id.* at 23-24.

⁵⁴ *Id.* at 24.

⁵⁵ *Id.* at 25.

E. Property Rendered Useless and Valueless

All parties agree that no real or tangible personal property of Aqua was rendered useless and valueless by the decertification. The only property Aqua asserts is rendered useless and valueless is intangible personal property composing expenditures for planning, design, or construction of service facilities, legal and professional fees, and lost economic opportunity.⁵⁶ As discussed previously, none of these items are property. Accordingly, Aqua has failed to show that it has any property that was rendered useless and valueless as a result of the decertification in Docket No. 45329.

To reflect this decision, the Commission does not adopt that portion of the PFD and deletes conclusions of law 20, 21, 22, 23 and 24.

F. Permit and CCN are Not Property

The Commission adopts the ALJs' finding that Aqua's wastewater permit and certificates are not property. In addition to the reasons stated in the PFD, the Commission also notes that neither is subject to Aqua's ownership.

The Commission modifies and deletes some of the ALJs' findings of fact related to the wastewater permit to better support the conclusion that the permit is not personal property. Specifically, the Commission deletes findings of fact 36, 37, 38, 39, 40, 41 and 42. The Commission also modifies findings of fact 23, 26, 27 and 28.

G. Non-Substantive Changes to the Proposal for Decision

In addition to the changes described above, the Commission makes non-substantive changes to findings of fact and conclusions of law for such matters as capitalization, spelling, punctuation, style, grammar, and readability.

The Commission adopts the following findings of fact and conclusions of law:

III. Findings of Fact

Procedural History

1. On March 22, 2016, the Commission issued an order in *Petition of CADG Sutton Fields II, LLC to Amend Aqua Texas, Inc.'s Certificates of Convenience and Necessity in Denton*

⁵⁶ *Id.* at 32.

County by Expedited Release, Docket No. 45329, approving the petition of CADG Sutton Fields II, LLC for expedited release of approximately 128 acres (the tract) from Aqua's water certificate of convenience and necessity (CCN) 13201 and sewer CCN 21059 in Denton County, Texas.

2. On April 12, 2016, the City of Celina filed with the Commission a notice of intent to provide retail water and sewer service to the tract decertified in Docket No. 45329.
3. On April 14, 2016, a Commission Administrative Law Judge (ALJ) issued Order No. 1, requiring the parties to notify the Commission whether they agreed on an independent appraiser by April 22, 2016.
4. Notice of Celina's notice of intent to serve was published in the *Texas Register* on April 14, 2016.
5. On April 22, 2016, the City of Celina filed a notice of non-agreement on single appraiser and Aqua filed a motion to intervene.
6. On April 25, 2016, the Commission ALJ issued Order No. 2 requiring Aqua and the City of Celina to each file an appraisal by June 13, 2016. Aqua and the City of Celina timely filed appraisals.
7. On July 7, 2016, an independent third appraisal was filed.
8. On July 7, 2016, the Commission issued an order of referral, referring this matter to the State Office of Administrative Hearings (SOAH) requesting the assignment of an ALJ to conduct a hearing and issue a proposal for decision (PFD), if necessary.
9. On July 13, 2016, a SOAH ALJ issued SOAH Order No. 1, setting a prehearing conference and granting Aqua's motion to intervene.
10. On July 20, 2016, the Commission issued a preliminary order identifying the following issues for SOAH to address:
 1. What property, if any, has been rendered useless or valueless to Aqua by the decertification granted in Docket No. 45329? Water Code § 13.254(d) and 16 Texas Administrative Code § 24.113(h).

2. Are the existing appraisals limited to property that has been determined to have been rendered useless or valueless by decertification?
11. On July 26, 2016, Aqua, the City of Celina, and Commissions Staff attended an initial prehearing conference in this matter and the SOAH ALJs adopted a procedural schedule, which was memorialized in SOAH Order No. 2, issued July 29, 2016.
12. The hearing on the merits was held on September 16, 2016, and was attended by the City of Celina, Aqua, and Commission Staff.
13. On October 28, 2016, all parties filed their initial post-hearing briefs on closing arguments.
14. On November 14, 2016, all parties filed their respective replies to post-hearing briefs.
15. On December 27, 2016, the SOAH ALJ issued SOAH Order No. 6 which requested parties file proposed findings of fact and conclusions of law.
16. On January 10, 2017, the parties filed proposed findings of fact and conclusions of law. The record closed on that day.

Appraisals

17. Aqua filed an appraisal report for its decertified CCN areas prepared by KOR Group and Texas state-licensed appraiser Joshua M. Korman.
18. The City of Celina's appraisal report was prepared by Jason S. Jones, P.E.
19. A third party engineering appraisal report was filed by Bret W. Fenner, P.E. at the request of the Commission's executive director.
20. The three appraisals filed in this docket are different in terms of the property identified as rendered useless or valueless by the CCN decertifications in Docket No. 45329.
21. The three appraisals filed in this docket all find that Aqua is owed some amount of compensation for expenditures it made to obtain the Texas Commission on Environmental Quality (TCEQ)-approved wastewater discharge permit, Texas Pollutant Discharge Elimination System Permit No. WQ0014234001 (referred to as the permit) and necessary and reasonable legal expenses and professional fees.

Aqua's Property

22. Aqua does not own any real or personal property on the tract.
23. Aqua has no physical improvements or infrastructure, such as water or sewer lines, pipes, or tanks, built to serve the tract.
24. Aqua has been certificated to the tract since approximately 2004.
25. There has been no development on the tract.
26. The TCEQ or its predecessor agency issued the wastewater discharge permit to Aqua, which authorized Aqua to provide wastewater service to the tract and to construct facilities, such as a treatment plant, force mains, and other wastewater facilities on the tract. *See* TWC § 26.027(c), prohibiting construction of wastewater facilities until the TCEQ issues a permit.
27. No wastewater treatment plant or any attendant physical infrastructure, improvements or structures have been constructed.
28. No actual water or sewer service was received on the tract.
29. The tract's current landowner did not request service from Aqua.
30. Aqua serves a residential subdivision located approximately 1.5 miles from the tract called the Willow Wood Addition Meadow Vista with retail water service but not with sewer service.
31. Aqua has no debt allocable to the tract.
32. Aqua has no service facilities on the tract.
33. Aqua has no existing customers on the tract.
34. Aqua has no contractual obligations allocable to the tract.
35. There is no demonstrated impairment of Aqua's service to other customers or increase of cost to other customers of Aqua as a result of the decertification.
36. [Deleted.]
37. [Deleted.]

38. [Deleted.]
39. [Deleted.]
40. [Deleted.]
41. [Deleted.]
42. [Deleted.]
43. Aqua ceased permit renewal activities as a result of the sewer CCN decertification in Docket No. 45329.
44. The permit is now expired.
45. [Deleted.]
46. [Deleted.]
47. Aqua incurred necessary legal expenses and professional fees in this docket and Docket No. 45329 as a result of the decertifications in Docket No. 45329.
48. [Deleted.]

IV. Conclusions of Law

1. The City of Celina and Aqua are retail public utilities as defined in Texas Water Code (TWC) § 13.002(19).
2. The Commission has jurisdiction and authority over this docket under TWC §§ 13.041 and 13.254(d)-(e).
3. SOAH has jurisdiction over matters related to the hearings of this proceeding, including the preparation of a proposal for decision with findings of fact and conclusions of law, pursuant to Texas Government Code §§ 2001.058 and 2003.049.
4. Notice of the hearing was provided consistent with Texas Government Code § 2001.052 and 16 Texas Administrative Code (TAC) § 24.106.
5. Aqua has the burden of proof in this case. 16 Tex. Admin. Code § 24.12 and 1 Tex. Admin. Code § 155.427.

6. TWC § 13.254(d) and 16 TAC § 24.113(h) prohibit a retail public utility from providing service to an area that has been decertified under that section without providing compensation for any property that the Commission determines is rendered useless or valueless to the decertified retail public utility as a result of the decertification.
7. TWC §§ 13.254(e) and 24.113(i) require that the Commission determine the amount of monetary compensation, if any, that must be paid when a retail public utility seeks to provide service to a previously decertified area.
 - 7A. Expenditures are not property.
 - 7B. Aqua's expenditures on permitting, planning, and design activities to serve the tract are not property.
 - 7C. Aqua's expenditures on reasonable and necessary legal expenses and professional fees incurred in this docket and in Docket No. 45329 are not property.
8. TWC § 13.254(g) requires the value of personal property, if any, to be determined according to the following factors to ensure that the compensation to a retail public utility is just and adequate: the amount of the retail public utility's debt allocable for service to the area in question; the value of the service facilities of the retail public utility located within the area in question; the amount of any expenditures for planning, design, or construction of service facilities that are allocable to service to the area in question; the amount of the retail public utility's contractual obligations allocable to the area in question; any demonstrated impairment of service or increase of cost to consumers of the retail public utility remaining after the decertification; the impact on future revenues lost from existing customers; necessary and reasonable legal expenses and professional fees; and other relevant factors.
 - 8A. The factors listed in TWC § 13.254(g) are limited to determining the value of personal property, if any, and are not themselves property interests.
9. [Deleted.]
10. The term property in TWC § 13.254 includes all property, real and personal, and tangible and intangible.

11. A CCN is not property. 16 Tex. Admin. Code §§ 24.113(a) and 24.116.
12. A wastewater permit issued by the TCEQ or the Commission is not property. Tex. Water Code § 26.029(c).
13. [Deleted.]
14. [Deleted.]
15. [Deleted.]
16. [Deleted.]
17. [Deleted.]
18. [Deleted.]
19. TWC § 13.254(g) limits recovery for the impact on future revenues to losses from existing customers. Aqua's lost future revenues from currently non-existing customers are not property and are not compensable under TWC §§ 13.254(d) and (g).
20. [Deleted.]
21. [Deleted.]
22. [Deleted.]
23. [Deleted.]
24. [Deleted.]

V. Ordering Paragraphs

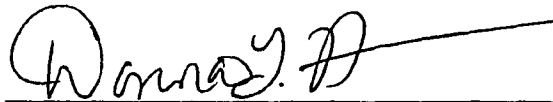
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. Aqua does not have any property that was rendered useless or valueless as a result of the decertification in Docket No. 45329.
2. Celina does not owe any compensation to Aqua and may provide water and sewer service to the tract that was decertified in Docket No. 45329.
3. Aqua and the City of Celina shall each pay half the cost of the transcript.

4. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted, are denied.

Signed at Austin, Texas the 13th day of April 2017.

PUBLIC UTILITY COMMISSION OF TEXAS



DONNA L. NELSON, CHAIRMAN



KENNETH W. ANDERSON, JR., COMMISSIONER



BRANDY MARTY MARQUEZ, COMMISSIONER

**NON-STANDARD SERVICE CONTRACT
BY AND BETWEEN
MUSTANG SPECIAL UTILITY DISTRICT
AND
CADG SUTTON FIELDS, LLC, a Texas Limited Liability Company, and CADG
SUTTON FIELDS II, LLC, a Texas Limited Liability Company.**

[SUTTON FIELDS I & II]

This Non-Standard Service Contract ("Contract") is entered into on the date set forth below by and between, Mustang Special Utility District, of Denton County, Texas ("Mustang"), a special utility district operating under the authority of Chapters 49 and 65 of the Texas Water Code, as amended, and CADG Sutton Fields, LLC, a Texas limited liability company, and CADG Sutton Fields II, LLC, Ltd., a Texas limited liability company ("CADG"). The consideration for this Non-Standard Service Contract is set forth below.

DEFINITIONS

"CADG" shall refer to and mean CADG Sutton Fields, LLC, a Texas limited liability company, and CADG Sutton Fields II, LLC, Ltd., a Texas limited liability company, collectively (unless individually denominated).

"CCN" shall refer to and mean a Certificate of Convenience and Necessity issued by the Texas Natural Resource Conservation Commission or its predecessor/successor agency as prescribed by the Texas Water Code.

"Connection Fee" shall refer to and mean the fee charged by Mustang for obtaining Water Service or Wastewater Service as defined in Mustang's Rate Order.

"Decertification" shall mean either a decertification permitted by either Section 13.254 and/or Section 13.255 of the Texas Water Code and/or any other means by which a CCN of a holder may be decertified.

"Mustang" shall refer to and mean "Mustang Special Utility District" which is located in Denton County, Texas.

"Off-site Improvement" or "Off-site Improvements" shall refer to and mean all water and sewer pipelines, wells, pump stations, both ground and elevated storage tanks and other facilities located at the take point for the Water System, or the discharge point for the Wastewater System, or needed to complete or connect the Water System constructed outside the boundaries of the Property, as well as metering stations, and ground and elevated storage tanks, to the Water System constructed or completed inside the boundaries of the Property.

"Party" or "Parties" shall refer collectively to and mean "Mustang Special Utility District", "CADG Sutton Fields, LLC, a Texas limited liability company, and "CADG Sutton Fields II, LLC, Ltd., a Texas limited liability company."

“Property” shall mean and refer to approximately 607 acres, as more particularly described and shown in Exhibit "A" (also known as “Sutton Fields and Sutton Fields II”) that CADG owns and on which currently intends to develop 2302 residential lots.

“Project” shall mean and refer to the development of the Property, as well as installation of the Water System and other infrastructure required to develop the Property.

“Water System” shall mean and refer to both the retail water facilities (“Fresh Water System”) and retail wastewater facilities (Wastewater System”) to be constructed within the Property for the provision of water and sewer service to the Property.

Some terms used herein are defined by the Texas Water Code or Mustang’s Rate Order. To the extent a term or phrase is defined therein, each shall mean and refer to the definition prescribed by Texas Water Code or Mustang’s Rate Order.

RECITALS

WHEREAS, Mustang was created, organized and exists for the purpose of furnishing potable water and wastewater service as a retail public utility within its certificated service area (the "Service Area") under Certificate of Convenience and Necessity Nos. 11856 and 20930 (the "CCN") and within Mustang political boundaries;

WHEREAS, CADG Sutton Fields, LLC, a Texas limited liability company, and CADG Sutton Fields II, LLC, Ltd., a Texas limited liability company are both a limited liability company organized under the laws of the State of Texas who owns the Property;

WHEREAS, the Property is located within Mustang’s Service Area and CADG has requested that retail water service (and retail wastewater service (collectively the “Water System”) be provided to the Property by Mustang. CADG desires to make a financial commitment for the construction of the Water System. Mustang has agreed to provide retail water service and retail wastewater service to the Property in accordance with the terms of this Agreement;

WHEREAS, CADG and Mustang intend that the Water System facilities (such as groundwater wells, well permits, water mains, pumping facilities, storage facilities, elevated storage tanks, and appurtenances thereto), and land, easements and rights-of-way therefore will be acquired, constructed and installed for the benefit of the Property, and that such facilities will be dedicated to Mustang in accordance with this Agreement, and when such facilities have been accepted by Mustang in accordance with the terms of this Agreement, those facilities (excepting any oversized facilities as provided for in Section 2.1.5 of this Agreement) will adequately serve the Property with Water Service;

WHEREAS, CADG intends for the Water System to be phased-in over a period of time commensurate with the projected build-out schedule for the Property;

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 and confessed by the Parties, Mustang and CADG agree as follows:

1.1 Decertification.

A. Decertification. CADG intends for Mustang to be the retail water service and retail wastewater service provider for the Property. CADG agrees that Mustang shall be the holder of both the water CCN and wastewater CCN for the Property. CADG agrees further not to seek decertification of any CCN held by Mustang for the Property or to aide, encourage or cooperate with any third party to do so. CADG agrees to cooperate with and aid Mustang in the defense of Mustang's CCN in any action brought by any third party.

1.2 Service.

A. Retail Water Service and Wastewater Service. Subject to the terms and conditions of this Agreement and Mustang's Rate Order, Mustang will provide retail public water service and retail wastewater service of sufficient quality and quantity for all uses within the Property;

B. Fire Flow. Mustang will at all times provide "fire flows" to the developed portions of the property as defined by the applicable fire code or similar code or regulation to fight structure fires under normal conditions and at a rate consistent with the capacity of the Water System existing at the time of any required "fire flow." CADG will take all reasonable actions necessary to ensure that permanent non-residential structures which would require fire flows in excess of 1,500 GPM will be required to have an internal fire suppression system installed that will mitigate the necessity of extraordinary fire flow requirements;

C. Conditions Precedent. Notwithstanding the foregoing provisions in this section above, Mustang will have no obligation to provide water service or wastewater service to the property until: (i) a final plat for such property has been approved by the applicable governmental authority and recorded in the appropriate property records, (ii) all of the improvements for the Project (as defined herein) are completed for each respective phase of development, become operational and are inspected and tested, are approved by Mustang, and are accepted by Mustang, (iii) all required fees and charges have been paid, and all applicable expenses and costs have been paid to Mustang as set forth herein or as otherwise applicable, (iv) all other applicable requirements for service as set forth in this Agreement and in Mustang's Rate Order are satisfied; and/or (v) upon execution of a mutually acceptable agreement by the Parties concerning the wastewater lift station to be or being constructed by CADG on the Property. If a provision of the Rate Order conflicts with this Agreement, the terms and provisions of this Agreement shall control.

