

Control Number: 45870



Item Number: 8

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DOCKET NO. 45870

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COMPLAINT OF KER-SEVA LTD. AGAINST THE CITY OF FRISCO

RECEIVED 2016 JUN - 2 AM 10: 40 PUBLIC UTILITY PODLIDIT THY C., MISSION FILING CLERK COMMISSION OF TEXAS

CITY OF FRISCO'S REPLY TO RESPONSE OF KER - SEVA LTD.

NOW COMES, City of Frisco ("<u>Frisco</u>") and files this Reply to the Response filed by Ker-Seva Ltd. ("<u>Complainant</u>"). This Reply does not waive any matters raised in Frisco's original response, which are incorporated herein for all purposes, and is filed to respond to the latest allegations made by Complainant.

In its response, Complainant has now raised the specific rules it contends were not followed and it makes other allegations. Despite the latest response by Complainant, it fails to show that the Commission has jurisdiction over this matter and/or that Frisco has failed to follow the law, and Frisco offers the following reasons in support thereof:

1. Complainant is not a "qualified service applicant" which is a requirement of the Texas Administrative Code sec. 24.85 (a). A qualified service applicant must show that it has taken all required steps of the retail public utility to receive service, including compliance with the service policies and regulations for extensions. Complainant is not a qualified service applicant because it has not constructed the necessary utilities and obtained and dedicated to Frisco the easements to extend service to its property as required by Frisco's subdivision regulations. Frisco is not required to establish a construction plan or costs because its regulations require the developer to pay for and construct the same. Those regulations were identified in Frisco's original response, as well as in the response to the informal complaint that was made earlier on this issue.

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Further, the requirement for adequate and continuous service under Texas Water Code section 13.250(d) recognizes that service may be discontinued, reduced or impaired for other similar reasons in the usual course of business. Frisco's requirements for extension of utility lines are part of its lawful regulations for which the complainant and all other developers must follow. Complainant has failed to meet the requirements.

2. In June 2015, Complainant filed and received Frisco approval of a preliminary plat that included off-site improvements for utilities to serve Lot 2, which lot is the subject of this Complaint. See **Exhibit A**, attached hereto and incorporated herein for all purposes. **Exhibit A** includes the preliminary utility plans for the locations and types of utility connections, including any proposed easements necessary to provide service to Lot 2. A preliminary plat is a step in the develop process. Amongst other matters, it is the developer's representation on how and where the utility services will be provided for compliance with applicable policies. Upon construction of the utilities at the cost and expense of the Complainant, the next step in the Frisco development process is for the Complainant to file a final plat that dedicates to Frisco and shows the final location of the constructed utilities and all necessary easements, which Complainant has not done.

3. In November 2015, Complainant asserts it filed a request for commercial water service. However, at no time has the Complainant completed the utilities as shown on the preliminary plat, nor has it received a final approved plat. The application for water service is the last step in a process for utility service, not the first step. Other than a preliminary plat, Complainant has not followed the regulations for service as required by Frisco. Complainant is required to construct and dedicate to Frisco the improvements shown on the preliminary plat, which it has failed to do. Frisco's regulations requires all development, both in and outside of Frisco, to obtain the necessary infrastructure to serve the development. 4. Complainant's response or implied proposal is to not follow the preliminary plat but, instead, to connect to the utility system that is located on Lot 1 adjacent to its property (Lot 2). Not only is such a proposal in contravention to its representations on the approved preliminary plat, it would also violate Frisco's Certificate of Convenience and Necessity "CCN" for Lot 2.

5. In 2006, the owners of Lot 1 and Frisco entered into an annexation agreement. **Exhibit B**, attached hereto and incorporated herein for all purposes. Per the terms of that agreement, the parties agreed that Lot 1 *was allowed to connect to the City of McKinney for water and sanitary sewer service until such time that the Frisco lines were available to serve the property.* See Paragraph 4. In 2006, the City of McKinney was the service provider for the area encompassing Lot 1. Presently, there are no service lines from Frisco to serve Lot 1.

6. In March 2007, the City of McKinney and Frisco entered into an agreement to transfer certain areas of their respective CCNs that included Lot 1 and Lot 2. **Exhibit C**, attached hereto and incorporated herein for all purposes. Before that date, Lot 1 was within the City of McKinney's service area. *The cities agreed to allow customers within the area covered by the City of McKinney's transfer area to continue temporary water and sanitary service.*¹ The transfer agreement was later approved by the Commission. See **Exhibit D**, attached hereto and incorporated herein for all purposes.

7. Lot 2 has never had utility service from any provider. Since 2007, it has been in Frisco's CCN, so it must obtain utility service from Frisco. It may not circumvent service by connecting to Lot 1, which receives service from the City of McKinney through an agreement established in 2006.

¹ See paragraph (10) of that Exhibit. City of Frisco's Reply to Ker Seva, Ltd.'s Response 1876910

8. Complainant further contends that the Consumer Protection Division investigation indicated that the City "may be delaying service" based upon unidentified information. But Complainant has failed to identify any facts in support of this. Frisco cannot respond to the baseless allegation. Further, Frisco has taken no actions to delay the Complainant. Since the approval of the preliminary plat, the next step in the development process was and continues to be the responsibility of the Complainant.

PRAYER

Frisco respectfully requests that the Complaint in this matter be dismissed.

Respectfully Submitted,

othertier By:

Diane C. Wetherbee State Bar No.: 03653500 Richard Abernathy State Bar No.: 00809500 Abernathy Roeder Boyd & Hullett P.C. 1700 Redbud Blvd., Ste. 300 P.O. Box 1210 McKinney, Texas 75069-1210 Telephone: (214) 544-4000 Facsimile: (214) 544-4040 Email: dwetherbee@abernathy-law.com

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served on all parties on this 1st day of June, 2016 via facsimile.

Mallory Beck Leonard Dougal Jackson Walker, LLP 100 Congress, Ste. 1100 Austin, Texas 78701 Telephone: (512) 236-2233 Facsimile: (512) 391-2112

ATTORNEYS FOR COMPLAINANT, KER-SEVA, LTD.

Sam Chang Attorney – Legal Division Public Utility Commission of Texas 1701 N. Congress Ave. Austin, Texas 78711-3326 Telephone: (512) 936-7261 Facsimile: (512) 936-7268

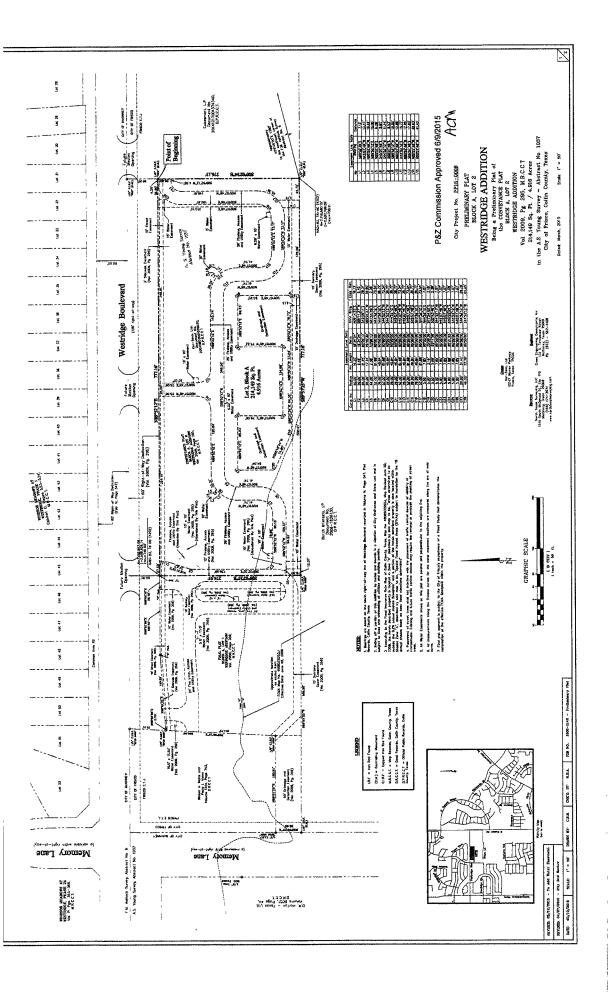
ATTORNEYS FOR PUBLIC UTILITY COMMISSION OF TEXAS

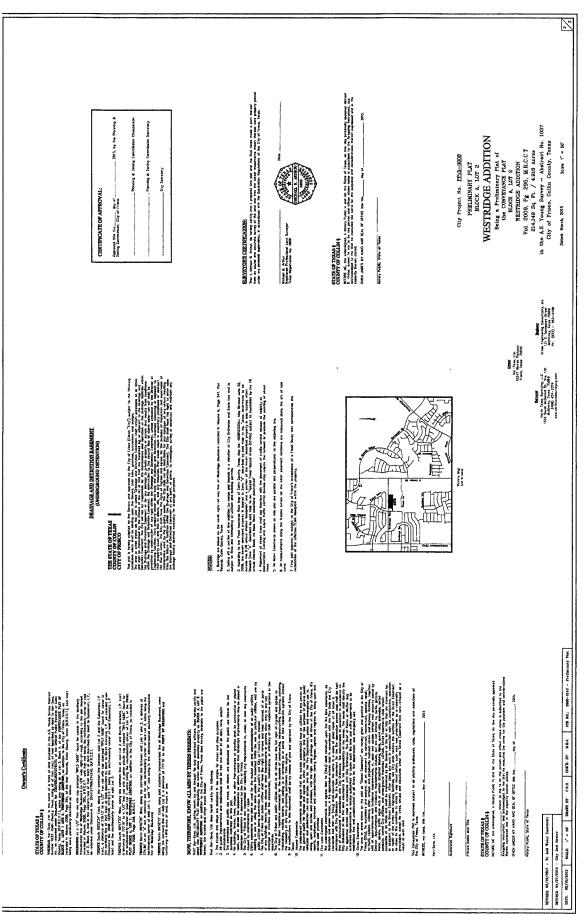
Diane Callander Wetherbee

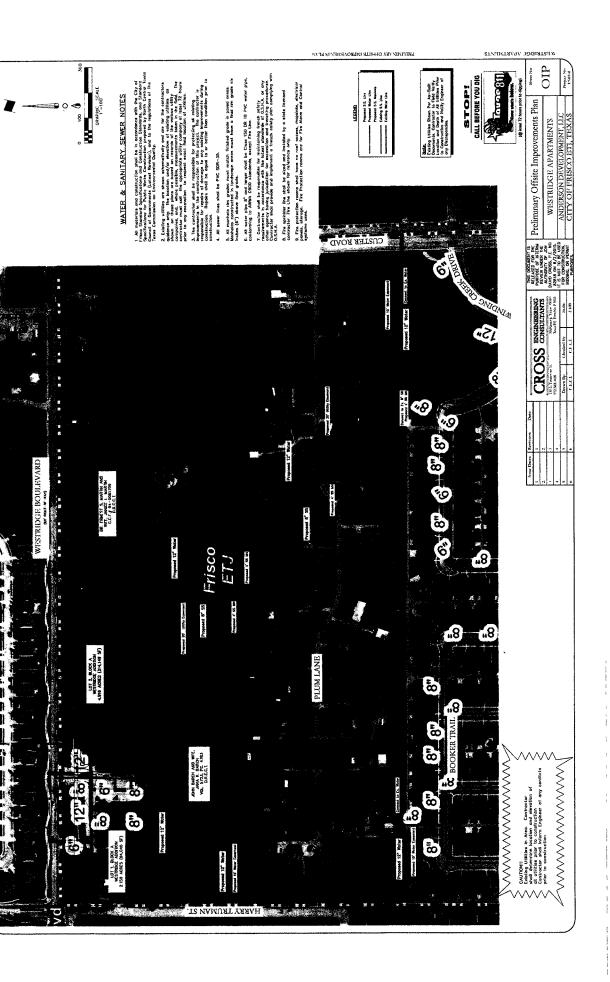
EXHIBIT "A"

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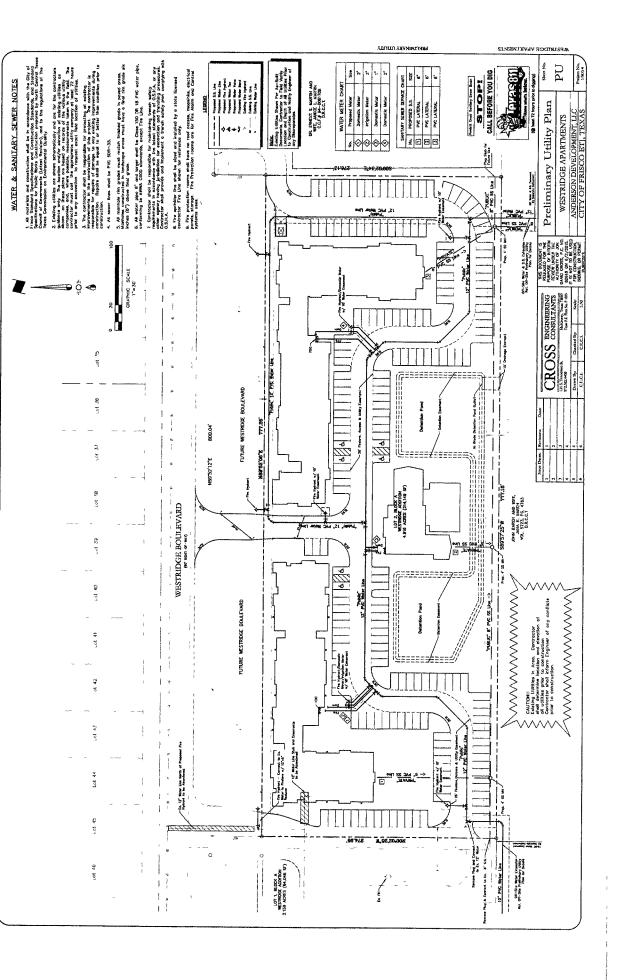


EXHIBIT "B"

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RESOLUTION NO. 06-08-190R

CITY OF FRISCO, TEXAS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRISCO, TEXAS HEREBY AUTHORIZING THE CITY MANAGER OF THE CITY OF FRISCO, TEXAS TO EXECUTE AN ANNEXATION AGREEMENT BY AND BETWEEN THE CITY OF FRISCO AND BALJEET K. JAWANDA AND DALJIT S. HUNDLE FOR WESTRIDGE MONTESSORI SCHOOL.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRISCO, TEXAS:

<u>SECTION 1:</u> The City Manager of the City of Frisco, Texas, is hereby authorized to execute, on behalf of the City Council of the City of Frisco, Texas, an Annexation Agreement by and between the City of Frisco and Baljeet K. Jawanda and Daljit S. Hundle for Westridge Montessori School, a copy of which is attached hereto and incorporated herein for all purposes.