D. Water Services for Construction Purposes. Notwithstanding any of the foregoing provisions in this section, Mustang will provide reasonable water service for construction

purposes so long as CADG has delivered a preliminary or similar plat in accordance with CADG's development agreement with any applicable political subdivision and paid to Mustang the necessary and reasonable expenses for temporary water service. Alternatively, water for construction or irrigation purposes can be provided in a non-potable or pretreated condition from other sources.

2.1 Construction.

A. Engineering, Design, Inspection and Easements.

1. Plans and Specifications. Development of the Property will be in phases and in accordance with the development plans of CADG. CADG shall cause the Water System to be engineered and designed by a Texas Licensed Professional Engineer in accordance with the applicable specifications of Mustang and all applicable regulatory agencies having jurisdiction, including but not limited to the Upper Trinity Regional Water District ("UTRWD"). All plans and specifications for the Water System must be reviewed and approved by Mustang's consulting engineer prior to construction and to the extent required, by the UTRWD. Mustang shall use its best efforts to obtain the UTRWD's approval of the plans and specifications if required. Upon written approval of the plans and specifications by the District's consulting engineer and to the extent required by the UTRWD, the plans and specifications shall become part of this Contract by reference and shall more particularly define the Water System improvements. The design, plans (including engineering plans), specifications, and contract documents for the construction and installation of the Water System shall be prepared by CADG at CADG's sole cost and shall be approved by Mustang. CADG shall construct the Water System in a good and workmanlike manner and fit for its intended purpose.

2. Approval of Plans and Specifications. The Water System shall be constructed in accordance with the plans and specifications approved by Mustang's engineer, Mustang's Rate Order, Mustang's rules and regulations and any other agencies having jurisdiction. Mustang shall have the right to inspect and approve all phases of the construction of the Water System. CADG must give written notice to the Mustang of the date on which construction is scheduled to commence so that the Mustang may assign an inspector.

3. Inspection and Inspection Fees. Mustang shall have the right to inspect all phases of the construction of the Project, and Mustang may charge and CADG will be obligated to pay Mustang its standard inspection fee for such inspections. Inspection Fees may include the actual costs of labor, travel and incidental expenses of the inspectors, plus ten percent (10%) overhead, as well as all other incidental expenses. Mustang agrees that the inspection fees shall remain the same as those in existence at the time of execution of this Agreement. CADG agrees that Mustang's engineers or other representatives may inspect, test and approve the construction of the Water System at any time to determine compliance with the approved designs, plans and specifications. Mustang is entitled to receive at least twenty-four (24) hours' notice prior to any test of any portion of the Water System or prior to the covering of any portion of any facilities that are constructed below grade. Only Mustang will make

connections to the Water System and CADG may request that Mustang permit CADG be allowed to use third party inspectors. Each third party inspector proposed by CADG shall be subject to Mustang's approval, which will not be unreasonably withheld. In the event that CADG uses an approved third party inspector, no inspection fee shall be required or paid to Mustang.

4. Stoppage for Non-Conformance. Mustang may stop any work on any portion of the Water System until such time as CADG and CADG's contractor(s) agree, in consultation with Mustang's engineer, to construct that portion of the Water System in accordance with Mustang's regulations and standards and the approved plans and specifications. In addition, the Mustang may require that any substandard work be removed or corrected prior to resuming construction of the remainder of such system improvements yet to be constructed.

5. Oversizing. The Water System shall be sized to provide continuous and adequate water service and wastewater service, including adequate fire flow to the Property based on plats and plans for the Development submitted to Mustang by CADG. Should Mustang require any part of the Project to be oversized, Mustang shall deliver written notice to CADG no later than the time of Mustang's review of CADG's plans and specifications for the Water System. In the event that CADG elects to construct any portion of the Water System using lines sized ten inches (10") or greater where an eight inch (8") is acceptable to Mustang or has otherwise been specified in the approved plans and specifications for the Project, then Mustang shall determine and credit the cost difference between the design and construction of the ten inch (10") or greater line and the eight inch (8") line against Connection Fees.

6. Easements and Land Costs. CADG shall be responsible for dedicating or acquiring all easements, rights-of-way and land necessary for construction of the Water System, and water distribution lines or wastewater gathering lines, at its sole expense, which Mustang may determine is necessary for the construction or operation of the Water System, including but not limited to obtaining any governmental approvals necessary to construct the Water System in public right-of-ways. CADG and Mustang agree that the easements or right-of-ways acquired by CADG to be used in conjunction with the take point for the Water System or the discharge point for the Wastewater System shall be dedicated and assigned by CADG to Mustang, and that the ownership and control of such easements or right-of-ways shall remain the property of Mustang thereafter. The legal instruments by which CADG shall dedicate and assign any such easements or right-of-way to Mustang must be approved by Mustang prior to the dedication or assignment of such easements or right-of-way by CADG. If necessary, CADG agrees to support Mustang's condemnation efforts relating to the acquisitions of easements and right-of-way. Mustang's property rights pursuant to this paragraph shall not be assigned without prior written consent of CADG. CADG and Mustang agree to work cooperatively with each other to obtain the assignment of certain easements currently held by the City of Celina that are necessary for the construction and/or completion of the Water System.

7. Pre-Construction Meeting. Prior to commencing construction and installation of any of the Water System, CADG shall provide advance written notification to Mustang of such commencement so that a pre-construction meeting may be scheduled. At least seventy-two hour advance prior notice to Mustang's engineer shall be given before making any tap or connection into the Water System.

8. Drawings. CADG shall furnish Mustang with a copy of the as-built plans or drawings in an appropriate AutoCAD format or other electronic format acceptable to Mustang for each phase of the Water System promptly upon completion of construction and installation of such facilities and improvements. If required, Mustang agrees to use its best efforts to obtain UTRWD approval of the drawings, as needed.

9. Agency Approval. If any approval or authorization from any applicable governmental body is required for the installation of the Water System, Mustang and CADG agree to cooperate fully to obtain the approval or authorization necessary to construct or complete the Water System

2.2 Service Connection Fees.

A. Connection Fees.

CADG intends to develop the Property in phases, with Phase 1 consisting of approximately 130 acres to be divided into approximately 515 lots of various sizes.

1. Connection Fee Rate. The District currently charges a Connection Fee of \$2,500.00 for a standard water service connection and Connection Fee of \$3,000.00 for a standard sewer 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 and sewer service from Mustang except for the cost of meter installation and the customer Deposit. CADG and/or the Builder shall pay to Mustang a total Connection Fee of \$ 5,500.00 per lot for the standard (residential) service connections in the Development according to the following schedule:

a. Payment of Connection Fees. Payment: CADG and/or the Builder shall pay the sum of \$5,500.00 to Mustang for each connection at the time a request is made for any connection and shall be paid prior to and before the placement of any meter for any lot or parcel located within the Property.

b. Reimbursement for Wastewater Construction Costs. Mustang agrees to reimburse CADG up to the sum of four hundred thousand dollars and no cents (\$400,000.00) for the cost of constructing certain wastewater facilities. Such reimbursement shall be made from the connection fees collected by Mustang solely for sewer service connections and shall only be reimbursed after Mustang has collected sewer service connections fees in an aggregate which exceed the total cost of construction. CADG agrees to submit an accounting with supporting documentation to Mustang showing all the cost of

construction. Once the sum of all sewer service connections fees collected exceeds the cost of construction enumerated herein. Mustang shall pay CADG the reimbursement within thirty (30) days.

2. UTRWD Building Activity Fee. In addition to the Connection Fees listed in Mustang Rate Order, the UTRWD requires Mustang to collect an Upper Trinity Regional Water District Building Activity Fee in the amount of \$500.00 for each wastewater connection ("UTRWD Fee"). Mustang shall collect the UTRWD Fee for each lot in all phases of the Property in accordance with the requirements of the UTRWD.

2.3. Construction Costs.

A. Payment of Construction Costs. CADG agrees to pay or cause to be paid all costs of permitting, designing and constructing the Water System in accordance with the phased development of the Property, including but not limited to, the costs for all planning, surveying, geotechnical, materials, labor, inspection, and general liability insurance, maintenance bond coverage, interest costs, easement acquisition costs, of all (1) groundwater wells, any ground or elevated storage tank(s), water mains, water lines, and related fittings, equipment and appurtenances necessary to transmit water within and for the Property and (2) sewer lines, sewer mains, and lift stations, and for the collection and treatment of wastewater produced within the Property.

2.4 Improvements.

A. Fresh Water Service Improvements. CADG shall be solely responsible for the permitting, design, payment, construction or installation of the portion of the Project necessary for installation of the Water System within the Property including but not limited to water pipelines, in accordance with the terms and conditions of this Agreement.

B. Wastewater Service Improvements. CADG shall be solely responsible for the permitting, design, payment, construction and installation of the portion of the Project necessary for installation of the Wastewater System within the Property including a wastewater collection system and lift stations (such facilities and improvements referred to hereinafter as the "Wastewater Facilities") in accordance with the terms and conditions of this Agreement.

C. Facilities or Off-site Improvements. CADG shall be solely responsible for the permitting, design, payment, construction or installation of that portion of the Project necessary for installation of the Off-site Improvements. Once any Off-site Improvement is completed and dedicated to Mustang, CADG shall be entitled to be reimbursed 125% of the cost of the improvements by offset against connections fees until fully satisfied. In the event that CADG fails to fund and construct all Off-site improvements required by Mustang, then Mustang may undertake to complete the Off-site Improvements; and as a result, no off set shall be permitted and all Connection Fees shall be then be charged thereafter at the rate established by Mustang's Rate Order in effect at the time.

D. **Permits and Approvals.** It is understood and agreed by the parties that the obligation of Mustang 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 and all other governmental agencies having jurisdiction. Without the prior approval of Mustang, CADG 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.

2.5 Maintenance and Maintenance Bond.

A. Maintenance Bond. After completion of construction of any phase of the Water System, CADG will provide to Mustang a concurrence letter from CADG's engineers certifying that the construction of the Water System has been completed in accordance with the designs, plans, specifications and change orders, and that the facilities have been tested and approved for use in accordance with the approved contract documents, TCEQ rules and Mustang's Rate Order. CADG and/or its contractors shall also provide Mustang with a two-year maintenance bond in the amount of not less than 20%, as stated in Mustang's Rate Order, of the final construction cost of the applicable portion of the Water Facilities and the Wastewater Facilities.

B. Maintenance. Upon CADG's dedication of each of the Water System and Mustang's inspection and acceptance of the same, Mustang shall be solely responsible for operation, maintenance and administration of the accepted Water System. Notwithstanding the foregoing, it is expressly understood and agreed by the Parties that Mustang shall not accept ownership of, shall have no responsibility for, and shall not operate or maintain any facilities constructed on the customer's side of individual meters located within any property within the Property, and Mustang will own all of the Water System up to the point of connection with the customer's service line.

C. Meters. Mustang agrees to install standard water meters to serve each approved service address within the Property that receives Water Service and Wastewater Service from Mustang hereunder, in accordance with Mustang's Rate Order governing the same and subject to payment of all applicable security deposits and installation fees (other than payment of any Connection Fee). Any connection of individual customers to the Water System shall be made only by Mustang.

3.1 Service from the Water System.

A. Continuous Water Flow. After proper completion and dedication of the Water System to Mustang, Mustang shall provide continuous and adequate water service sufficient to meet all of the fire flow requirements and potable needs of the Property and wastewater service sufficient to collect and treat wastewater of the Property, subject to all duly adopted and general applicable rules and regulations of Mustang and payment of the following:

- (1) all standard rates, fees and charges adopted by Mustang;
- (2) all service investigation fees; and
- (3) all connection fees.

4.1 Dedication of Water System and Ground Water.

A. Dedication of Water System. Upon proper completion of construction of a phase of the Water System, and final inspection and approval thereof by Mustang, CADG shall dedicate the Water System to Mustang by Bill of Sale or other conveyance document in form reasonably acceptable to Mustang. Mustang agrees that the Water System conveyed to Mustang shall be used to serve customers located within the Property, except that capacity in any overhead or ground storage provided for herein or oversized facilities funded may be used to serve customers located outside the Property, subject to the needs of the customers located within the Property. Mustang's rights pursuant to this Paragraph may not be assigned without prior written consent of CADG.

B. Ground Water and Ground Water Rights. Concomitant with this Agreement, CADG will execute a Deed for Groundwater Rights in substantially the same form as contained in Exhibit "B" attached hereto, that sells, grants, quitclaims and conveys to Mustang the Groundwater Rights of the Property, together with all and singular the rights and appurtenances thereto or in any way relating to the ground water belonging to CADG for the Property. Mustang and CADG agree to cooperate in the placement of any well, if any, to be drilled by Mustang on the Property, and CADG agrees to cooperate with Mustang in the location of such well in order to maximize the efficiency of any such well. Notwithstanding the grant herein, CADG shall have the right to operate the well now existing under TCEQ Well Tracking No. 430171 (the "Well"), and to use the water produced by the Well up to its current capacity, for irrigation needs and to maintain other surface amenities located on the Property. CADG shall have the right to drill and operate two (2) additional wells on the property at its own expense, after consultation with Mustang, and use the groundwater therefrom to serve any additional irrigation needs and other surface amenities located on the Property. Use of the ground water produced by any well shall not be used as fresh water or to provide retail water service to the property.

5.1 Effect of Force Majeure.

In the event that any 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 inabilities 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. Notwithstanding any term to the contrary in this section, "force majeure" does not apply to the failure of a party to timely make any payments required by this contract.

6.1 Warranties and Representations.

CADG acknowledges, represents and agrees that:

A. CADG has not created or permitted any third person to create any liens, leases, options, claims, encumbrances or any other adverse rights, claims or interests with respect to the Water System or the Property, that will prevent or hinder its ability to transfer good and warrantable title in same to Mustang;

B. Upon acceptance of the Water System, Mustang will be the true and lawful owner of the Water System to be conveyed hereunder and, no other third person or entity, public or private, will possess a right or interest, legal or equitable, nor any lien, encumbrance or other adverse claim, present or contingent, in or to the Water System;

C. Execution of this Agreement and the consummation of the transactions contemplated hereunder will not constitute an event of default under any contract, covenant or agreement binding upon it;

D. Except as provided herein, it has not previously entered into any agreement or caused or otherwise authorized any action that would diminish, eliminate or adversely affect Mustang's contemplated ownership or use of the System or the value of same.

7.1 Notices.

Any notice to be given hereunder by either party to the other party shall be in writing and may be 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 Mustang: Mustang Special Utility District
Attn: General Manager
7985 FM 2931
Aubrey, Texas 76227
Fax: 940-440-7686

To CADG: CADG Sutton Fields, LLC.
Attn. Mehrdad Moayedi, Manager
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234
Phone: (469) 892 - 7200
Email: Travis@CenturionAmerican.com
Fax: (469) 892 – 7202

CADG Sutton Fields II, LLC.
Attn. Mehrdad Moayedi, Manager
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234
Phone: (469) 892 - 7200
Email: Travis@CenturionAmerican.com
Fax: (469) 892 – 7202

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.

8.1 Breach of Contract and Remedies.

If any Party breaches any term or condition of this Contract, the non-breaching party shall 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. Notwithstanding the preceding, neither party shall have the right to terminate this Contract. 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.

9.1 Indemnity.

To the extent permitted by law, Mustang and CADG shall indemnify and save harmless the other 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 it or its agents, representatives or employees in connection with or related to the Development, the construction of the Water System or its execution or performance of this Contract.

10.1 Waiver of Sovereign Immunity.

Mustang, and CADG agree that this Contract constitutes an agreement for providing goods and services to Mustang and is subject to the provisions of the Subchapter I of Chapter 271, Texas Local Government Code, as amended, and any successor statute(s), as and if in effect. In accordance with Sections 271.152 and 271.153 thereof, to the extent limited, however, by the provisions thereof, Mustang hereby waives any constitutional, statutory or common law right to sovereign or governmental immunity from liability or suit and expressly consents to be sued and liable to the extent necessary for the other party hereto to enforce this Contract, but only as to the parties hereto and this Agreement. This waiver shall not extend to any third party or non-signatory. Notwithstanding the foregoing, this Section is not intended by the Parties to expand or increase the liability or the measure of damages that Mustang or CADG may have for a breach of this Agreement pursuant to §271.151 through §271.160 of the Texas Local Government Code.

11.1 No Third Party Beneficiaries.

This Contract is solely for the benefit of the parties hereto, and no other person or entity shall have any right, interest or claim whatsoever under this Contract. Should a third party seek to either enforce or invalidate this Contract for any reason whatsoever, the Parties, collectively and individually, agree to defend the validity of this Contract, and will seek to enforce all its provisions, as well as the Parties CCNs, in any action brought by any third party.

12.1 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.

13.1 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, expenses and reasonable attorneys' fees from the non-prevailing party.

14.1 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. In particular, in the event a court of competent jurisdiction should ever rule all or any provision of the contract to be unconstitutional or otherwise unenforceable to parties agree to negotiate in good faith to otherwise accomplish the intent of the invalid provisions.

15.1 Authority.

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

16.1 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.

17.1 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.

18.1 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 Mustang and CADG, respectively, which amendment shall incorporate this Contract in every particular not otherwise changed by the amendment.

19.1 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.

20.1 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.