SECTION 2: This Resolution shall take effect immediately upon its passage.

RESOLVED THIS the 15th day August, 2006.

. Michael Simpson, Mayor

ATTEST TO:

Nan Parker City Secretary

AFTER RECORDING, RETURN TO: <u>Scottingsille</u> City Secretary City of Frisco, Texas 6101 Frisco Square Blvd - Bth + loor Frisco, Texas 75034

STATE OF TEXAS § § ANNEXATION AGREEMENT COUNTY OF COLLIN §

This Annexation Agreement (the "Agreement") is made and entered into as of this <u>19</u>th day of <u>2000</u>, 2006, (the "Effective Date") by and between the City of Frisco, Texas, (the "City") and Baljeet K. Jawanda and Daljit S. Hundle (collectively the "Owner") on the terms and conditions hereinafter set forth.

WHEREAS, Owner owns approximately 8.579 acres, more or less, being Lots 1-3, Block A, Westridge Addition in the extraterritorial jurisdiction of the City, Collin County, Texas which is more particularly described in Exhibit "A" which is attached hereto and fully incorporated herein for all purposes (hereinafter defined as the "Property"); and

WHEREAS, City and the Owner desire that the property be developed as set forth herein; and

WHEREAS, Owner desires to construct a Montessori School on Lot 1 of the Property; and

WHEREAS, pursuant to Section 212.172 of the Texas Local Government Code, the City is authorized to make a written contract with an owner of land that is located in the extraterritorial jurisdiction of the municipality for purposes set forth in that section; and

WHEREAS, the parties desire to agree on the matters set forth in this Agreement pursuant to Section 212.172 of the Texas Local Government Code and for the purposes set forth in that section.

NOW, THEREFORE, in consideration of the mutual benefits and premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Owner agree as follows:

1. <u>Land Subject to Agreement</u>. The land that is subject to this Agreement is approximately 8.579 acres of land, more or less, located in the Westridge Addition, Collin County, Texas and more particularly described in **Exhibit** "A", attached hereto and incorporated herein for all purposes (the "Property"). Owner represents that there are no other owners of the Property.

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2. <u>Use and Development</u>. The use and development of the Property before and after annexation shall conform to the uses, density, layout, permitting requirements (including but not limited to submittal of site plans and plats) and development standards (including but not limited to masonry requirements, parking standards and landscaping standards) set forth by the ordinances of City (including but not limited to the Comprehensive Zoning Ordinance and the Subdivision Regulations) as they exist or may be amended. Prior to annexation, the Property shall be developed as if it has been designated with Retail (R) zoning.

3. <u>Annexation and Zoning</u>. City will not annex the Property, unless requested to do so by Owner, during the term of this Agreement provided that Owner complies with the terms and conditions of this Agreement. The parties agree that City, in its sole discretion, shall determine whether Owner is in compliance with the Agreement and whether it will approve annexation of the Property.

4. <u>Water and Sewer Service</u>. Following annexation of the Property by City, City agrees to provide sanitary sewer service for the Property in the same manner and in accordance to the same regulations as any retail development in the City and in accordance with the annexation service plan. City agrees provide water service for the Property in the same manner and in accordance to the same schedule as any retail development in the City if it can lawfully do so. Owner may temporarily connect to the City of McKinney's water and sanitary sewer system to serve the Property until such time as City lines are available to the Property. Upon being requested to do so by City, Owner agrees to execute convey an easement to City on that portion of the Property reasonably needed by City, in City's sole discretion, to be used as a utility easement for water and sewer service, free from any liens or other encumbrances, for the construction and/or extension of water or sewer facilities. Said easement shall be materially in the same form as **Exhibit "B"**, attached hereto and incorporated herein for all purposes, and shall contain legal descriptions and diagrams of the easement.

5. <u>Right-of-Way Dedication for Westridge Blvd</u>. Upon being requested to do so by City, Owner agrees to dedicate to City that portion of the Property reasonably needed by City, in City's sole discretion, to be used as right-of-way for Westridge Blvd, free from any liens or other encumbrances, for the construction and/or extension of Westridge Blvd ("ROW Property"). Said right-of-way dedication shall be by warranty deed materially in the same form as **Exhibit "C"**, attached hereto and incorporated herein for all purposes, and shall contain legal descriptions and diagrams of the right-of-way dedication.

6. <u>Impact Fees</u>. The Property shall be subject to impact fees adopted by Ordinance No. 05-07-53, as it exists or may be amended.

7. <u>Other Development Fees</u>. City ordinances covering property taxes, park dedication and/or payment in lieu of dedication of land, utility rates, permit fees and the like are not affected by this Agreement and shall be applied to the Property in the same manner as any other Property located within the City's corporate boundaries. Further this Agreement does not waive or limit any of the obligations of Owners to City under any other ordinance, whether now existing or in the future

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arising.

8. <u>Term</u>. This Agreement is an agreement authorized by Section 212.172 of the Texas Local Government Code. The term of this Agreement shall be five (5) years from the effective date. The term of this Agreement shall not be affected by the fact that some or all of the Property is annexed into the corporate limits of the City.

9. <u>Default</u>. If any party breaches any of the terms of this Agreement, then that party shall be in default (the "Defaulting Party") of this Agreement (an "Event of Default"). If an Event of Default occurs, the nondefaulting party shall give the Defaulting Party written notice of such Event of Default and if the Defaulting Party has not cured such Event of Default within thirty (30) days of said written notice, this Agreement is breached. Each party is entitled to all remedies available at law or in equity.

10. <u>Notice</u>. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered, whether or not actually received, when deposited in the United States Mail, postage pre-paid, certified mail, return receipt requested, addressed to either party, as the case may be, at the addresses contained below:

City: City of Frisco 6101 Frisco Square Blvd. Frisco, TX 75034 Attn: City Manager

With copy to: Julie Fort Abernathy, Roeder, Boyd & Joplin, P.C. 1700 Redbud Blvd. Suite 300 P.O. Box 1210 McKinney, TX 75070-1210

Owner: Baljeet K. Jawanda and Daljit S. Hundle 4588 Penbrook Court Plano, Texas 75024

11. Miscellaneous.

(a) <u>Assignment</u>. This Agreement is assignable. If all or any portion of the Property is transferred, sold or conveyed, the Owner shall give notice immediately to City of the name, address, phone number and contact person of the person or entity acquiring an interest in the Property. This Agreement shall run with the land and shall be binding on and inure to the benefit of the Owners' successors and assigns.

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(b) <u>Compliance with Ordinances.</u> Except as provided for in this Agreement, the parties agree that the Owners shall be subject to all ordinances of City. All construction will be in accordance with applicable ordinances and regulations of Frisco, whether now existing or in the future arising.

(c) <u>Entire Agreement</u>. This Agreement contains the entire agreement of the parties with respect to the matters contained herein and may not be modified or terminated except upon the mutual written agreement of the parties hereto.

(d) <u>Venue</u>. This Agreement shall be construed in accordance with the laws of the State of Texas and shall be performable in Collin County, Texas. Exclusive venue shall be in Collin County, Texas.