21.1 Successors and Assigns.

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

22.1 Assignability.

The rights and obligations of CADG and/or Mustang hereunder may not be assigned without the prior written consent of the other, which consent shall not unreasonably be withheld. Absent the express written consent of Mustang, CADG shall not assign this Agreement, in part or whole, or any right or obligation hereunder to any entity or municipality or other water service provider who could alter, lessen, affect, diminish or decertify Mustang's CCN's, rights or interests hereunder or in the Water System. Each assignment shall be in writing executed by CADG and the Assignee, and each such assignment shall obligate the Assignee to be fully bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each assignment shall be provided to all Parties within 15 days after execution. From and after such assignment, Mustang agrees to look solely to the Assignee for the performance of all obligations assigned to the Assignee and agrees that CADG shall be released from subsequently performing the assigned obligations and from any liability that results from the Assignee's failure to perform the assigned obligations.

23.1 Effective Date.

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

24.1 Compliance with Laws.

The Parties are of the understanding that this Contract complies with all federal and state statutes and constitutions, local law and common law which may govern the validity of this Contract at the time of execution.

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.

/signatures below/

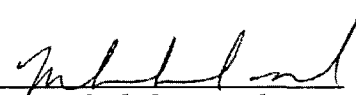
EXECUTED on this the 28th day of June, 2017.

CADG Sutton Fields, LLC,
a Texas limited liability company

By: CADG Holdings, LLC,
a Texas limited liability company
Its Sole Member

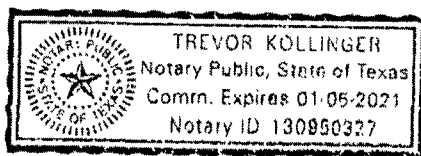
By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: 
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 28 day of June 2017 by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Member of CADG Sutton Fields, LLC, a Texas limited liability company on behalf of said company.



(SEAL)


Notary Public, State of Texas

EXECUTED on this the 20th day of June, 2017.

CADG Sutton Fields II, LLC,
a Texas limited liability company

By: CADG Holdings, LLC,
a Texas limited liability company
Its Sole Managing Member

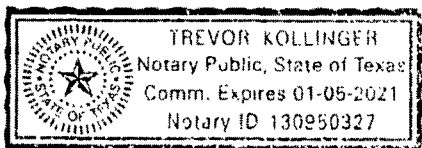
By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: [Signature]
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 28 day of June 2017 by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Managing Member of CADG Sutton Fields II, LLC, a Texas limited liability company on behalf of said company.

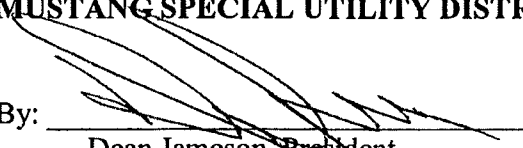


(SEAL)

[Signature]
Notary Public, State of Texas

EXECUTED on this the _____ day of _____, 2017.

MUSTANG SPECIAL UTILITY DISTRICT

By: 
Dean Jameson, President

STATE OF TEXAS

COUNTY OF DENTON

Before me the undersigned notary public appeared Dean Jameson, President of Mustang Special Utility District, a political subdivision of the State of Texas, on behalf of such District for the consideration therein expressed.

Notary Public for the State of Texas

(SEAL)

EXHIBIT A

PROPERTY DESCRIPTION

SUTTON FIELDS I & II

LEGAL DESCRIPTION 494.883 ACRE TRACT

BEING that certain tract of land situated in the Freeman Wilkerson Survey, Abstract No. 1411, the Thomas B. Cox Survey, Abstract No. 309, the Carrol Jackson Survey, Abstract No. 1546, the Jacob Rue Survey, Abstract No. 1109, and the Hiram Rue Survey, Abstract No. 1111, in Denton County, Texas, and being all of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, of the Real Property Records of Denton County, Texas (RPRDCT), being all of those certain tracts of land described in deeds to Mike A. Myers Investment Holdings, L.P. recorded in Document No. 2005-33384, RPRDCT, Document No. 2007-53939 RPRDCT, and Document No. 2005-93340, RPRDCT, all of that certain tract of land described in deed to The Amanda S. Myers Irrevocable Asset Trust recorded in Document No. 2011-125051, RPRDCT, all of that certain tract of land described in deed to Ok Kyun and Youngmoo Kim, Trustees of the Kim Family Living Trust recorded in Document No. 2005-86220, RPRDCT, and part of that certain tract of land described in deed to Frisco Industrial Partners recorded in Document NO. 2008-66233, RPRDCT, and being more particularly described as follows;

BEGINNING at a 1/2 inch capped iron rod found, said iron rod being located on the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and also being the northwest corner of Countryview Addition, an addition to Denton County according to Final Plat recorded in Cabinet F, Page 267, of the Plat Records of Denton County, Texas;

THENCE North 01°28'19" East, with said east right-of-way line of FM No. 1385, a distance of 310.72 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract, recorded in Document No. 2007-53939 RPRDCT, and a southwest corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT;

THENCE North 01°22'30" East, continuing with the east right-of-way line of FM No. 1385, a distance of 204.07 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT, and the southwest corner of the aforementioned tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT;

THENCE North 01°32'20" East, continuing with the east right-of-way line of FM No. 1385, a distance of 455.39 feet to a 1/2 inch iron rod found for corner;

THENCE North 01°55'54" East, continuing with the east right-of-way line of FM No. 1385, a distance of 446.59 feet to a 1/2 inch iron rod found for corner at the intersection of the east right-

of-way line of FM No. 1385, and the approximate center of Crutchfield Road (undedicated public road), and the northwest corner of said Tarsan Corporation tract;

THENCE North 89°43'38" East, with said approximate center of Crutchfield Road, and the north line of the Tarsan tract, and the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, a distance of 3428.14 feet to a railroad spike found for corner at the northeast corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT;

THENCE North 00°08'37" West, continuing with the approximate center of Crutchfield Road, and with the west line of the aforementioned Amanda S. Myers Irrevocable Asset Trust tract, a distance of 858.91 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of said Amanda S. Myers Irrevocable Asset Trust tract, and the southeast corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2004-135532, RPRDCT;

THENCE North 89°30'51" East, continuing with the approximate center of Crutchfield Road, and with the north line of the Amanda S. Myers Irrevocable Asset Trust tract, a distance of 1759.29 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°23'19" East, with the east line of the Amanda S. Myers Irrevocable Asset Trust tract, and the west line of that certain tract of land described in deed to Smiley Road, Ltd. recorded in Document No. 2006-2064, RPRDCT, a distance of 2685.16 feet to a 5/8 inch iron rod found for corner;

THENCE South 89°13'31" West, with a line described in Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 527.69 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°41'45" West, with a line described in said Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 2985.21 feet to a 60d nail found in asphalt for corner, said nail being located in the approximate center of Parvin Road (undedicated public road);

THENCE North 89°11'44" West, with said approximate center of Parvin Road, and with a line described in said Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 1163.46 feet to a 3/8 inch iron rod found for corner;

THENCE North 00°42'55" West, leaving the approximate center of Parvin Road, and with the west line of the Amanda S. Myers Irrevocable Asset Trust tract, the east line of that certain tract of land described in deed to Donald K. Estep and Sonja K. Estep recorded in Document No. 2011-67774, RPRDCT, and that certain tract of land described in deed to Donald Kenny Estep and Sonja Kay Estep recorded in Document No. 2001-99806, RPRDCT, a distance of 280.30 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°32'42" West, with a south line of that certain tract of land described in deed

to Ok Kyun and Youngmoo Kim, Trustees of the Kim Family Living Trust recorded in Document No. 2005-86220, RPRDCT, a distance of 239.66 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 00°49'27" East, with an easterly line of said Kim Family Living Trust tract, the west line of said Estep tracts, and the west line of that certain tract of land described in deed to Claude Adams and Kathleen Adams recorded in Document No. 2011-67775, RPRDCT, and the west line of that certain tract of land described in deed to David P. Brewer and Carolyn Brewer recorded in Document No. 2012-34990, RPRDCT, a distance of 734.88 feet to a 1/2 inch iron rod found for corner at the southwest corner of said Brewer tract, and an interior "ell" corner of the Kim Family Living Trust tract;

THENCE North 89°20'27" East, a distance of 238.85 feet to a 1/2 inch iron rod found for corner, said iron rod being located at the southwest corner of the Brewer tract, a northeast corner of the Kim Family Living Trust tract, and also being located in the aforementioned approximate center of Parvin Road;

THENCE South 00°32'10" East, with an easterly line of the Kim Family Living Trust tract, and said approximate center of Parvin Road, a distance of 490.79 feet to a 1/2 inch iron rod found for corner at the most southerly southeast corner of the Kim Family Living Trust tract;

THENCE South 89°26'22" West, with the south line of the Kim Family Living Trust tract, and the approximate center of Parvin Road, a distance of 378.96 feet to a nail in asphalt found for corner;

THENCE North 00°17'53" East, leaving the approximate center of Parvin Road, and with a west line of the Kim Family Living Trust tract, and the east line of that certain tract of land described in deed to John M. Cosper and Jackie Cosper recorded in Volume 626, Page 706, RPRDCT, passing at a distance of 27.73 feet a 5/8 inch iron rod in concrete found, continuing in all, a distance of 267.98 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, from which a 5/8 inch iron rod in concrete found bears South 00°17'53" West, a distance of 2.99 feet;

THENCE South 89°25'59" West, with a south line of the Kim Family Living Trust tract, and the north line of the Cosper tract, a distance of 824.19 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°39'57" East, with the west line of the Cosper tract, and an easterly line of the Kim Family Living Trust tract, passing at a distance of 244.64 feet a 1/2 inch iron rod found, continuing in all, a distance of 265.80 feet to a 1/2 inch iron rod found for corner at a southeast corner of Kim Family Living Trust tract, and also being located in the aforementioned approximate center of Parvin Road;

THENCE South 89°09'41" West, with the south line of the Kim Family Living Trust tract, and the approximate center of Parvin Road, passing at a distance of 411.81 feet a 1/2 inch iron rod found at the northeast corner of that certain tract of land described in deed to Swisher Partners, L.P. recorded in Document No. 2004-7927, RPRDCT, continuing in all, a distance of 462.41 feet

to a 1/2 inch iron rod found for corner at the southeast corner of that certain tract of land described in deed to the City of Celina, Texas recorded in Document No. 2008-62468, RPRDCT;

THENCE North 00°41'57" West, with the east line of said City of Celina, Texas tract, a distance of 60.00 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°18'56" West, with a north line of the City of Celina, Texas tract, and Parvin Road, a distance of 1107.30 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 00°41'04" West, leaving said north line of Parvin Road, a distance of 843.46 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°18'56" West, a distance of 815.06 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, said iron rod being located on an easterly line of said City of Celina, Texas tract, and the aforementioned east right-of-way line of FM No. 1385;

THENCE North 01°32'26" East, with said east right-of-way line of FM No. 1385 according to City of Celina, Texas tract deed, a distance of 350.05 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 89°22'47" East, leaving the east right-of-way line of FM No. 1385, and with the north line of the aforementioned tract of land described in deed to Frisco Industrial Partners recorded in Document No. 2008-66233, RPRDCT, and the south line of that certain tract of land described in deed to Anna Liz Hong recorded in Document No. 2014-15601, RPRDCT, a distance of 1908.52 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 00°41'47" West, with the east line of said Anna Liz Hong tract, and the most westerly line of the aforementioned Kim Family Living Trust tract, a distance of 1546.84 feet to an old wood corner post found for corner, from which a 5/8 inch iron rod found bears South 16°28'53" West, a distance of 1.57 feet;

THENCE North 00°24'23" West, with the west line of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, passing at a distance of 479.75 feet a 5/8 inch iron rod found at the southeast corner of that certain tract of land described in deed to Lee A. Brown recorded in Document No. 2003-122624, RPRDCT, continuing with said west line of the Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the east line of said Lee A. Brown tract, in all, a total distance of 951.64 feet to a 5/8 inch iron rod found for corner at the southeast corner of the aforementioned Countryview Addition;

THENCE North 00°07'02" West, continuing with the west line of the Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the east line of said Countryview Addition, a distance of 588.61 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, from which a 1/2 inch iron rod found bears South 89°26'31" West, a distance of 1.51 feet;

THENCE South 89°18'14" West, with the south line of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340, RPRDCT, a distance of 1301.63 feet to a 1/2 inch iron rod found for corner at the most southerly southwest corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT, and the southeast corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2007-53939 RPRDCT;

THENCE South 89°15'45" West, with the south line of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2007-53939 RPRDCT, a distance of 522.72 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 494.883 acres of land.

LEGAL DESCRIPTION – 112.886 ACRE TRACT

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being part of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows:

LEGAL DESCRIPTION – 127.930 ACRES

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being all of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows:

COMMENCING at a 1/2 inch iron rod found at the intersection of the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and the approximate center of Crutchfield Road (undedicated public road), said iron rod also being the northwest corner of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT;

THENCE North 89°43'38" East, continuing with the east right-of-way line of FM No. 1385, a distance of 2.88 feet to the POINT OF BEGINNING of herein described tract, a 1/2 inch iron rod found for corner, said iron rod being the southwest corner of said Denton County 128 Development LLC tract;

THENCE North 01°41'02" East, continuing with the east right-of-way line of FM No. 1385, a distance of 606.22 feet to a 1/2 inch iron rod found for corner;

THENCE North 00°48'15" East, continuing with the east right-of-way line of FM No. 1385, a distance of 797.75 feet to a 1/2 inch iron rod found for corner at the most westerly northwest corner of said Denton County 128 Development LLC tract, and the southwest corner of that certain tract of land described in deed to Munish Gupta and Anusha Gupta recorded in Document No. 2013-84112, RPRDCT;

THENCE North 89°33'57" East, leaving the east right-of-way line of FM No. 1385, and with the north line of said Denton County 128 Development LLC tract, and the south line of said Gupta tract, a distance of 1280.98 feet to a 1/2 inch iron rod found for corner;

THENCE North 00°21'49" West, with a west line of said Denton County 128 Development LLC tract, the east line of said Gupta tract, and the east line of that certain tract of land described in deed to Dena C. Riley recorded in Document No. 00-R0050894, RPRDCT, a distance of 547.19 feet to a 5/8 inch capped iron rod ("J-E #3700) found for corner at the southeast corner of that certain tract of land described in deed to Jeff Hamner recorded in Volume 2156, Page 762, RPRDCT;

THENCE North 00°25'32" West, with a west line of said Denton County 128 Development LLC tract, and an east line of said Jeff Hamner tract, a distance of 553.05 feet to a 1/2 inch iron rod found for corner at the northeast corner of said Jeff Hammer tract, and the southeast corner of that certain tract of land described in deed to 28 & 12 Arm on Preston Road, Ltd. recorded in Instrument No. 2004-137416, RPRDCT;

THENCE North 00°02'29" East, with a west line of said Denton County 128 Development LLC tract, and the east line of said 28 & 12 Arm on Preston Road, Ltd. tract, a distance of 73.81 feet to a 1/2 inch iron rod found for corner at the most northerly northwest corner of said Denton County 128 Development LLC tract, and the most southerly southwest corner of that certain tract of land described in deed to Blue Angus Ranch, LP, recorded in Instrument No. 2007-107216, RPRDCT;

THENCE South 89°46'58" East, with the most northerly north line of said Denton County 128 Development LLC tract, and the most southerly south line of said Blue Angus Ranch, LP tract, a distance of 959.75 feet to a 3/8 inch iron rod found for corner at the most southerly southeasterly corner of said Blue Angus Ranch, LP tract, and a southwest corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2004-135532, RPRDCT;

THENCE South 89°47'30" East, continuing with the most northerly north line of said Denton County 128 Development LLC tract, and with a south line of said Fashand Farm, Ltd. tract, a distance of 395.36 feet to a 1/2 inch iron rod found for corner;

THENCE South 02°55'32" West, with an east line of said Denton County 128 Development LLC tract, and a west line of said Fashand Farm, Ltd. tract, a distance of 454.72 feet to a 1/2 inch iron rod found for corner;

THENCE North 89°27'35" East, with a north line of said Denton County 128 Development LLC tract, and a south line of said Fashand Farm, Ltd. tract, a distance of 156.79 feet to 1/2 inch iron rod found for corner at a northeast corner of said Denton County 128 Development LLC tract, and the northwest corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2005-21653, RPRDCT;

THENCE South 00°09'07" East, with the most easterly east line of said Denton County 128

Development LLC tract, the west line of said Fashand Farm, Ltd. tract recorded in Document No. 2005-21653, RPRDCT, and the west line of that certain tract of land described in deed to Jan M. Paliwoda and Margaret Paliwoda recorded in Volume 4364, Page 1631, RPRDCT, a distance of 2035.13 feet to a 1/2 inch capped iron rod (#6005) found for corner at the northeast corner of that certain tract of land described in deed to SBA Towers IV, LLC recorded in Document No. 2013-94302, RPRDCT;

THENCE South 89°09'16" West, with the north line of said SBA Towers IV, LLC tract, a distance of 50.18 feet to a 1/2 inch capped iron rod (#6005) found for corner;

THENCE South 00°57'44" East, with the west line of said SBA Towers IV, LLC tract, a distance of 50.16 feet to a 1/2 inch capped iron rod (#6005) found for corner;

THENCE North 89°07'28" East, with the south line of said SBA Towers IV, LLC tract, a distance of 49.90 feet to a 1/2 inch iron rod found for corner on said most easterly east line of said Denton County 128 Development LLC tract, and the west line of said Jan M. Paliwoda and Margaret Paliwoda tract;

THENCE South 00°54'46" East, with said most easterly east line of said Denton County 128 Development LLC tract, and the west line of the Jan M. Paliwoda and Margaret Paliwoda tract, a distance of 31.06 feet to a 1/2 inch iron rod found for corner on said approximate center of Crutchfield Road, and being the southeast corner of said Denton County 128 Development LLC tract;

THENCE South 89°43'38" West, with said approximate center of Crutchfield Road, the north line of that certain tract of land described in deed to Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the north line of said Tarsan tract, a distance of 2797.59 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 127.930 acres of land;

SAVE AND EXCEPT the following 15.044 Acre Tract of land being more particularly described as follows:

LEGAL DESCRIPTION – 15.044 ACRE TRACT

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being part of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows;

COMMENCING at a 1/2 inch iron rod found at the intersection of the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and the approximate center of Crutchfield Road (undedicated public road), said iron rod also being the southwest corner of said Denton County 128 Development LLC tract, from which a 1/2 inch iron rod found on said east right-of-way line of FM Road No. 1385 bears North 01°41'02" East, a distance of 606.22 feet;

THENCE North 89°43'38" East, with said approximate center of Crutchfield Road, with said south line of the Denton County 128 Development LLC tract, and the north line of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT, a distance of 53.68 feet, from which a 1/2 inch iron rod found at the most southerly southeast corner of said Denton County 128 Development LLC tract bears North 89°43'38" East, a distance of 2743.91 feet;

THENCE North 00°16'22" West, leaving said approximate center of Crutchfield Road, and said common line of the Denton County 128 Development LLC tract, and the Tarsan Corporation tract, a distance of 45.00 feet to the POINT OF BEGINNING of herein described tract of land;

THENCE the following bearings and distances to 5/8 inch iron rods with plastic caps marked "PETITT-RPLS 4087" set for corner;

North 44°17'26" West, a distance of 34.74 feet;

North 01°41'30" East, a distance of 125.09 feet;

North 03°30'57" West, a distance of 110.18 feet;

North 01°41'30" East, a distance of 223.64 feet;

North 06°12'20" East, a distance of 118.95 feet;

North 00°48'41" East, a distance of 118.28 feet;

North 45°48'41" East, a distance of 35.36 feet;

And South 89°11'19" East, a distance of 531.97 feet, said iron rod being the beginning of a tangent curve to the left;

THENCE with said curve having a central angle of 44°12'24", a radius of 340.00 feet, a chord which bears North 68°42'29" East, a chord distance of 255.87 feet, for an arc distance of 262.33 feet to the end of said curve, a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE the following bearings and distances to 5/8 inch iron rods with plastic caps marked "PETITT-RPLS 4087" set for corner;

South 43°16'28" East, a distance of 81.39 feet;

South 10°26'21" East, a distance of 50.00 feet;

South 00°18'36" East, a distance of 717.45 feet;

And South 89°43'38" West, being 45 feet north of and parallel to said approximate center

of Crutchfield Road, said south line of the Denton County 128 Development LLC tract, and the north line said Tarsan Corporation tract, a distance of 858.23 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 15.044 acres of land.

LEAVING A NET AREA OF 112.886 ACRES OF LAND.

Note: The bearings shown and recited hereon are referenced to the Texas State Plane Coordinate System ~ Texas North Central Zone No. 4202 – NAD 83

EXHIBIT B
GROUND WATER DEED

herein, sells, grants, quitclaims and conveys to Grantee the Groundwater Rights of said Real Property, together with all and singular the rights and appurtenances thereto or in any way belonging, to have and to hold, to Grantee. Grantors bind Grantors and Grantors' heirs, successors and assigns to warrant and forever defend all and singular the Groundwater Rights conveyed herein to Grantee against every person whomsoever lawfully claiming by through the Grantor.

Groundwater: All of the underground water that may be produced from the Trinity Aquifer at all depths and horizons beneath the surface of the Real Property.

Groundwater Rights: (1) The Groundwater and the right to explore for, access, test, drill for, develop, withdraw, capture, rework and/or repair the water system or otherwise beneficially use the Groundwater; (2) the right to use the surface of the Real Property for access to (egress and ingress) and to explore for, drill for, develop, produce, and transport the Groundwater; and (3) all permits, licenses, or other governmental authorizations relating to any of the foregoing.

Right to Use of Groundwater. Notwithstanding the grant herein, CADG shall have the right to operate the well now existing under TCEQ Well Tracking No. 430171 (the "Well"), and to use the water produced by the Well up to its current capacity, for irrigation needs and to maintain other surface amenities located on the Property. CADG shall have the right to drill and operate two (2) additional wells on the property at its own expense, after consultation with Mustang, and use the groundwater therefrom to serve any additional irrigation needs and other surface amenities located on the Property. Use of the ground water produced by any well shall not be used as fresh water or to provide retail water service to the property.

EXECUTED on this the 28th day of June, 2017.

/signatures below/

EXECUTED on this the 28th day of June, 2017.

CADG Sutton Fields, LLC,
a Texas limited liability company

By: CADG Holdings, LLC,
a Texas limited liability company
Its Sole Member

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

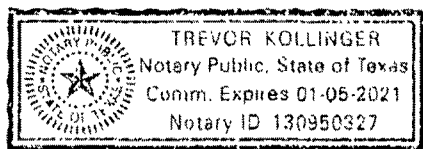
By: [Signature]
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §

§

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 28 day of June 2017 by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Member of CADG Sutton Fields, LLC, a Texas limited liability company on behalf of said company.



(SEAL)

[Signature]
Notary Public, State of Texas

EXECUTED on this the 28th day of June, 2017.

CADG Sutton Fields II, LLC,
a Texas limited liability company

By: CADG Holdings, LLC,
a Texas limited liability company
Its Sole Managing Member

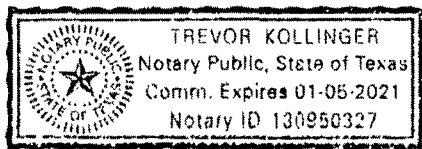
By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: [Signature]
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 28 day of June 2017 by Mehrdad Moayed, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of CADG Holdings, LLC, as Sole Managing Member of CADG Sutton Fields II, LLC, a Texas limited liability company on behalf of said company.



(SEAL)

[Signature]
Notary Public, State of Texas

EXHIBIT A

PROPERTY DESCRIPTION

SUTTON FIELDS I & II

LEGAL DESCRIPTION 494.883 ACRE TRACT

BEING that certain tract of land situated in the Freeman Wilkerson Survey, Abstract No. 1411, the Thomas B. Cox Survey, Abstract No. 309, the Carrol Jackson Survey, Abstract No. 1546, the Jacob Rue Survey, Abstract No. 1109, and the Hiram Rue Survey, Abstract No. 1111, in Denton County, Texas, and being all of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, of the Real Property Records of Denton County, Texas (RPRDCT), being all of those certain tracts of land described in deeds to Mike A. Myers Investment Holdings, L.P. recorded in Document No. 2005-33384, RPRDCT, Document No. 2007-53939 RPRDCT, and Document No. 2005-93340, RPRDCT, all of that certain tract of land described in deed to The Amanda S. Myers Irrevocable Asset Trust recorded in Document No. 2011-125051, RPRDCT, all of that certain tract of land described in deed to Ok Kyun and Youngmoo Kim, Trustees of the Kim Family Living Trust recorded in Document No. 2005-86220, RPRDCT, and part of that certain tract of land described in deed to Frisco Industrial Partners recorded in Document NO. 2008-66233, RPRDCT, and being more particularly described as follows;

BEGINNING at a 1/2 inch capped iron rod found, said iron rod being located on the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and also being the northwest corner of Countryview Addition, an addition to Denton County according to Final Plat recorded in Cabinet F, Page 267, of the Plat Records of Denton County, Texas;

THENCE North 01°28'19" East, with said east right-of-way line of FM No. 1385, a distance of 310.72 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract, recorded in Document No. 2007-53939 RPRDCT, and a southwest corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT;

THENCE North 01°22'30" East, continuing with the east right-of-way line of FM No. 1385, a distance of 204.07 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT, and the southwest corner of the aforementioned tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT;

THENCE North 01°32'20" East, continuing with the east right-of-way line of FM No. 1385, a distance of 455.39 feet to a 1/2 inch iron rod found for corner;

THENCE North 01°55'54" East, continuing with the east right-of-way line of FM No. 1385, a distance of 446.59 feet to a 1/2 inch iron rod found for corner at the intersection of the east right-

of-way line of FM No. 1385, and the approximate center of Crutchfield Road (undedicated public road), and the northwest corner of said Tarsan Corporation tract;

THENCE North 89°43'38" East, with said approximate center of Crutchfield Road, and the north line of the Tarsan tract, and the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, a distance of 3428.14 feet to a railroad spike found for corner at the northeast corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT;

THENCE North 00°08'37" West, continuing with the approximate center of Crutchfield Road, and with the west line of the aforementioned Amanda S. Myers Irrevocable Asset Trust tract, a distance of 858.91 feet to a 1/2 inch iron rod found for corner, said iron rod being the northwest corner of said Amanda S. Myers Irrevocable Asset Trust tract, and the southeast corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2004-135532, RPRDCT;

THENCE North 89°30'51" East, continuing with the approximate center of Crutchfield Road, and with the north line of the Amanda S. Myers Irrevocable Asset Trust tract, a distance of 1759.29 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°23'19" East, with the east line of the Amanda S. Myers Irrevocable Asset Trust tract, and the west line of that certain tract of land described in deed to Smiley Road, Ltd. recorded in Document No. 2006-2064, RPRDCT, a distance of 2685.16 feet to a 5/8 inch iron rod found for corner;

THENCE South 89°13'31" West, with a line described in Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 527.69 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°41'45" West, with a line described in said Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 2985.21 feet to a 60d nail found in asphalt for corner, said nail being located in the approximate center of Parvin Road (undedicated public road);

THENCE North 89°11'44" West, with said approximate center of Parvin Road, and with a line described in said Boundary Line Agreement recorded in Instrument No. 2005-122140, RPRDT, a distance of 1163.46 feet to a 3/8 inch iron rod found for corner;

THENCE North 00°42'55" West, leaving the approximate center of Parvin Road, and with the west line of the Amanda S. Myers Irrevocable Asset Trust tract, the east line of that certain tract of land described in deed to Donald K. Estep and Sonja K. Estep recorded in Document No. 2011-67774, RPRDCT, and that certain tract of land described in deed to Donald Kenny Estep and Sonja Kay Estep recorded in Document No. 2001-99806, RPRDCT, a distance of 280.30 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°32'42" West, with a south line of that certain tract of land described in deed

to Ok Kyun and Youngmoo Kim, Trustees of the Kim Family Living Trust recorded in Document No. 2005-86220, RPRDCT, a distance of 239.66 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 00°49'27" East, with an easterly line of said Kim Family Living Trust tract, the west line of said Estep tracts, and the west line of that certain tract of land described in deed to Claude Adams and Kathleen Adams recorded in Document No. 2011-67775, RPRDCT, and the west line of that certain tract of land described in deed to David P. Brewer and Carolyn Brewer recorded in Document No. 2012-34990, RPRDCT, a distance of 734.88 feet to a 1/2 inch iron rod found for corner at the southwest corner of said Brewer tract, and an interior "ell" corner of the Kim Family Living Trust tract;

THENCE North 89°20'27" East, a distance of 238.85 feet to a 1/2 inch iron rod found for corner, said iron rod being located at the southwest corner of the Brewer tract, a northeast corner of the Kim Family Living Trust tract, and also being located in the aforementioned approximate center of Parvin Road;

THENCE South 00°32'10" East, with an easterly line of the Kim Family Living Trust tract, and said approximate center of Parvin Road, a distance of 490.79 feet to a 1/2 inch iron rod found for corner at the most southerly southeast corner of the Kim Family Living Trust tract;

THENCE South 89°26'22" West, with the south line of the Kim Family Living Trust tract, and the approximate center of Parvin Road, a distance of 378.96 feet to a nail in asphalt found for corner;

THENCE North 00°17'53" East, leaving the approximate center of Parvin Road, and with a west line of the Kim Family Living Trust tract, and the east line of that certain tract of land described in deed to John M. Cosper and Jackie Cosper recorded in Volume 626, Page 706, RPRDCT, passing at a distance of 27.73 feet a 5/8 inch iron rod in concrete found, continuing in all, a distance of 267.98 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, from which a 5/8 inch iron rod in concrete found bears South 00°17'53" West, a distance of 2.99 feet;

THENCE South 89°25'59" West, with a south line of the Kim Family Living Trust tract, and the north line of the Cosper tract, a distance of 824.19 feet to a 1/2 inch iron rod found for corner;

THENCE South 00°39'57" East, with the west line of the Cosper tract, and an easterly line of the Kim Family Living Trust tract, passing at a distance of 244.64 feet a 1/2 inch iron rod found, continuing in all, a distance of 265.80 feet to a 1/2 inch iron rod found for corner at a southeast corner of Kim Family Living Trust tract, and also being located in the aforementioned approximate center of Parvin Road;

THENCE South 89°09'41" West, with the south line of the Kim Family Living Trust tract, and the approximate center of Parvin Road, passing at a distance of 411.81 feet a 1/2 inch iron rod found at the northeast corner of that certain tract of land described in deed to Swisher Partners, L.P. recorded in Document No. 2004-7927, RPRDCT, continuing in all, a distance of 462.41 feet

to a 1/2 inch iron rod found for corner at the southeast corner of that certain tract of land described in deed to the City of Celina, Texas recorded in Document No. 2008-62468, RPRDCT;

THENCE North 00°41'57" West, with the east line of said City of Celina, Texas tract, a distance of 60.00 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°18'56" West, with a north line of the City of Celina, Texas tract, and Parvin Road, a distance of 1107.30 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 00°41'04" West, leaving said north line of Parvin Road, a distance of 843.46 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE South 89°18'56" West, a distance of 815.06 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, said iron rod being located on an easterly line of said City of Celina, Texas tract, and the aforementioned east right-of-way line of FM No. 1385;

THENCE North 01°32'26" East, with said east right-of-way line of FM No. 1385 according to City of Celina, Texas tract deed, a distance of 350.05 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 89°22'47" East, leaving the east right-of-way line of FM No. 1385, and with the north line of the aforementioned tract of land described in deed to Frisco Industrial Partners recorded in Document No. 2008-66233, RPRDCT, and the south line of that certain tract of land described in deed to Anna Liz Hong recorded in Document No. 2014-15601, RPRDCT, a distance of 1908.52 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE North 00°41'47" West, with the east line of said Anna Liz Hong tract, and the most westerly line of the aforementioned Kim Family Living Trust tract, a distance of 1546.84 feet to an old wood corner post found for corner, from which a 5/8 inch iron rod found bears South 16°28'53" West, a distance of 1.57 feet;

THENCE North 00°24'23" West, with the west line of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, passing at a distance of 479.75 feet a 5/8 inch iron rod found at the southeast corner of that certain tract of land described in deed to Lee A. Brown recorded in Document No. 2003-122624, RPRDCT, continuing with said west line of the Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the east line of said Lee A. Brown tract, in all, a total distance of 951.64 feet to a 5/8 inch iron rod found for corner at the southeast corner of the aforementioned Countryview Addition;

THENCE North 00°07'02" West, continuing with the west line of the Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the east line of said Countryview Addition, a distance of 588.61 feet to a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner, from which a 1/2 inch iron rod found bears South 89°26'31" West, a distance of 1.51 feet;

THENCE South 89°18'14" West, with the south line of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340, RPRDCT, a distance of 1301.63 feet to a 1/2 inch iron rod found for corner at the most southerly southwest corner of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-93340 RPRDCT, and the southeast corner of the aforementioned Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2007-53939 RPRDCT;

THENCE South 89°15'45" West, with the south line of said Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2007-53939 RPRDCT, a distance of 522.72 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 494.883 acres of land.