(e) <u>Consideration</u>. This Agreement is executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

(f) <u>Counterparts</u>. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

(g) <u>Authority to Execute</u>. The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.

(h) <u>Binding Effect.</u> This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

(i) <u>Savings/Severability</u>. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid illegal or unenforceable provision had never been contained herein.

(j) <u>Representations</u>. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.

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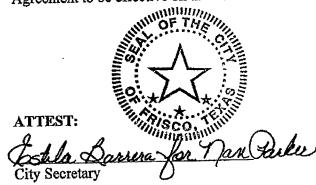
(k) <u>Sovereign Immunity</u>. The parties agree that the City has not waived its sovereign immunity by entering into and performing their respective obligations under this Agreement.

(1) <u>Miscellaneous Drafting Provisions.</u> This Agreement shall be deemed drafted equally by all parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning and any presumption or principle that the language herein is to be construed against any party shall not apply. Headings in this Agreement are for the convenience of the parties and are not intended to be used in construing this document

(m) <u>Incorporation of Recitals.</u> The Recitals above are incorporated herein as if repeated verbatim.

(n) <u>No Chapter 245 Permit</u>. This Agreement, and any requirement contained in this Agreement, shall not constitute a "permit" as defined in Chapter 245, Texas Local Government Code. THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the latest date as reflected by the signatures below.



CITY OF FRISCO, TEXAS

By: City Manager

APPROVED AS TO FORM:

Julie Y. Fort Abernathy, Roeder, Boyd & Joplin, P.C.

OWNERS: awanda, Individually

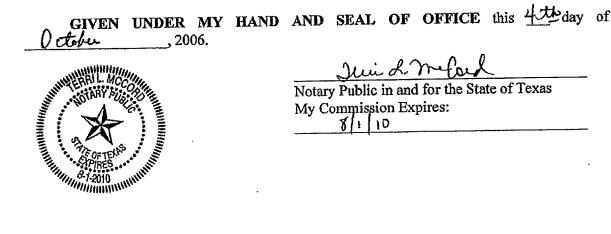
Page 5

Development Agreement 458197.v3 STATE OF TEXAS § S COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared **George Purefoy**, City Manager of the City of Frisco, Texas, being the person whose names are subscribed to the foregoing instrument; he acknowledged to me he is the duly authorized representative for the **City of Frisco**, Texas, and he executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER October		HAND	AND	SEAL	OF	OFFICE	this	In	day	of
CONTRACTOR			Nota My (<u>Jlu</u> ry Public Commiss <i>Auz</i> .	in ar ion E	. Snclor nd for the S xpires: -010	tate o	fTexas		
STATE OF TEXAS	89 89 89									

BEFORE ME, the undersigned authority, on this day personally appeared **Baljeet K**. Jawanda, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he acknowledged to me that he has executed said instrument for the purposes and consideration therein expressed.



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STATE OF TEXAS § S COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Daljit S. Hundle, known to me to be one of the persons whose names are subscribed to the foregoing instrument; she acknowledged to me that she has executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this day of notober, 2006. Notary Public in and for the State of Texas My Commission Expires: 1 - 39 - 2010AN PARKE v Comm January 29, 2010

Exhibit "A" Legal Description and Diagram

Development Agreement 458197.v3

EXHIBIT A

LEGAL DESCRIPTION

WHEREAS Baljeet K. Jawanda and Daljits S. Hundle are the owners of a tract or parce) of land situated in the City of Frisco, Collin County, Texas, being part of the A.S. Young Survey, Abstract Number 1037, being all of that tract of land described in deed to said Baljeet K. Jawanda and Daljits S. Hundle recorded in Volume 5912, Page 6577 of the Deed Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at a ½ inch iron rod with cap stamped "LONE STAR" set for corner in the southerly right-of-way line of Westridge Boulevard (a 60 foot wide right-of-way) according to the plat thereof recorded in Volume N, page 547 of the plat Records of Collin County, Texas, said iron rod being the northeasterly corner of said Jawanda/Hundle tract and the northwesterly corner of that tract described in deed to Dr. Ernest S. Martin and Janice L. Martin recorded under County Clerk's File Number 94-0061709, Deed Records of Collin County, Texas, from which a 1/2 inch iron rod with red plastic cap found bears North 22°41'33":

THENCE South 00°02'34" East along Martin tracts a distance of 336.13 feet STAR" set for corner in the northerly line Barch and Jana Barch in Volume 572 County, Texas, being the southwesterly corner of said Jawanda/Hundle tract, frc found bears North 13°51'37" East, 0.98 f

THENCE South 89°57'25" West along Barch tracts a distance of 1282.98 feet to corner in the monumented easterly righ foot wide right-of-way) (unrecorded), be and the southwesterly corner of said Jaw

Please insert into agreement Upt out by accident Recently approved and **)NE** ohn ollin lerly cap and 1 for

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and

THENCE North 00°02'07" East along se

the westerly line of said Jawanda/Hundle tract a distance of 50.00 feet to a 1/2 inch iron rod with cap stamped "LONE STAR" set for corner, being the most westerly northwesterly corner of said Jawanda/Hundle tract and the southwesterly corner of the remainder of that tract of land described in deed to William A. Mains and Paula L. Mains recorded in Volume 1024, Page 753 of the Deed Records of Collin County, Texas;

THENCE North 89°57'25" East along a northerly line of said Jawanda/Hundle tract and the southerly line of said Mains remainder tract, parallel to and 50.00 feet northerly of said Jawanda/Hundle and Barch tracts common line a distance of 190.61 feet to a 1/2 inch iron rod with cap stamped "LONE STAR" set for corner, being the southeasterly corner of said Mains remainder tract and an ell corner of said Jawanda/Hundle tract;

THENCE North 02°55'18" East along the easterly line of said Mains remainder tract and a westerly line of said Jawanda/Hundle tract a distance of 284.86 feet to a 1/2 inch iron rod with cap stamped "LONE STAR" set for corner in said southerly right-of-way line of Westridge Boulevard, being the northeasterly corner of said Mains remainder tract and the most northerly northwesterly corner of said Jawanda/Hundle tract;

THENCE North 89°°52'06" East along said southerly right-of-way line of Westridge Boulevard and the northerly line of said Jawanda/Hundle tract a distance of 277.53 feet to a ½ inch iron rod with yellow plastic cap found at an angle point;

THENCE North 8952'06" East continuing along said southerly right-of-way line of Westridge Boulevard and the northerly line of said Jawanda/Hundle tract a distance of 800.04 feet to the **POINT OF BEGINNING** and containing 373,682 square feet or 8.579 acres of land.

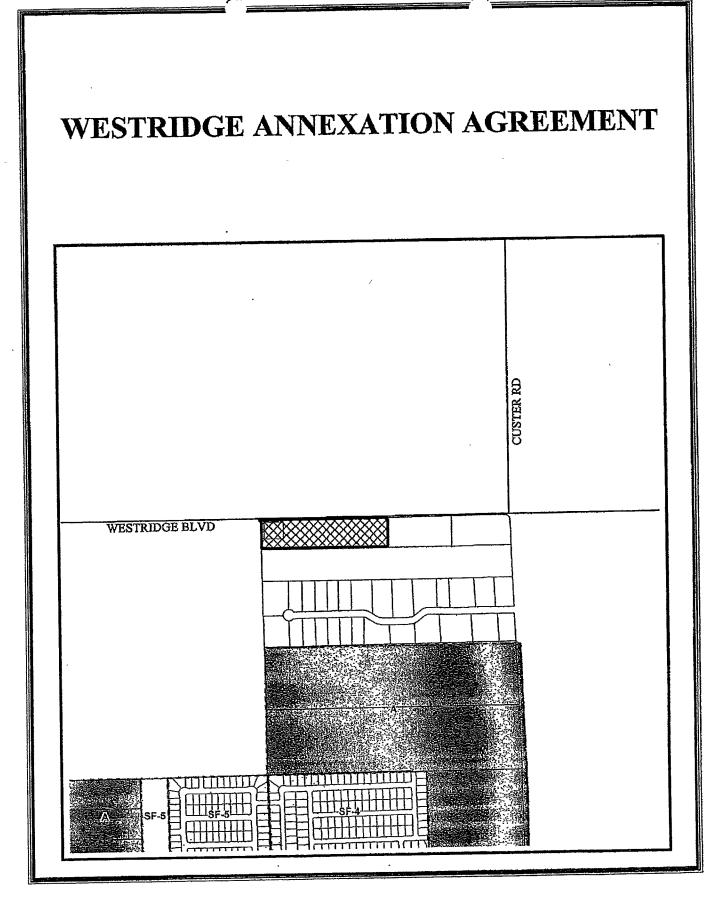


Exhibit "B" Utility Easement Form with Temporary Construction Easement

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AFTER RECORDING, RETURN TO: Scott Ingalls City of Frisco, Texas 6101 Frisco Square Blvd Frisco, Texas 75034

UTILITY EASEMENT

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS: COUNTY OF DENTON § THAT, ________, a Texas _______, hereinafter called

"Grantor," for and in consideration of the sum of ONE DOLLAR (\$1.00) and other good and valuable consideration to Grantor in hand paid by the CITY OF FRISCO, TEXAS, a Texas Municipal Corporation, hereinafter called "Grantee," the receipt and sufficiency of which are hereby acknowledged, does GRANT, DEDICATE, and CONVEY to the Grantee: (i) the exclusive easement and right to construct, reconstruct, repair, alter, operate, rebuild, replace, relocate, remove and perpetually maintain water and sewer facilities (the "Facilities"), together with all incidental improvements, and all necessary laterals in, upon and across certain real property located in the City of Frisco, Collin County, Texas, as more particularly described in Exhibit "A", which is attached hereto and made a part hereof by reference as if fully set forth herein (the "Easement Property, for the initial construction of the Facilities, as more particularly described in Exhibit "A" (the "Temporary Construction Easement").

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The Temporary Construction Easement shall expire the completion of the initial construction of the Facilities and acceptance of the Facilities by the City of Frisco.

Grantee will at all times after doing any work in connection with the construction, alteration or repair of the Facilities, restore the Easement Property to as near as reasonably practical the condition in which it was found before such work was undertaken.

This instrument shall not be considered as a deed to the Easement Property or any part thereof, and the right is hereby reserved to Grantor, its successors and assigns, to use such property to landscape and build and construct fences, driveways, parking lots and other associated improvements over or across said easement; provided, however, that in no event shall a wall, structure or building of any type other than those previously described or any piling, pier or isolated footing of any wall, structure or building be placed directly on said Easement Property.

This Easement shall constitute a covenant running with the land and shall benefit and burden the applicable real properties described herein, and shall inure to the benefit of, and be binding upon, Grantee and Grantor, and their respective successors and assigns.