LEGAL DESCRIPTION – 112.886 ACRE TRACT

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being part of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows:

LEGAL DESCRIPTION – 127.930 ACRES

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being all of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows;

COMMENCING at a 1/2 inch iron rod found at the intersection of the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and the approximate center of Crutchfield Road (undedicated public road), said iron rod also being the northwest corner of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT;

THENCE North 89°43'38" East, continuing with the east right-of-way line of FM No. 1385, a distance of 2.88 feet to the POINT OF BEGINNING of herein described tract, a 1/2 inch iron rod found for corner, said iron rod being the southwest corner of said Denton County 128 Development LLC tract;

THENCE North 01°41'02" East, continuing with the east right-of-way line of FM No. 1385, a distance of 606.22 feet to a 1/2 inch iron rod found for corner;

THENCE North 00°48'15" East, continuing with the east right-of-way line of FM No. 1385, a distance of 797.75 feet to a 1/2 inch iron rod found for corner at the most westerly northwest corner of said Denton County 128 Development LLC tract, and the southwest corner of that certain tract of land described in deed to Munish Gupta and Anusha Gupta recorded in Document No. 2013-84112, RPRDCT;

THENCE North 89°33'57" East, leaving the east right-of-way line of FM No. 1385, and with the north line of said Denton County 128 Development LLC tract, and the south line of said Gupta tract, a distance of 1280.98 feet to a 1/2 inch iron rod found for corner;

THENCE North 00°21'49" West, with a west line of said Denton County 128 Development LLC tract, the east line of said Gupta tract, and the east line of that certain tract of land described in deed to Dena C. Riley recorded in Document No. 00-R0050894, RPRDCT, a distance of 547.19 feet to a 5/8 inch capped iron rod ("J-E #3700) found for corner at the southeast corner of that certain tract of land described in deed to Jeff Hamner recorded in Volume 2156, Page 762, RPRDCT;

THENCE North 00°25'32" West, with a west line of said Denton County 128 Development LLC tract, and an east line of said Jeff Hamner tract, a distance of 553.05 feet to a 1/2 inch iron rod found for corner at the northeast corner of said Jeff Hammer tract, and the southeast corner of that certain tract of land described in deed to 28 & 12 Arm on Preston Road, Ltd. recorded in Instrument No. 2004-137416, RPRDCT;

THENCE North 00°02'29" East, with a west line of said Denton County 128 Development LLC tract, and the east line of said 28 & 12 Arm on Preston Road, Ltd. tract, a distance of 73.81 feet to a 1/2 inch iron rod found for corner at the most northerly northwest corner of said Denton County 128 Development LLC tract, and the most southerly southwest corner of that certain tract of land described in deed to Blue Angus Ranch, LP, recorded in Instrument No. 2007-107216, RPRDCT;

THENCE South 89°46'58" East, with the most northerly north line of said Denton County 128 Development LLC tract, and the most southerly south line of said Blue Angus Ranch, LP tract, a distance of 959.75 feet to a 3/8 inch iron rod found for corner at the most southerly southeasterly corner of said Blue Angus Ranch, LP tract, and a southwest corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2004-135532, RPRDCT;

THENCE South 89°47'30" East, continuing with the most northerly north line of said Denton County 128 Development LLC tract, and with a south line of said Fashand Farm, Ltd. tract, a distance of 395.36 feet to a 1/2 inch iron rod found for corner;

THENCE South 02°55'32" West, with an east line of said Denton County 128 Development LLC tract, and a west line of said Fashand Farm, Ltd. tract, a distance of 454.72 feet to a 1/2 inch iron rod found for corner;

THENCE North 89°27'35" East, with a north line of said Denton County 128 Development LLC tract, and a south line of said Fashand Farm, Ltd. tract, a distance of 156.79 feet to 1/2 inch iron rod found for corner at a northeast corner of said Denton County 128 Development LLC tract, and the northwest corner of that certain tract of land described in deed to Fashand Farm, Ltd. recorded in Document No. 2005-21653, RPRDCT;

THENCE South 00°09'07" East, with the most easterly east line of said Denton County 128

Development LLC tract, the west line of said Fashand Farm, Ltd. tract recorded in Document No. 2005-21653, RPRDCT, and the west line of that certain tract of land described in deed to Jan M. Paliwoda and Margaret Paliwoda recorded in Volume 4364, Page 1631, RPRDCT, a distance of 2035.13 feet to a 1/2 inch capped iron rod (#6005) found for corner at the northeast corner of that certain tract of land described in deed to SBA Towers IV, LLC recorded in Document No. 2013-94302, RPRDCT;

THENCE South 89°09'16" West, with the north line of said SBA Towers IV, LLC tract, a distance of 50.18 feet to a 1/2 inch capped iron rod (#6005) found for corner;

THENCE South 00°57'44" East, with the west line of said SBA Towers IV, LLC tract, a distance of 50.16 feet to a 1/2 inch capped iron rod (#6005) found for corner;

THENCE North 89°07'28" East, with the south line of said SBA Towers IV, LLC tract, a distance of 49.90 feet to a 1/2 inch iron rod found for corner on said most easterly east line of said Denton County 128 Development LLC tract, and the west line of said Jan M. Paliwoda and Margaret Paliwoda tract;

THENCE South 00°54'46" East, with said most easterly east line of said Denton County 128 Development LLC tract, and the west line of the Jan M. Paliwoda and Margaret Paliwoda tract, a distance of 31.06 feet to a 1/2 inch iron rod found for corner on said approximate center of Crutchfield Road, and being the southeast corner of said Denton County 128 Development LLC tract;

THENCE South 89°43'38" West, with said approximate center of Crutchfield Road, the north line of that certain tract of land described in deed to Mike A. Myers Investment Holdings, L.P. tract recorded in Document No. 2005-33384, RPRDCT, and the north line of said Tarsan tract, a distance of 2797.59 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 127.930 acres of land;

SAVE AND EXCEPT the following 15.044 Acre Tract of land being more particularly described as follows:

LEGAL DESCRIPTION – 15.044 ACRE TRACT

BEING that certain tract of land situated in the Thomas H. McIntyre Survey, Abstract No. 903, in Denton County, Texas, and being part of that certain tract of land described in deed to Denton County 128 Development LLC recorded in Document No. 2013-135475, of the Real Property Records of Denton County, Texas (RPRDCT), and being more particularly described as follows;

COMMENCING at a 1/2 inch iron rod found at the intersection of the east right-of-way line of Farm to Market (FM) Road No. 1385 (variable width R.O.W.), and the approximate center of Crutchfield Road (undedicated public road), said iron rod also being the southwest corner of said Denton County 128 Development LLC tract, from which a 1/2 inch iron rod found on said east right-of-way line of FM Road No. 1385 bears North 01°41'02" East, a distance of 606.22 feet;

THENCE North 89°43'38" East, with said approximate center of Crutchfield Road, with said south line of the Denton County 128 Development LLC tract, and the north line of that certain tract of land described in deed to Tarsan Corporation recorded in Document No. 2002-108524, RPRDCT, a distance of 53.68 feet, from which a 1/2 inch iron rod found at the most southerly southeast corner of said Denton County 128 Development LLC tract bears North 89°43'38" East, a distance of 2743.91 feet;

THENCE North 00°16'22" West, leaving said approximate center of Crutchfield Road, and said common line of the Denton County 128 Development LLC tract, and the Tarsan Corporation tract, a distance of 45.00 feet to the POINT OF BEGINNING of herein described tract of land;

THENCE the following bearings and distances to 5/8 inch iron rods with plastic caps marked "PETITT-RPLS 4087" set for corner;

North 44°17'26" West, a distance of 34.74 feet;

North 01°41'30" East, a distance of 125.09 feet;

North 03°30'57" West, a distance of 110.18 feet;

North 01°41'30" East, a distance of 223.64 feet;

North 06°12'20" East, a distance of 118.95 feet;

North 00°48'41" East, a distance of 118.28 feet;

North 45°48'41" East, a distance of 35.36 feet;

And South 89°11'19" East, a distance of 531.97 feet, said iron rod being the beginning of a tangent curve to the left;

THENCE with said curve having a central angle of 44°12'24", a radius of 340.00 feet, a chord which bears North 68°42'29" East, a chord distance of 255.87 feet, for an arc distance of 262.33 feet to the end of said curve, a 5/8 inch iron rod with plastic cap marked "PETITT-RPLS 4087" set for corner;

THENCE the following bearings and distances to 5/8 inch iron rods with plastic caps marked "PETITT-RPLS 4087" set for corner;

South 43°16'28" East, a distance of 81.39 feet;

South 10°26'21" East, a distance of 50.00 feet;

South 00°18'36" East, a distance of 717.45 feet;

And South 89°43'38" West, being 45 feet north of and parallel to said approximate center

of Crutchfield Road, said south line of the Denton County 128 Development LLC tract, and the north line said Tarsan Corporation tract, a distance of 858.23 feet to the POINT OF BEGINNING of herein described tract of land containing an area of 15.044 acres of land.

LEAVING A NET AREA OF 112.886 ACRES OF LAND.

Note: The bearings shown and recited hereon are referenced to the Texas State Plane Coordinate System ~ Texas North Central Zone No. 4202 – NAD 83

Denton County
Juli Luke
County Clerk
Denton, TX 76202



70 2015 00036439

Instrument Number: 2015-36439

As

Recorded On: April 09, 2015

Misc General Fee Doc

Parties: SHAHAN PRAIRIE

Billable Pages: 19

To

Number of Pages: 19

Comment:

(Parties listed above are for Clerks reference only)

**** THIS IS NOT A BILL ****

Misc General Fee Doc	98.00
Total Recording:	98.00

******* DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2015-36439
Receipt Number: 1273300
Recorded Date/Time: April 09, 2015 11:19:40A

Record and Return To:

MSUD
7985 FM 2931
AUBREY TX 76227

User / Station: S Parr - Cash Station 3



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke

County Clerk
Denton County, Texas

After filing return to:

Mustang Special Utility District
Attn: General Manager
7985 FM 2931
Aubrey, Texas 76227

**NON-STANDARD SERVICE CONTRACT
BY AND BETWEEN
MUSTANG SPECIAL UTILITY DISTRICT
AND
SHAHAN PRAIRIE, L.P.**

SHAHAN LAKEVIEW, PHASE 1 & FUTURE PHASES

This Non-Standard Service Contract (the "Contract") is entered into by and between Mustang Special Utility District (the "District") and Shahan Prairie, L.P., a Texas limited partnership (the "Developer").

WHEREAS, the Developer is engaged in developing a 102.324 acre tract in the E. A. Shahan Survey, Abstracts No. 1204 and No. 1205, and the Lawson Clark Survey, Abstract No. 311, an addition in Denton County, Texas, according to the final plat thereof filed in the real property records of Denton County, Texas, and more particularly described on Exhibit A attached hereto (the "Property"), all of which is located within the boundaries of Oak Point Water Control and Improvement District No. 3 (the "WCID");

WHEREAS, the Developer intends to develop a residential subdivision on the Property known as Shahan Lakeview, an addition to the Town of Oak Point, Denton County, Texas (the "Development"), in accordance with plans and specifications submitted to and approved by the District;

WHEREAS, the Developer submitted a request for the District to provide water and sewer service to the Property;

WHEREAS, the Developer will, at the Developer's sole cost, design and construct the internal water distribution and the wastewater gathering system that will provide water and sanitary sewer service to the individual lots located in the Development (the "On-Site Facilities");

WHEREAS, with the prior written approval of the District, the Developer will coordinate with the developer of Wildridge Estates in the design, construction and dedication to the District of facilities to bring sufficient water and wastewater service to the Development (the "Off-Site Facilities");

WHEREAS, the Developer will convey to the District various groundwater rights associated with the Property.

WHEREAS, the On-Site Facilities and the Off-Site Facilities may be hereinafter be

referred to as the "System Improvements"; and

WHEREAS, the District has agreed to take the actions necessary to make water and wastewater service available and to serve the Development pursuant to the terms and conditions of this Contract and the District's Rate Order.

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, the Developer and the District agree as follows:

1. Engineering and Design of the System Improvements.

The System Improvements shall be engineered and designed by a Texas Licensed Professional Engineer designated by the Developer and retained by the WCID in accordance with the applicable specifications of the District and all governmental agencies having jurisdiction. All plans and specifications for the System Improvements must be reviewed and approved by the District's consulting engineer prior to the issuance of any invitation for bids for construction of the System Improvements. After written 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 "System Improvements."

2. Required Easements or Rights-of-Way.

- A. The Developer shall be responsible for dedicating or acquiring any required easements across privately owned land or sites which the District determines are necessary for the construction or operation of the System Improvements and for obtaining any governmental approvals necessary to construct the System Improvements in public right-of-ways. Dedication may be accomplished by filing an approved final plat in the real property records of Denton County that dedicates sufficient easements for the extension of the District's facilities or the filing one or more easement grants, after the form and content has been approved by the District's attorney in writing.
- B. Any easements acquired by the 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 System Improvements. The legal instruments by which the Developer will acquire any such easements or will assign such easements to the District must be approved by the District's attorney prior to the acquisition of such easements by the Developer.

3. Construction of the System Improvements.

- A. To construct the System Improvements, the Developer shall select a qualified contractor subject to the District's approval or advertise for bids for construction of the System Improvements, in accordance with generally accepted bidding practices and Chapter 49, Texas Water Code.

- B. The System Improvements shall be constructed in accordance with the plans and specifications approved by the District's engineer 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 System Improvements. The 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.
- C. If the System Improvements are being constructed in a manner inconsistent with regulations and standards of the District or the District approved plans and specifications, the District may stop any work on the System Improvements until such time as the Developer and/or the Developer's contractor(s) agree to construct the System Improvements in accordance with the District's regulations and standards and the District approved plans and specifications. In addition, the District may require that any substandard work be removed and or corrected prior to resuming construction of the remainder of the System Improvements yet to be constructed.

4. Dedication of System Improvements to the District.

Upon proper completion of construction of the System Improvements, and final inspection and approval thereof by the District, the Developer shall dedicate the System Improvements to the District by an appropriate legal instrument approved by the District's attorney. The System Improvements shall thereafter be owned by the District subject to the Developer's maintenance bond in an amount of twenty percent (20%) of the total construction cost of the System Improvements and for a term of two (2) years. The Developer's maintenance bond is subject to the approval of the District's attorney. Any connection of individual customers to the System Improvements shall be made by the District.

5. Transfer of Groundwater Rights.

The Developer acknowledges that growth in the Dallas Fort Worth Metroplex has placed an increasing burden on the water resources in North Central Texas. Further, the Developer acknowledges that the District is dependent on groundwater and surface water to supply the needs of its customers and the District is uniquely qualified to utilize groundwater to relieve and balance the District's need for surface water. Therefore, in consideration of the District's commitment to provide water service to the Development, the Developer will at the time it executes this Contract, execute and deliver to the District the Groundwater Rights Warranty Deed attached hereto as Exhibit B. To the extent allowed by the rules and regulations of the North Texas Groundwater Conservation District, the Developer may drill one or more non Trinity Aquifer water wells solely for the Developer's irrigation purposes.

6. Service Investigation Fee.

The Developer has paid an initial Service Investigation Fee of **\$3,000.00** to the

District. Upon completing its service investigation, including the completion of all legal and engineering services associated with processing the Developer's service request, the District shall refund the remaining balance of the Service Investigation Fee, if any, to the Developer. However, if the initial Service Investigation Fee paid by the Developer is not sufficient to pay all expenses incurred or to be incurred by the District in performing the service investigation, the Developer shall pay or reimburse the District for such expenses upon written request by the District and receipt by the Developer of invoices from the District and any District consultants for such expenses, and the District shall have no obligation to continue processing the Developer's service request until the requested payment or reimbursement has been paid. Such expenses that may be incurred by the District in performing the service investigation include, without limitation, professional, administrative and other fees for:

- (a) reviewing and approving plats, plans and specifications;
- (b) obtaining or determining cost estimates for construction;
- (c) advertising and accepting bids for construction;
- (d) reviewing and preparing this Contract and documents described herein or related to the subject matter hereof; or
- (e) obtaining or providing other services as required by the District for such investigation.

7. Cost of System Improvements.

The Developer shall pay or reimburse the District for all costs for On-Site Facilities necessary to provide water and wastewater service to the Property and shall pay or reimburse the District for the prorata portion of costs for Off-Site Facilities necessary to provide service to the Property (all amounts paid or reimbursed by Developer for the System Improvements being referred to herein as, the "System Improvements Costs") and the District's provision of service to the Property including, without limitation, costs arising from or related to the following:

- (a) engineering and design;
- (b) acquisition of easements and rights-of-way;
- (c) construction;
- (d) inspections;
- (e) attorney's fees;
- (f) insurance and bond premiums; and
- (g) governmental or regulatory proceedings and approvals required to lawfully provide service.

Eighty percent (80%) of the actual construction cost of the Off-Site Facilities requested or required by the District shall be reimbursed by the District to the Developer by as set out in Section 8 of this Contract.

8. Connection Fees.

A. The District's Water Connection Fee for each residential water service connection in the Development is **\$2,500.00**. The District's Wastewater Connection Fee for

each residential wastewater connection in the Development is **\$2,650.00**. Payment of the Water Connection Fee and the Wastewater Connection Fee, together with the payment of the District's meter set fee of **\$550.00** and a customer deposit at the time of connection, will cover everything required by the District to obtain and receive water and sewer service from the District at a single family residential unit with a 5/8" x 3/4" meter. Exclusive of the customer deposit, the sum of the foregoing fees is **\$5,700.00** (the "Connection Payment"), which will be collected by the District at the time an application is made for water service to a developed lot or lots in the Development.

B. For Shahan Lakeview, Phase 1, Water Connection Fees and Wastewater Connection Fees will be paid to the District in the total amount of **\$566,500.00** for 110 water service connections in Phase 1 (the "Phase 1 Payment"). The Phase 1 Payment is to be paid through the District's collection of the Connection Payment as set out in the preceding Section 8 A.

C. The Developer will receive a credit equal to eighty percent (80%) of the actual construction cost of the Off-Site Facilities required by the District (the "Off-Site Credit"). The Off-Site Credit will not reduce or alter the amount of the Connection Payment. One-half of the Off-Site Credit will be paid by the District to the Developer within forty-five (45) days following the District's receipt of the 95th Connection Payment for water and wastewater service within the Development. The remainder of the Off-Site Credit will be paid within forty-five (45) days following the District's receipt of the 190th Connection Payment for water and wastewater service within the Development.

D. For Shahan Lakeview, Future Phases, Water Connection Fees and Wastewater Connection Fees will be paid to the District for each Future Phase (each, a "Future Phase Payment" and collectively, the "Future Phase Payments"). Each Future Phase Payment shall be equal to the Water Connection Fees and Wastewater Connection Fees for the connections in each Future Phase, and the Connection Payment for each single family residential unit to the District, a portion of which is applicable toward each Future Phase Payment, will be collected from each single family residential unit at the time of connection to the On-Site Facilities in each Future Phase. In no event shall the total Future Phase Payments exceed a total amount of **\$1,503,800.00** for the 292 planned water service connections in all Future Phases.

E. *No water meter will be set within Phase 1 or a Future Phase of the Development until the Connection Payment plus the customer deposit has been paid in full to the District.*

9. Annexation.

Contemporaneous with the execution of this Contract, the Developer will execute the Annexation Petition attached hereto as Exhibit C. Subsequently the District will prepare and file the necessary applications with the Texas Public Utility Commission in order to have the District's water and sewer CCNs revised to include the Property. To the extent reasonably necessary, the Developer agrees to support and assist with the District's CCN application together with the payment of the reasonable appraisal expenses and resulting

compensation, if any, that may be required to compensate Terra Southwest, Inc., pursuant to §13.254 of the Texas Water Code for the expedited release of a portion of CCN No. 11608.

10. Service from System Improvements.

After proper completion and dedication of the System Improvements to the District, the District shall provide continuous and adequate water and wastewater service to the Property, as conditioned upon:

A. The Developer complying with the terms and conditions of this Contract and the rules, regulations and Rate Order of the District;

B. The Developer paying all standard rates, fees and charges of the District;

C. The Developer paying all rates, fees and charges contained in this Contract including, without limitation, the Service Investigation Fees, Water Connection Fees and Wastewater Connection Fees;

D. It is understood and agreed by the parties that the obligation of the District to provide water service to the Property in the manner contemplated by this Contract is subject to the issuance of all permits, certificates and approvals required to lawfully provide such service by the Texas Commission on Environmental Quality, Texas Public Utility Commission and all other governmental agencies having jurisdiction.

E. Without the District's prior written approval, the Developer shall not:

- (1) construct or install additional water pipelines or water distribution facilities to service areas outside the Property;
- (2) add or incorporate any additional land to the Property for which water or wastewater service is to be provided pursuant to this Contract; or
- (3) extend or connect the System Improvements to or serve any person who, in turn, sells or furnishes water directly or indirectly to any other person.

11. Notices.

Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by delivery in person or by facsimile, or by sending said notice 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
7985 FM 2931
Aubrey, Texas 76227

Fax: (940) 440-9686

To Developer: Shahan Prairie, LP
Attn: Mehrdad Moayed
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234
Fax: (972) 732-6644

With a copy to the WCID:

Oak Point Water Control and Improvement District No. 3
c/o Kelly Hart & Hallman LLP
Attn: Ross Martin
201 Main Street, Suite 2500
Fort Worth, Texas 76102

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

12. 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 inabilityes' 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. *Notwithstanding the foregoing, force majeure does not apply to any monetary or financial duty or obligation of a party to this Contract.*

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.

The Developer shall indemnify and save harmless the District, 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 the Developer or its agents, representatives or employees in connection with or related to the Property, the Development, or the System Improvements.

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. 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.

17. Authority.

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

18. 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 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. Assignment.

The rights and obligations of the Developer under this Contract may not be assigned without the prior written consent of the District. This Contract shall be binding on and shall inure to the benefit of the heirs, successors and assigns of the parties.

25. Effective Date.

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

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 13 day of January, 2015.

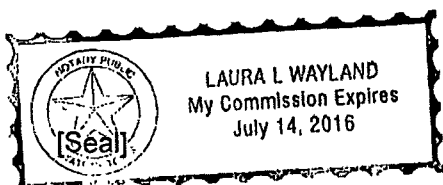
DEVELOPER:
SHAHAN PRAIRIE, LP.
a Texas limited partnership,
by its general partner,
Shahan GP, LLC

By: [Signature]
Mehrdad Moayed, Manager

STATE OF TEXAS

COUNTY OF Dallas

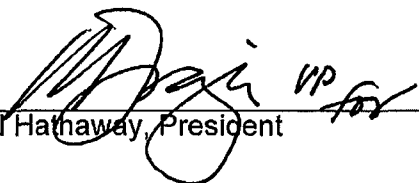
BEFORE ME the undersigned authority appeared Mehrdad Moayed, manager of Shahan GP, LLC, a Texas limited liability company, the general partner of Shahan Prairie, L.P., a Texas limited partnership, on behalf of the company for the consideration herein expressed.



[Signature]
Notary Public for the State of Texas

EXECUTED on this the 2 day of March, 2015.

MUSTANG SPECIAL UTILITY DISTRICT

By:  VP for
Bill Hathaway, President

STATE OF TEXAS

COUNTY OF DENTON

VP Mike Frazier
Vice

Before me the undersigned notary public appeared ~~Bill Hathaway~~, President of Mustang Special Utility District, a political subdivision of the State of Texas, on behalf of such District for the consideration therein expressed.





Notary Public for the State of Texas

EXHIBIT A

DESCRIPTION OF THE PROPERTY

LEGAL DESCRIPTION

BEING A 102.438 ACRE TRACT OF LAND SITUATED IN THE E.A. SHAHAN SURVEY, ABSTRACT NO. 1204, E.A. SHAHAN SURVEY, ABSTRACT NO. 1205, AND THE LAWSON CLARK SURVEY, ABSTRACT NO. 311, DENTON COUNTY, TEXAS, AND BEING ALL OF A CALLED 102.324 ACRE TRACT OF LAND, CONVEYED TO SHAHAN PRAIRIE, L.P. BY DEED RECORDED IN INSTRUMENT 2004-125495 REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, SAID 102.438 ACRE TRACT, WITH BEARING BASIS BEING GRID NORTH, TEXAS STATE PLANE COORDINATE SYSTEM NAD83 (CORS), NORTH CENTRAL ZONE 4202 BASED ON GPS MEASUREMENTS ON JULIAN DAY 329, 2004 FROM COLLIN COUNTY CORS ARP (PIN DF8982), DENTON CORS ARP (PIN DF8986) AND ARLINGTON RRP2 CORS ARP (PIN DF5387), BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD FOUND FOR THE SOUTHWEST CORNER OF SAID 102.324 ACRE TRACT AND BEING THE SOUTHEAST CORNER OF A CALLED 267.403 ACRE TRACT OF LAND CONVEYED BY DEED TO PRAIRIE OAKS, LTD., RECORDED IN INSTRUMENT NO. 2004-135309, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS;

THENCE, NORTH 45 DEGREES 58 MINUTES 11 SECONDS EAST, ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID 267.403 ACRE TRACT, A DISTANCE OF 100.64 FEET TO A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR CORNER;

THENCE, NORTH 01 DEGREES 10 MINUTES 45 SECONDS EAST, CONTINUING ALONG SAID COMMON LINE, A DISTANCE OF 2708.94 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE WESTERLY NORTHWEST CORNER OF SAID 102.324 ACRE TRACT AND BEING INTERIOR ELL CORNER OF SAID 267.403 ACRE TRACT;

THENCE, SOUTH 87 DEGREES 36 MINUTES 02 SECONDS EAST, ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID 267.403 ACRE TRACT, A DISTANCE OF 644.41 FEET TO A 2 INCH IRON PIPE FOUND FOR A NORTHWESTERLY INTERIOR ELL CORNER OF SAID 102.324 ACRE TRACT AND BEING EXTERIOR ELL CORNER OF SAID 267.403 ACRE TRACT;

THENCE, NORTH 01 DEGREES 27 MINUTES 58 SECONDS EAST, CONTINUING ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID 267.403 ACRE TRACT, A DISTANCE OF 669.69 FEET TO A CONCRETE MONUMENT FOUND FOR THE NORTHEAST CORNER OF SAID 267.403 ACRE TRACT AND THE SOUTH CORNER OF THE REMAINDER OF A TRACT OF LAND CONVEYED TO THE UNITED STATES OF AMERICA RECORDED IN VOLUME 388, PAGE 241, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS AND BEING DEFINED AS PARCEL NO. 2 BY QUIT CLAIM DEED TO J.R. PATTERSON AND WIFE SARAH A. PATTERSON, RECORDED IN VOLUME 466, PAGE 136, REAL PROPERTY RECORDS, DENTON COUNTY TEXAS,

THENCE, NORTH 01 DEGREES 02 MINUTES 35 SECONDS EAST, ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID REMAINDER UNITED STATES OF AMERICA TRACT, A DISTANCE OF 386.58 FEET TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAID SHAHAN PRAIRIE, L.P. TRACT AND BEING THE WESTERLY SOUTHWEST CORNER OF A TRACT OF LAND CONVEYED BY DEED TO THE UNITED STATES OF AMERICA, RECORDED IN VOLUME 420, PAGE 577, REAL PROPERTY RECORDS, DENTON COUNTY TEXAS;

THENCE, ALONG THE COMMON NORTHEAST LINE OF SAID 102.324 ACRE TRACT AND THE SOUTHWEST LINE OF SAID UNITED STATES OF AMERICA TRACT, THE FOLLOWING COURSES AND DISTANCES:

SOUTH 64 DEGREES 40 MINUTES 04 SECONDS EAST, A DISTANCE OF 308.97 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

SOUTH 07 DEGREES 00 MINUTES 47 SECONDS EAST, A DISTANCE OF 674.54 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

SOUTH 36 DEGREES 43 MINUTES 47 SECONDS WEST, A DISTANCE OF 260.07 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

SOUTH 26 DEGREES 28 MINUTES 10 SECONDS EAST, A DISTANCE OF 274.87 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

NORTH 85 DEGREES 42 MINUTES 21 SECONDS EAST, A DISTANCE OF 823.99 FEET TO A POINT FOR CORNER;

SOUTH 39 DEGREES 51 MINUTES 41 SECONDS EAST, A DISTANCE OF 249.76 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

SOUTH 54 DEGREES 35 MINUTES 21 SECONDS WEST, A DISTANCE OF 550.00 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER;

SOUTH 16 DEGREES 37 MINUTES 54 SECONDS WEST, A DISTANCE OF 191.89 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER AT THE SOUTHWEST CORNER OF SAID UNITED STATES OF AMERICA TRACT;

THENCE, SOUTH 88 DEGREES 59 MINUTES 50 SECONDS EAST, A DISTANCE OF 438.88 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER AT THE NORTHWEST CORNER OF THE REMAINDER OF A TRACT OF LAND CONVEYED TO THE UNITED STATES OF AMERICA RECORDED IN VOLUME 392, PAGE 398, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS AND BEING DEFINED AS PARCEL NO. 4 BY QUIT CLAIM DEED TO R.E. MARTIN AND WIFE EDNA MARTIN, RECORDED IN VOLUME 466, PAGE 171, REAL PROPERTY RECORDS, DENTON COUNTY TEXAS,

THENCE, ALONG THE COMMON NORTHEAST LINE OF SAID 102.324 ACRE TRACT AND THE WEST LINE OF SAID UNITED STATES OF AMERICA TRACT, THE FOLLOWING COURSES AND DISTANCES:

SOUTH 00 DEGREES 52 MINUTES 20 SECONDS EAST, A DISTANCE OF 561.88 FEET TO A CONCRETE MONUMENT FOR CORNER;

SOUTH 51 DEGREES 53 MINUTES 15 SECONDS WEST, A DISTANCE OF 181.76 FEET TO A 1/4 INCH IRON ROD FOUND FOR CORNER;

SOUTH 35 DEGREES 13 MINUTES 27 SECONDS EAST, A DISTANCE OF 508.98 FEET TO A CONCRETE MONUMENT FOUND FOR CORNER AT THE EASTERLY SOUTHEAST CORNER OF SAID 102.324 ACRE TRACT AND BEING THE NORTHEAST CORNER OF KNOB HILL LAKE ESTATES AN ADDITION TO DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT RECORDED IN VOLUME 3, PAGE 12, MAP RECORDS, DENTON COUNTY, TEXAS;

THENCE, ALONG THE COMMON SOUTH LINE OF SAID 102.324 ACRE TRACT AND THE NORTH LINE OF SAID KNOB HILL LAKE ESTATES, THE FOLLOWING COURSES AND DISTANCES:

NORTH 81 DEGREES 39 MINUTES 16 SECONDS WEST, A DISTANCE OF 1008.14 FEET TO A 3/4 INCH IRON ROD FOUND FOR CORNER;

NORTH 83 DEGREES 43 MINUTES 58 SECONDS WEST, A DISTANCE OF 433.65 FEET TO A 3/8 INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID KNOB HILL LAKE ESTATES AND THE SOUTHEAST INTERIOR ELL CORNER OF SAID 102.324 ACRE TRACT;

THENCE, SOUTH 01 DEGREES 15 MINUTES 01 SECONDS WEST, ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID KNOB HILL LAKE ESTATES, PASSING AT A DISTANCE OF 1679.99 FEET A 5/8 INCH IRON ROD WITH A YELLOW PLASTIC CAP STAMPED "CARTER BURGESS" SET FOR WITNESS, CONTINUING A TOTAL DISTANCE OF 1754.99 FEET TO POINT FOR CORNER IN THE ASPHALT OF AFORESAID SHAHAN PRAIRIE ROAD;

THENCE, NORTH 88 DEGREES 46 MINUTES 02 SECONDS WEST, A DISTANCE OF 19.04 FEET TO A POINT FOR CORNER ON THE NORTHEAST LINE OF A TRACT OF LAND CONVEYED BY DEED TO CRAIG OLDEN RECORDED IN COUNTY CLERK'S FILE NO 93-R0026195, REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS;

THENCE, NORTH 44 DEGREES 03 MINUTES 14 SECONDS WEST, ALONG THE COMMON LINE OF SAID 102.324 ACRE TRACT AND SAID CRAIG OLDEN TRACT, A DISTANCE OF 1028.84 FEET TO THE POINT OF BEGINNING AND CONTAINING 102.438 ACRES OF LAND, MORE OR LESS.

EXHIBIT B

GROUNDWATER DEED

Date: _____, 2015

Grantor: Shahan Prairie, LP

Grantor's Mailing Address: 1221 N I-35 E, Suite 200, Carrollton, TX 75006

Grantee: MUSTANG SPECIAL UTILITY DISTRICT

Grantee's Mailing Address: 7985 FM 2931, Aubrey, Texas 76227

Groundwater Authority: North Texas Groundwater Conservation District

Consideration: Ten dollars and other good and valuable consideration

Real Property: 102.324 acres in the E. A. Shahan Survey, Abstracts No. 1204 and No. 1205, and the Lawson Clark Survey, Abstract No. 311, an addition to the Town of Oak Point, Denton County, Texas, according to the final plat thereof filed in the real property records of Denton County, Texas, particularly described in metes and bounds description attached hereto.

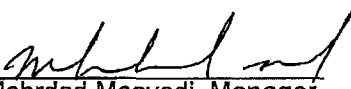
Groundwater: All of the underground water that may be produced from the Trinity Aquifer at depths and horizons beneath the surface of the Real Property.

Groundwater Rights: (1) The Groundwater and the right to test, explore for, drill for, develop, withdraw, capture, or otherwise beneficially use the Groundwater; (2) the right to use the surface of the Real Property for access to and to explore for, develop, produce and transport the Groundwater; and (3) all permits, licenses, or other governmental authorizations relating to any of the foregoing.

Reservation from Conveyance: Grantor reserves the rights to use the Groundwater in connection with its surface estate that does not lie within the Trinity Aquifer for domestic irrigation purposes.

Grantor, for the Consideration and subject to the Reservations from Conveyance grants, sells, and conveys to Grantee the Groundwater Rights, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee for as long as Grantee holds a Certificate of Convenience and Necessity to provide water and sewer to the Real Property or is actually providing water to the Real Property. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Groundwater Rights to Grantee against every person whomsoever lawfully claiming by through the Grantor.

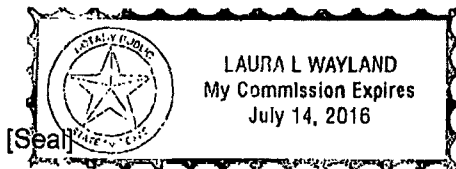
SHAHAN PRAIRIE, LP.,
a Texas limited
partnership, by its general
partner, Shahan GP, LLC

By: 
Mehrdad Moayed, Manager

STATE OF TEXAS

COUNTY OF

BEFORE ME the undersigned authority appeared **Mehrdad Moayed**, manager of Shahan GP, LLC, a Texas limited liability company, the general partner of Shahan Prairie, L.P., a Texas limited partnership, on behalf of the company for the consideration herein expressed.