TO HAVE AND TO HOLD the same perpetually unto the Grantee, its successors and assigns, together with the right and privilege at all times (i) to enter the Easement Property and/or Temporary Construction Easement, or any part thereof, for the purpose of constructing, reconstructing, repairing, altering, operating, rebuilding, replacing, relocating, removing and/or maintaining the Facilities and all incidental improvements, and for making connections therewith; and (ii) to enter Grantor's adjacent property solely for the purpose of ingress and egress to the Easement Property and/or Temporary Construction Easement. Grantee, its successors and assigns,

Development Agreement 458197.v3

shall have the right to construct, reconstruct, repair, alter, operate, rebuild, replace, relocate, remove and perpetually maintain additional Facilities at all times in the future within the Easement Property.

Grantor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND, all and the singular, the successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

Grantor does hereby represent and warrant that there are no liens affecting the Easement Property.

This instrument may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

EXECUTED on the dates appearing in the acknowledgements below, however, to be effective on this ______ day of ______, 2006.

OWNERS:

Baljeet K. Jawanda, individually

Daljit S. Hundle, Individually

Development Agreement 458197.v3

STATE OF TEXAS § S COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Baljeet K. Jawanda, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he acknowledged to me that he has executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2006.

Notary Public in and for the State of Texas My Commission Expires:

STATE OF TEXAS § SCOUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared **Daljit S. Hundle**, known to me to be one of the persons whose names are subscribed to the foregoing instrument; she acknowledged to me that she has executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of , 2006.

Notary Public in and for the State of Texas My Commission Expires:

JOINDER OF OTHER EASEMENT HOLDERS

The undersigned, being the holder of an easement on the Easement Property evidenced by:

- 1. Easement and Right of Way dated _____, recorded in Volume ____, Page ____, ____ County Land Records, in favor of ; and
- 2. Easement for Underground Facilities dated ______, recorded in Volume _____, Page _____, County Land Records, in favor of

hereby agrees and consents to the encroachment, if any, of the foregoing ROW Deed.

By:	 	
Printed Name:	 	
Its:	 	

STATE OF TEXAS §
SCOUNTY OF §

foregoing instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of , 2006.

Notary Public, State of Texas My Commission Expires:

By:	
Printed Name:	
Its:	

Development Agreement 458197.v3

STATE OF TEXAS

COUNTY OF

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GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of _____, 2006.

Notary Public, State of Texas My Commission Expires:

Development Agreement 458197.v3

Exhibit "C" Warranty Deed Form

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Development Agreement 458197.v3

"Notice of Confidentiality rights: If you are a Natural Person, you may remove or strike any of the following information from this instrument before it is filed for record in the Public Records: Your Social Security Number or your Drivers' License Number."

AFTER RECORDING, RETURN TO:

City Manager City of Frisco, Texas 6101 Frisco Square Blvd Frisco, Texas 75034

RIGHT OF WAY WARRANTY DEED

(with Temporary Construction and Grading Easement)

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF COLLIN

That ______, a Texas ______ ("Grantor"), whether one or

more, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) cash in hand to

Grantor paid by the CITY OF FRISCO, TEXAS, a Texas municipal corporation ("Grantee") the

receipt of which is hereby acknowledged, and for which no lien is retained, either expressed or

implied, has this day GRANTED and by these presents does GRANT, GIVE, and CONVEY unto the

said Grantee all the following described real estate, to-wit:

Being ______ acres of land, more or less, in the ______ Survey, Abstract No. _____, in the City of Frisco, ______ County, Texas, more particularly depicted and described in Exhibits "A" and "B", respectively, attached hereto and incorporated herein for all purposes (the "Property").

Development Agreement 458197.v3

The warranty contained herein is subject to: (i) any and all mineral reservations, restrictions, covenants, conditions and easements, if any, relating to the above-described property, but only to the extent that they are still in effect and shown of record in ______ County, Texas; and (ii) all zoning law regulations and ordinances of municipal and/or other governmental authorities, if any, but only to the extent that they are still in effect and relate to the Property.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, Grantee's successors, and assigns forever.

And Grantor does hereby bind Grantor, Grantor's heirs, executors, administrators and assigns, to warrant and forever defend all and singular the said premises unto the said Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming or attempting to claim the same or any part thereof.

This instrument may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

EXECUTED on the dates appearing in the acknowledgements below, however, to be effective on this _____ day of _____, 2006.

OWNERS:

Baljeet K. Jawanda, individually

Daljit S. Hundle, Individually

Development Agreement 458197.v3

LIENHOLDER'S CONSENT TO PARTIAL RELEASE OF LIEN:

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The undersigned, being the holder(s) of the lien against a portion of the Property and Temporary Construction Easement evidenced by:

Deed of Trust dated	-		recorded	under	Clerk's	File	No.
	, from		-		-		to
	, Trust	ee, securi	ng paymen	t of one	e certain	promis	sory
note of even date therewi	ith in the p	rincipal a	mount of \$				
payable to the order of	-	-	; 51	aid Not	e being a	ddition	naily
secured by a Vendor's	s Lien of	even d	ate retaine	d in I	Deed, ex	ecuted	l by
v	to			_	, recor	ded u	nder
	, and	subject t	o all of the	terms	and con	ditions	and
stipulations contained the	erein, inclu	ding but	not limited	to, any	future in	debted	ness
also secured by this lien,		-					

hereby consents to the execution of the foregoing Right of Way Warranty Deed and agrees that in the event of a foreclosure of the Property and/or Temporary Construction Easement or any portion thereof and/or the underlying property or any portion thereof (or deed in lieu thereof), the conveyance made by this deed will remain in full force and effect and shall not be extinguished by such foreclosure (or deed in lieu thereof).