Notary Public for the State of Texas

EXHIBIT C

**MUSTANG SPECIAL UTILITY DISTRICT
ANNEXATION PETITION
(TEXAS WATER CODE § 4.301)**

TO THE BOARD OF DIRECTORS OF MUSTANG SPECIAL UTILITY DISTRICT:

The undersigned owner of a 102.324 acre tract in the E. A. Shahan Survey, Abstracts No. 1204 and No. 1205, and the Lawson Clark Survey, Abstract No. 311, an addition to Denton County, Texas, more particularly described in Exhibit A, attached hereto, (the "Property") hereby petitions the Mustang Special Utility District (the "District") pursuant to Texas Water Code §49.301, to extend its present geographical boundaries of the District to include the Property as part of the District.

The undersigned certifies that to the best of its knowledge the Property is not within the CCN of any water utility. The Property is located within the geographical boundaries of Oak Point Water Control and Improvement District No. 3, a special district with the power to offer water and wastewater service. This petition is signed and duly acknowledged by each and every person, partnership, or corporation having an interest in said land.

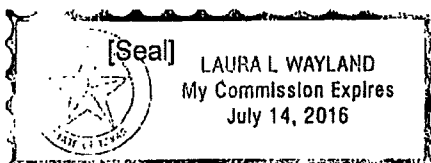
SHAHAN PRAIRIE, LP.,
a Texas limited partnership,
by its general partner,
Shahan GP, LLC


By: 
Mehrdad Moayed, Manager

STATE OF TEXAS

COUNTY OF Dallas

BEFORE ME the undersigned authority appeared Mehrdad Moayed, manager of Shahan GP, LLC, a Texas limited liability company, the general partner of Shahan Prairie, L.P., a Texas limited partnership, on behalf of the company for the consideration herein expressed.




Notary Public for the State of Texas

May 7, 2019

Mr. Chris Boyd
Mustang Special Utility District
7985 FM 2931
Aubrey, Texas 76227

RE: Request for Water and Sewer Service from Mustang Special Utility District

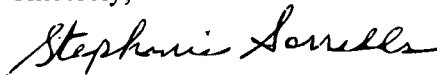
Dear Mr. Boyd:

This letter is to request that Mustang Special Utility District provide retail water and sewer service to an approximate 324.64-acre tract of land owned by Denton Sorrells, LLC in Denton County, Texas. The specific land at issue is identified on the survey and legal description attached as Exhibit A.

The landowner anticipates the property being developed in the near future as a residential and/or commercial development and will require water and sewer service for lots within the development. I understand that Mustang SUD is in the process of preparing an application for an amendment to its water and sewer CCN, and I ask that our property be included in the application.

Thank you for your consideration. Should you have questions do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Sorrells". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Stephanie Sorrells
Denton Sorrells, LLC

May 7, 2019

Mr. Chris Boyd
Mustang Special Utility District
7985 FM 2931
Aubrey, Texas 76227

RE: Request for Water and Sewer Service from Mustang Special Utility District

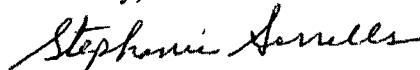
Dear Mr. Boyd:

This letter is to request that Mustang Special Utility District provide retail water and sewer service to an approximate 62-acre tract of land owned by Punkadilly, Ltd. in Denton County, Texas. The specific land at issue is identified on the survey and legal description attached as Exhibit A.

The landowner anticipates the property being developed in the near future as a residential and/or commercial development and will require water and sewer service for lots within the development. I understand that Mustang SUD is in the process of preparing an application for an amendment to its water and sewer CCN, and I ask that our property be included in the application.

Thank you for your consideration. Should you have questions do not hesitate to contact me.

Sincerely,



Stephanie Sorrells
President
Punkadilly, Ltd.

Denton County,

Years

FILED MAR 26 1968
CLERK U.S. DIST. CT.
S.D. CALIF.

வி. பஞ்சவர்ண சுரு.,
மதுரை.

61.57 AC.

COPIES DESTROYED IN 1975
64-2806406

SMILEY ROAD

ROBERT GOWAN SUR., ABST. 211

CONFIDENTIAL INFORMATION
DO NOT DISCLOSE TO OTHERS

T. GEN SUR; ABST. 309

JOHN MORTON
SUR., ABST., 791

[illegible]

ELUDD for COLUMBIA The priority shown herein is not stated in a disclaimer space found below one per "Our Way" in 48170226 C, dated 4/2/17

It is hereby certified that the following is an accurate representation of the contents of the above entitled document as the same appears in the original. The original is on file in the Federal Bureau of Investigation, Department of Justice, and is available for inspection by the public. The original is on file in the Federal Bureau of Investigation, Department of Justice, and is available for inspection by the public. The original is on file in the Federal Bureau of Investigation, Department of Justice, and is available for inspection by the public.

DATE SEPTEMBER 27, 1964

U.S. GOVERNMENT PRINTING OFFICE: 1964

[Signature]
Liam's & Beth's
Empire's Finest Wine



مستطابق

6137 ACME TRACT
T & P BAYVIEW 512 8-1200

1 5-37
BENTON COUNTY TEXAS

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ஜ.க. சிமில், ★
உள்துறை அமைச்சர்

**Engineering Programme
and Strategy**

1960-1961
1962-1963
1964-1965

Part 13.B Effect of Granting a Certificate Amendment

Effect on Applicant:

Granting this amendment will have a positive effect on Mustang SUD, and its customers, by allowing Mustang to increase its customer base and improving its ability to provide high quality and cost effective water service. Mustang already provides water and sewer service to customers on properties adjacent to the proposed area.

Effect on retail public utility of the same kind already serving the proximate area:

Requested Area 1: This area for water consists of approximately 324.64 acres owned by Denton Sorrells, LLC and approximately 61.58 acres owned by Punkadilly, LTD, both of which have been decertified from Aqua Texas, Inc.'s water CCN No. 13201.

On January 29, 2019, the PUC signed a Notice of Approval in PUC Docket No. 48700 approving Denton Sorrells, LLC's petition to amend Aqua Texas, Inc.'s certificate of convenience and necessity (CCN) No. 13201 by expedited release. The PUC Notice of Approval (see Attachment Part B.6.1) approved the petition and released the 324.64 acres owned by Denton Sorrells, LLC from Aqua Texas, Inc.'s water CCN No. 13201 in Denton County.

On January 29, 2019, the PUC signed a Notice of Approval in PUC Docket No. 48975 approving Punkadilly, LTD's petition to amend Aqua Texas, Inc.'s certificate of convenience and necessity (CCN) 13201 by expedited release. The PUC Notice of Approval (see Attachment Part B.6.2) approved the petition and released the 61.58 acres owned by Punkadilly, LTD from Aqua Texas, Inc.'s water CCN No. 13201 in Denton County.

There are currently no customers and no service being provided in this area. Both of these tracts are already located within the Mustang SUD sewer CCN No. 20930.

Additionally, Requested Area 1 includes the CADG Sutton Fields 494.819-acre tract that was decertified from Mustang SUD water CCN No. 11856 and sewer CCN No. 20930 in Docket No. 44629 (see Attachment Part B.6.3a). Later, the City of Celina in PUC Docket No. 45151 (see Attachment Part B.6.3b) sought PUC approval to provide water and sewer service to this area and was ordered to pay \$258,081 to Mustang SUD prior to serving. The payment has not been made, and the City has chosen to not provide retail water or sewer service to the area. The PUC's mapping database shows the area is currently under no CCN for water or sewer.

Requested Area 1 also includes the CADG Crutchfield 128-acre tract that the City of Celina was allowed to provide water and sewer service to in PUC Docket No. 45848 (see Attachment Part B.6.4). The City of Celina has chosen not to provide retail water or sewer service. The PUC's mapping database shows the area is currently under no CCN for water or sewer.

Homes are already construction or are being built in these areas and Mustang is already providing water and sewer service in these two areas.

Requested Area 2: Shahan Prairie Tract is a 180-acre tract which was decertified from Terra Southwest, CCN No. 11608 TCEQ Application No. 37389-C. Mustang SUD is already providing water service to homes in this area and currently it is within the Mustang SUD sewer CCN No. 20930.

Effect on any landowner(s) in the requested area:

Approving this application will have positive impacts on landowners in the requested area, as it will allow the construction of new residential developments to proceed, which is the desire of the landowners. As a regional service provider, Mustang SUD will be able to provide the landowners cost effective water and sewer service, and high quality continuous and adequate water and sewer service.

Part C.14. Ability to Provide Adequate Service

Mustang SUD is a regional water provider governed by an elected board of directors. Mustang SUD provides water service to more than 17,435 existing customer connections within its existing water CCN 11856, and has access to ample supplies of water via its contracts with the Upper Trinity Water District, and its long-standing relationship with Upper Trinity Water District.

Mustang SUD also currently operates a sewer collection system and provides sewer service to more than 3000 customer connections within its existing sewer CCN 20930 and meets the required standards in providing such service. Mustang SUD contracts with the Upper Trinity Regional Water District for most of Mustang SUD's sewer treatment capacity, although Mustang recently obtained TCEQ water quality Permit No. WQ0015536001, which plant will serve the customers in the Requested Area 1 (Denton Sorrells, LLC and Punkadilly, Ltd.)

Part C.15 Experience and Qualification of the Applicant to Provide Continuous and Adequate Retail Service

Mustang SUD is a regional water provider governed by an elected board of directors. Mustang SUD provides water service to more than 17,435 existing customer connections within its existing water CCN 11856, and has access to ample supplies of water via its contracts with the Upper Trinity Water District, and its long-standing relationship with Upper Trinity.

Mustang SUD also currently operates a sewer collection system and provides sewer service to more than 3000 customer connections within its existing sewer CCN 20930 and meets the required standards in providing such service. Mustang SUD contracts with the Upper Trinity Regional Water District for most of Mustang SUD's sewer treatment capacity, although Mustang recently obtained TCEQ water quality Permit No. WQ0015536001, which plant will serve the customers in the Requested Area 1 (Denton Sorrells, LLC and Punkadilly, Ltd.)

Attachment C.19 - List of Neighboring systems,
cities, etc.

TCEQ WATER DISTRICTS	Address	City	State	Zip
Denton County FWSD 10	724 Savannah Blvd.	Savannah	TX	76277
	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
Denton County MUD 6	c/o Coats Rose	Dallas	TX	72554
	14755 Preston Rd., Suite 600			
Denton County MUD 7	c/o Coats Rose	Dallas	TX	72554
	14755 Preston Rd., Suite 600			
Highway 380 Municipal Management District 1	c/o Coats Rose	Dallas	TX	72554
	14755 Preston Rd., Suite 600			
Mobberly MUD	c/o Coats Rose	Dallas	TX	72554
	14755 Preston Rd., Suite 600			
Prosper Management District 1	5420 LBJ FWY STE 1300	Dallas	TX	75240
Smiley Road WCID	Winstead, PC	Dallas	TX	75201
	2728 N. Harwood St., Suite 500			
Talley Ranch WCID 1 of Denton County	c/o Coats Rose	Dallas	TX	72554
	14755 Preston Rd., Suite 600			
Upper Trinity Regional Water District	P.O. Box 305	Lewisville	TX	75067-0305
Denton County FWSD 11-A	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
Denton County FWSD 11-B	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
Denton County FWSD 8-A	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
Denton County FWSD 4	4103 Valley View Dr.	Rosharon	TX	77583
	600 N Pearl St., Suite 900	Dallas	TX	75201
Denton County MUD 4	1980 Post Oak Blvd., Suite 1380	Houston	TX	77056-3970
Denton County MUD 5	P. O. Box 80	Tomball	TX	77377
	1980 POST OAK BLVD STE 1380	Houston	TX	77056
Denton County MUD 8	1980 Post Oak Blvd., Suite 1380	Houston	TX	77056-3970
Oak Point WCID 1	3100 McKinnon St., Suite 1100	Dallas	TX	75201
Oak Point WCID 2	3100 McKinnon St., Suite 1100	Dallas	TX	75201
Oak Point WCID 3	c/o Coats Rose 14755 Preston Rd., Suite 600	Dallas	TX	72554
Oak Point WCID 4	c/o Coats Rose 14755 Preston Rd., Suite 600	Dallas	TX	72554
Valencia on the Lake WCID	19 Briar Hollow Ln, Suite 245	Houston	TX	77027
Comanche Municipal Management District	c/o City of Aubrey	Aubrey	TX	76227
	107 S. Main St.			

Attachment C.19 - List of Neighboring systems,
cities, etc.

Creeks of Legacy PID	c/o City of Celina, Finance Dept. 142 N. Ohio St	Celina	TX	75009
Jackson Ridge Public Improvement District	c/o City of Aubrey 107 S. Main St.	Aubrey	TX	76227
Smiley Road WCID 1	Winstead, PC 2728 N. Harwood St., Suite 500	Dallas	TX	75201
Smiley Road WCID 2	Winstead, PC 2728 N. Harwood St., Suite 500	Dallas	TX	75201
Sutton Fields II PID	c/o City of Celina, Finance Dept. 142 N. Ohio St		TX	75009
Talley Ranch WCID 1 of Denton County	c/o Coats Rose 14755 Preston Rd., Suite 600	Dallas	TX	72554
Wildridge PID	c/o City of Oak Point 100 Naylor Road	Oak Point	TX	75068
Winn Ridge South PID	c/o City of Aubrey 107 S. Main St. Town of Little Elm, Finance Dept.	Aubrey Little Elm	TX	76227
Lakeside Estates PID 2	100 W. Eldorado Parkway		TX	75068
Lakewood Village Municipal Development District	Town of Lakewood Village 100 Highridge Dr.	Lakewood Village	TX	75068
Little Elm TIRZ 3	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068
Little Elm TIRZ 5	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068
Little Elm TIRZ 6	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068
Prairie Oaks PID 1	City of Oak Point 100 Naylor Road	Oak Point	TX	75068
Rudman Tract PID	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068
Shahan Prairie Road PID	City of Oak Point 100 Naylor Road	Oak Point	TX	75068
Valencia on the Lake PID	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068

Attachment C.19 - List of Neighboring systems,
cities, etc.

Valencia on the Lake TIRZ 4	Town of Little Elm 100 W. Eldorado Parkway	Little Elm	TX	75068
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CITIES

City of Aubrey	107 S. Main St.	Aubrey	TX	76227
City of Celina	142 N. Ohio St	Celina	TX	75009
Town of Cross Roads	1401 FM 424	Cross Roads	TX	76227
Town of Little Elm	100 W. Eldorado Pwky	Little Elm	TX	75068

City of Pilot Point	102 E. Main St.	Pilot Point	TX	76258
City of Prosper	P. O. Box 307	Prosper	TX	75078
Lakewood Village ETJ	Town of Lakewood Village100 Highridge Dr.	Lakewood Village	TX	75068
City of Oak Point	100 Naylor Road	Oak Point	TX	75068

CERTIFIED WATER CCN Areas

AQUA TEXAS INC (CCN 13201)	1106 Clayton Lane Suite 400W	Austin	TX	78723
CITY OF CELINA (CCN 12667)	142 N. Ohio St	Celina	TX	75009
CITY OF PROSPER (CCN 12967)	P. O. Box 307	Prosper	TX	75078
DENTON COUNTY FWSD 10 (CCN 13021)	724 Savannah Blvd.	Savannah	TX	76277
	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
WATER ASSN OF NORTH LAKE INC (CCN 12198)	25 Dove Creek Dr.	Aubrey	TX	76227
	1807 N. Elm St. Suite 109	Denton	TX	76201
DENTON COUNTY FWSD 11 (CCN 13022)	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
DENTON COUNTY FWSD 8A (CCN 1318)	19 Briar Hollow Ln, Suite 245	Houston	TX	77027-2858
KNOB HILL WATER SYSTEM (CCN 11414)	2861 High Meadow	Little Elm	TX	75068
TERRA SOUTHWEST INC (CCN 11608)	P. O. Box 140	Alvord	TX	76225
TOWN OF HACKBERRY (CCN 12015)	119 Maxwell Road	Frisco	TX	75034

Counties

Denton County	100 West Hickory Street, 2nd Floor	Denton	TX	76201-4168
Hon. Andy Eads County Judge				

Attachment C.19 - List of Neighboring systems,
cities, etc.

Collin County Hon. Chris Hill County Judge	Collin County Administrative Bldg. 2300 Bloomdale Rd., Suite 4192	McKinney	TX	75071
Groundwater Districts				
North Texas Groundwater Conservation District	P. O. Box 508	Gainesville	TX	76241

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



ATTACHMENT Part D.20.A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 20, 2017

Mr. Mike Frazier, President
Mustang Special Utility District (SUD)
7985 FM 2931
Aubrey, Texas 76227

RECEIVED

JUN 03 2019

TCEQ
CENTRAL FILE ROOM

Re: Public Water Supply Comprehensive Compliance Investigation at:
Mustang SUD-Countryview Estates, Countryview Dr., Aubrey, Denton County, Texas
RN102683620, PWS ID No. 0610200, Investigation No. 1393866

Dear Mr. Frazier:

On January 30-31, 2017, Ms. Crystal Watkins of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Watkins in the D/FW Regional Office at (817) 588-5804.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

CM/cdw

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



Attachment D.20.A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 20, 2017

RECEIVED

JUN 03 2019

TCEQ
CENTRAL FILE ROOM

Mr. Mike Frazier, President
 Mustang Special Utility District (SUD)
 7985 FM 2931
 Aubrey, Texas 76227

Re: Public Water Supply Comprehensive Compliance Investigation at:
 Mustang SUD-Light Ranch Estates, Fritcher Rd., Pilot Point, Denton County, Texas
 RN101181576, PWS ID No. 0610226, Investigation No. 1393853

Dear Mr. Frazier:

On January 30-31, 2017, Ms. Crystal Watkins of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for public water supply systems. No violations are being alleged as a result of the investigation.

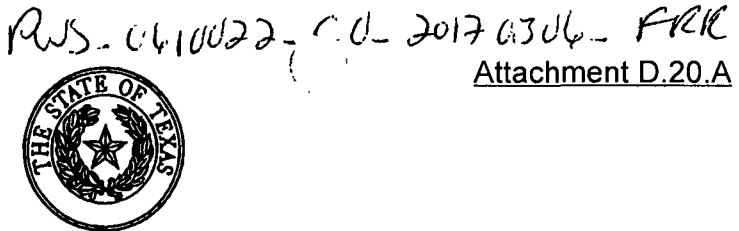
The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Watkins in the D/FW Regional Office at (817) 588-5804.

Sincerely,

Charles Marshall
 Team Leader, Public Water Supply Program
 D/FW Regional Office

CM/cdw

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



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 6, 2017

RECEIVED

MAY 16 2017

TCEQ
CENTRAL FILE ROOM

Mr. Mike Frazier, President
Mustang Special Utility District (SUD)
7985 Farm to Market Road (FM) 2931
Aubrey, Texas 76227-3940

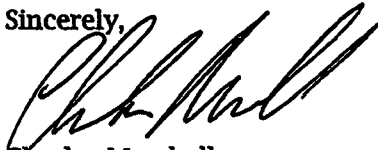
Re: Notice of Compliance with Notice of Violation (NOV) dated January 11, 2017:
Midway Water Utility, 642 Martingale Trail, Oak Point, Denton County, Texas
RN 101455020, PWS ID No. 0610022, Investigation No. 1382518

Dear Mr. Frazier:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (D/FW) Regional Office has received adequate compliance documentation on February 7, 2017, to resolve the alleged violations documented during the investigation of the above-referenced regulated entity conducted on December 14, 2016. Based on the information submitted, no further action is required concerning this investigation.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions, please feel free to contact Ms. Daniela Hill at the D/FW Regional Office at (817) 588-5810.

Sincerely,



Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

CM/dh

Enclosure: Summary of Investigation Findings

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 25, 2019

Mr. Mike Frazier, President
Mustang Special Utility District (SUD)
7985 FM 2931
Aubrey, Texas 76227

Re: Incident No. 302302

Dear Mr. Frazier:

On January 27, 2019, the Texas Commission on Environmental Quality (TCEQ) Dallas-Fort Worth Region Office received a complaint alleging low water pressure from the Mustang SUD public water system. The complaint was investigated by Environmental Investigator, Mr. Gregory Nagel.

The enclosed report describes the findings that were noted during the investigation.

The TCEQ appreciates your interest in protecting the quality of our environment. If you have any questions concerning these findings, or if we can be of further assistance, please contact Mr. Nagel directly at 817-588-5871 or the DFW Region Office at (817) 588-5800.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Marshall".

Charles Marshall
Team Leader, Public Water Supply Program
D/FW Regional Office

CM/gpn

Enclosure: Investigation Report No. 1548252 (w/o attachments)

PWS_0610036_CP_20190218_Investigation
Texas Commission on Environmental Quality
Investigation Report

The TCEQ is committed to accessibility. If you need assistance in accessing this document, please contact oee@tceq.texas.gov

Customer: Mustang Sud
Customer Number: CN601363534

Regulated Entity Name: MUSTANG SUD

Regulated Entity Number: RN101457414

Investigation # 1548252

Incident Numbers

302302

Investigator: GREGORY NAGEL

Site Classification GW >1K-10K CONNECTION
P >1K-10K CONNECTION

Conducted: 02/08/2019 -- 02/18/2019

SIC Code: 4941

Program(s): PUBLIC WATER SYSTEM/SUPPLY

Investigation Type: Compliance Investigation

Location:

Additional ID(s): 0610036

Address: 7985 FM 2931,
AUBREY, TX, 76227

Local Unit: REGION 04 - DFW METROPLEX

Activity Type(s): PWSRECON - PWS Recon-
Reconnaissance investigation for
surface water and groundwater
facilities.
PWSCMPL - PWS Complaint

Principal(s):

Role	Name
RESPONDENT	MUSTANG SUD

COPY

Contact(s):

Role	Title	Name	Phone
PARTICIPATED IN	OPERATIONS MANAGER	MR ALDO ZAMORA	Fax (940) 440-9686 Work (940) 440-9561 x. 109
REGULATED ENTITY CONTACT	OPERATIONS MANAGER	MR ALDO ZAMORA	Fax (940) 440-9686 Work (940) 440-9561 x. 109
REGULATED ENTITY MAIL CONTACT	PRESIDENT	MR MIKE FRAZIER	Work (940) 440-9561

Other Staff Member(s):

Role	Name
Supervisor	CHARLES MARSHALL
QA Reviewer	CHARLES MARSHALL

Associated Check List

Checklist Name

PWS COMPLAINT INVESTIGATION
PWS INVESTIGATION - EQUIPMENT
MONITORING AND SAMPLING revised 06/2013

Unit Name

CMPL - 0610036
EQUIP - 0610036

Investigation Comments:

INTRODUCTION

On January 27, 2019, the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth (DFW) Regional Office received a complaint regarding low water pressure at the Mustang Special Utility District (Mustang SUD) water system. The complaint Incident #302302 was assigned to Mr. Gregory Nagel, TCEQ Environmental Investigator, for further investigation.

A complaint and reconnaissance investigation were conducted from February 8 through 18, 2019. No violations were noted during the investigation and a copy of the investigation report was mailed to the water system and the complainant following the investigation.

GENERAL FACILITIES AND PROCESS INFORMATION

Mustang SUD is a community water system located in Denton County, Texas. The water system serves 6,612 connections with an approximate population of 19,836 people based three people per connection. The water system has five groundwater wells which supplies five pump stations and Pressure Plane #1. Chloraminated water from Upper Trinity Regional Water District (UTRWD) Regional Water Treatment Plant (PWS ID# 0610213) supplies one pump station and one pressure plane to Mustang SUD at a minimum purchase rate of 2,014 gallons per minute (gpm) in Pressure Plane #2. For additional facility and process information, see Investigation Number 1402420.

BACKGROUND

The most recent comprehensive compliance investigation, Investigation Number 1402420, was conducted on January 30 and 31, 2017. Two violations were noted during the investigation and a Notice of Violation (NOV) was mailed to the water system.

Several complaints have been filed against the water system in the last five years.

Incident Number 240583 was received on July 26, 2016, concerning discolored water. No alleged violations were noted as a result of the complaint investigation, Investigation Number 1363170.

Incident Number 240595 was received on January 13, 2017, concerning low water pressure and water outages. No alleged violations were noted as a result of the complaint investigation, Investigation Number 1393773.

Incident Number 269927 was received on August 24, 2017, concerning low water pressure. No alleged violations were noted as a result of the complaint investigation, Investigation Number 1443410.

Incident Number 293361 was received on September 26, 2018, concerning low water pressure. No alleged violations were noted as a result of the complaint investigation, Investigation Number 1525060.

ADDITIONAL INFORMATION

On January 27, 2019, a complaint was received by email at the TCEQ Region 4 office. The complainant alleged that they have very low water pressure from the Mustang SUD water system. The complainant was contacted by the investigator on February 8, 2019, to discuss their complaint and notify them that their complaint would be investigated.

On January 29 and February 4, 2019, the investigator attempted to contact the complainant, however, they could not be reached, and a voicemail was left requesting them to contact the TCEQ DFW Regional Office to discuss

their allegation.

On February 8, 2019, the complainant contacted the TCEQ DFW Regional Office and spoke with the investigator. At that time, the complainant stated that they were experiencing low pressure and had been for the previous month.

That same day, the investigator contacted Mr. Aldo Zamora, Operations Manager for Mustang SUD, to discuss the low pressure allegation. Mr. Zamora stated that Upper Trinity Regional Water District (UTRWD) was working on a water main relocation project along FM 720 in Collin County, however, the service area of the complaint shouldn't be affected. During the conversation, Mr. Zamora stated that Mustang SUD had not received any recent low water pressure complaints and that the Temple Dane Pump Station was utilizing service pumps to maintain 70-75 pounds per square inch (psi) of pressure leaving the pump station to serve the complainant's portion of the distribution system.

In a follow up conversation with Mr. Zamora that day, the investigator asked Mr. Zamora to clarify how the pressure was being maintained in the complainant's portion of the distribution system. At that time, Mr. Zamora stated that under normal operating conditions, pressure is maintained by an elevated storage tank on Byron Road, but that the water main relocation project required the distribution line that runs from the elevated storage tank to the complainant's neighborhood to be temporarily disconnected. Mr. Zamora then stated that the pressure had to be maintained by the service pumps at the Temple Dane Pump Station while the elevated storage tank was offline. At that time, the investigator requested Mr. Zamora to meet him at the water station the following Monday to further evaluate the operation of the distribution system.

On February 11, 2019, the investigator met with Mr. Zamora at the Temple Dane Pump Station to further discuss the operation of the water system. At that time, Mr. Zamora stated that the Byron Road elevated storage tank went offline on January 30, 2019 and was scheduled to be brought back online later that week. Mr. Zamora also stated that since UTRWD is the water supplier for the water system and has control of the Byron Road elevated storage tank, the situation was out of Mustang SUD's control. Mr. Zamora then showed the investigator the distribution facilities at the pump station and identified a 12" and 16" water main that served the complainant's neighborhood from the Temple Dane Pump Station. Mr. Zamora also stated that should the pressure leaving the Temple Dane Pump Station drop below 55 psi, a valve on a separate nearby elevated storage tank in Providence Village would open and provide pressure maintenance for the complainant's neighborhood. Mr. Zamora stated that the water system was able to provide a higher pressure by utilizing the service pumps at the Temple Dane Pump Station for pressure maintenance rather than utilizing the Providence Village elevated storage tank while the Byron Road elevated storage tank was out of service. At that time, the investigator requested a record of the discharge pressures leaving the Temple Dane Pump Station for the previous six months and asked that Mr. Zamora notify him when the Byron Road elevated storage tank was brought back to an operational status.

Prior to meeting with Mr. Zamora on February 11, 2019, the investigator conducted distribution monitoring activities at the complainant's residence and noted the following results:

A disinfectant residual of 2.8 milligrams per liter (mg/L) total chlorine and a pressure of 88 psi.

A pressure recorder was then deployed at the complainant's residence to monitor and record the water pressure.

On February 12, 2019, Mr. Zamora provided the record of the discharge pressure leaving the Temple Dane Pump Station from October 17, 2018 through February 10, 2019. Based on the documentation provided, the minimum water pressure leaving the Temple Dane Pump Station during that time was approximately 65 pounds per square inch (psi) and the maximum water pressure was approximately 90 psi. The regulatory required minimum pressure that must be maintained throughout the distribution system at all times is 35 psi.

On February 15, 2019, Mr. Zamora notified Mr. Nagel that the Byron Road elevated storage was back online.

On February 18, 2019, the investigator returned to the complainant's residence to retrieve the pressure recorder. The investigator monitored the pressure at the complainant's residence at that time and noted a pressure of 89 psi. The pressure recorder documented an average pressure of 92 psi, with a minimum of 62 psi and a maximum of 109 psi. The pressure data retrieved from the pressure recorder was found to be compliant with TCEQ regulations.

Investigation Findings

The complainant's allegation was investigated during the complaint investigation conducted from February 8 through 18, 2019. The allegation of low pressure could not be substantiated at that time. 30 TAC 290.45(b)(2)(G) states surface water supplies must provide an elevated storage capacity of 100 gallons per connection. However, since the Byron Road elevated storage tank was out of service for a short period of time out of the control of Mustang SUD and adequate pressure readings were noted during the investigation, no violations were noted as a result of the investigation.

Attachments

- 1) Water System Documentation
- 2) Pressure Recorder Data

No Violations Associated to this Investigation

Signed [Signature]
Environmental Investigator

Date 2/19/19

Signed [Signature]
Supervisor

Date 2/21/19

Attachments: (in order of final report submittal)

- ☐ Enforcement Action Request (EAR)
- ☒ Letter to Facility (specify type) : Final ^{encl} letter
- ☐ Investigation Report
- ☐ Sample Analysis Results
- ☐ Manifests
- ☐ Notice of Registration

- ☐ Maps, Plans, Sketches
- ☐ Photographs
- ☒ Correspondence from the facility
- ☒ Other (specify) :

Pressure Recorder Data

Michael Anstice

From: WQ-ARPTeam
Sent: Wednesday, March 27, 2019 2:01 PM
To: Michael Anstice
Subject: FW: TCEQ Form 20007 for Mustang SUD Sandbrock WWTP Startup
Attachments: 20190326170750497.pdf

See attached

From: Aaron Laughlin <alaughlin@stegerbizzell.com>
Sent: Wednesday, March 27, 2019 2:00 PM
To: WQ-ARPTeam <WQ-ARPTeam@tceq.texas.gov>
Subject: TCEQ Form 20007 for Mustang SUD Sandbrock WWTP Startup

Please see attached Form TCEQ-20007 for the Mustang SUD Sandbrock WWTP, which is scheduled to be officially started up today. Let me know if you have any questions or comments on this submittal.

Thanks,

Aaron J. Laughlin, PE
Senior Engineer
Steger Bizzell
Texas Registered Engineering Firm F-181
1978 South Austin Avenue
Georgetown, TX 78626
PH: 512-930-9412

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MAR 27 2019

Water Quality Applications Team

RECEIVED

APR 10 2019

**TCEQ
CENTRAL FILE ROOM**

RECEIVED

MAR 27 2019

Water Quality Applications Team



**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
NOTIFICATION OF COMPLETION/PHASE OF WASTEWATER
TREATMENT FACILITY**

If you have questions about completing this form please contact the Applications Review and Processing Team at 512-239-4671.

Current Permit Information

What is the TCEQ Water Quality Permit Number? WQ0015536001

What is the EPA I.D. Number? TX 0137464

Current Name on Permit: Mustang Special Utility District Sandbrook Wastewater Treatment Facility

Notification

Indicate the phase the facility will be operating.

- ☒ Interim Phase I Flow
- ☐ Interim Phase II Flow
- ☐ Interim Phase III Flow
- ☐ Final Phase Flow

Indicate the date that the operation began or will begin operating under the selected phase:

Month/Day/Year: 03/27/2019

Comments: WWTP startup activities began the week of 03/11/2019. WWTP was seeded on 03/14/2019 and we anticipate that the plant will begin discharging on 03/27/2019.

Certification and Signature

Responsible Official Name (Print or Type): Dean Jameson

Responsible Official Title: President, Mustang SUD Board of Directors

Responsible Official Email:

I certify that I am authorized under 30 Texas Administrative Code §305.44 to sign and submit this document, and can provide documentation in proof of such authorization upon request.

Signature (use blue ink):

Date:

3-25-19

Email completed form to:
or

WQ-ARPTeam@tccq.texas.gov

Fax completed form to:
or mail completed form to:

512-239-0884
Texas Commission on Environmental Quality
Applications Review and Processing Team (MC-148)
P.O. Box 13087
Austin TX 78711-3087

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MAR 27 2019

Water Quality Applications Team

Instructions for Notification of Completion/Phase Of Wastewater Treatment Facility

Current Permit Information

Provide your Permit Number. This number will start with WQ followed by 10 digits. The number can be found on the top right-hand corner of your issued permit.

For Texas Pollutant Discharge Elimination Permits (TPDES), provide the EPA ID number. This number will start with TX followed by 7 digits. The number can be found on the top right-hand corner of your issued permit.

Provide the current name that is on your permit. This information can be found on the first page of your permit.

Indicate the phase of operation you will be operating under. Provide the date the facility will begin operating in that phase. Date should be provided as month/day/year.

Signature Requirements

In accordance with 30 Texas Administrative Code §305.44 relating to Signatories to Applications, all applications shall be signed as follows:

For a corporation, the application shall be signed by a responsible corporate officer. For purposes of this paragraph, a responsible corporate officer means a president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation; or the manager of one or more manufacturing, production, or operating facilities employing more than 250 persons or having gross annual sales or expenditures exceeding \$25 million (in second-quarter 1980 dollars), if authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures. Corporate procedures governing authority to sign permit or post-closure order applications may provide for assignment or delegation to applicable corporate positions rather than to specific individuals.

For a partnership or sole proprietorship, the application shall be signed by a general partner or the proprietor, respectively.

For a municipality, state, federal, or other public agency, the application shall be signed by either a principal executive officer or a ranking elected official. For purposes of this paragraph, a principal executive officer of a federal agency includes the chief executive officer of the agency, or a senior executive officer having responsibility for the overall operations of a principal geographic unit of the agency (e.g., regional administrator of the EPA).