Bank, a_	•••••••••••••		
By:			
Delute of Manage		·	
Its:			
Address:			
STATE OF TEXAS	§ §		
COUNTY OF	ş		
This instrument wa	s acknowledged before me on	the day of	, 200, by
, the	e and (duly authorized representativ	eot
Bank	, a	, on behalf of said corpora	tion.

Notary Public, State of Texas

EXHIBIT "C"

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CITY OF FRISCO, TEXAS

RESOLUTION NO. 07-03-50R

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRISCO, TEXAS, HEREBY AUTHORIZING THE CITY MANAGER OF THE CITY OF FRISCO, TEXAS, TO EXECUTE AN AGREEMENT TO TRANSFER RETAIL WATER UTILITY SERVICE AREA BETWEEN THE CITY OF FRISCO AND THE CITY OF MCKINNEY REGARDING PROPOSED WATER FACILITIES LOCATED WEST OF CUSTER ROAD AND -NORTH OF ELDORADO PARKWAY.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRISCO, TEXAS:

<u>SECTION 1:</u> The City Manager of the City of Frisco, Texas, is hereby authorized to execute, on behalf of the City Council of the City of Frisco, Texas, an Agreement to Transfer Retail Water Utility Service Area between the City of Frisco and the City of McKinney regarding proposed water facilities located west of Custer Road and north of Eldorado Parkway, a copy of which is attached hereto as Exhibit "A" and incorporated herein for all purposes.

SECTION 2: This Resolution shall take effect immediately upon its passage.

RESOLVED THIS the day Ole th of March , 2007.



E. MICHAEL SIMPSON, Mayor

. MICHAEL DINI #ONF IN

ATTEST TO:

Secretar

Resolution – Agreement to Transfer Retail Water Utility Service Area March 6, 2007

NFriscoztEngineering/COUNCIL_ITEMS/Council_Agendee/2007/2007-03-06/City of McKinney - Weler CCN Agreement/4 - Resolution.doo

RECEIVED MIR 2 2 JUIJ City Secretary's Office

TRANSFER RETAIL WATER UTILITY SERVICE AREA AGREEMENT

\$ \$ \$ \$

STATE OF TEXAS

COUNTY OF COLLIN

THIS AGREEMENT to Transfer Retail Water Utility Service Area is made and entered into on this the <u>14</u> day of <u>17700</u>, 2007 (the "Effective Date"), by and between the City of Frisco, Texas (hereinafter "Frisco"), and the City of McKinney, Texas (hereinafter "McKinney"). Frisco and McKinney may be collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Frisco is a Texas municipal corporation which holds Certificate of Convenience and Necessity ("CCN") No. 11772 and owns water facilities, transmission lines and distribution lines in Collin and Denton Counties in and around McKinney, and provides retail water utility service to customers within its certificated service area;

WHEREAS, McKinney is a Texas municipal corporation which holds CCN No. 10194 and owns water facilities, transmission lines and distribution lines in Collin County in and around Frisco, and provides retail water utility service to customers within its certificated service area;

WHEREAS, McKinney desires to decertify certain CCN area within Frisco's city limits and extraterritorial jurisdiction ("ETP"), and Frisco desires to certificate said CCN service area as more precisely defined later in this Agreement;

WHEREAS, Frisco desires to decertify certain CCN area within McKinney's city limits and ETJ, including an area subject to a municipal boundary dispute between Frisco and McKinney located generally along the southernmost border of the Custer West development, and McKinney desires to certificate said CCN service area as more precisely defined later in this Agreement;

WHEREAS, Frisco and McKinney desire to continue discussions outside of this Agreement regarding the municipal boundary dispute;

WHEREAS, Frisco and McKinney desire to amend their respective CCNs to be generally coterminous with their current city limits and ETJs.

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed and other good and valuable consideration, the receipt of which is hereby acknowledged, Frisco and McKinney agree as follows:

TERMS OF AGREEMENT

IN CONSIDERATION of the mutual promises and covenants contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt of which is hereby acknowledged, by their representatives affixing signatures below, Frisco and McKinney agree as follows:

- (1) <u>Frisco Transfer Area</u>. The water utility service area to be transferred to Frisco is specifically identified as the cross-hatched area on the attached map, attached hereto and incorporated herein for all purposes as Exhibit A attached hereto and incorporated herein for all purposes, and designated herein as the "Frisco Transfer Area."
- (2) <u>Transfer to Frisco</u>. Frisco and McKinney agree that, after the Transfer Effective Date, Frisco shall have the sole right to provide retail water service within the Frisco Transfer Area, and McKinney will have no further obligation or right to provide water service to any existing or future customers in the Frisco Transfer Area, except as may be agreed by the Parties in writing.
- (3) <u>Current Customers in Frisco Transfer Area</u>. All current retail water customers of McKinney and any customers added between the date of this Agreement and the Transfer Effective Date whose place of use of water is located within the Frisco Transfer Area will, after the Transfer Effective Date, become customers of Frisco.
- (4) Facilities and Waterlines in Frisco Transfer Area. All facilities, waterlines, easements, or equipment belonging to McKinney used to provide service in the Frisco Transfer Area shall be transferred to Frisco by this Agreement. To the extent McKinney has facilities, waterlines, easements, or equipment belonging to McKinney in the Frisco Transfer Area that are not used to serve the area, but are used to provide service to McKinney's service territory, those facilities, waterlines, easements, or equipment shall not be transferred.
- (5) <u>Temporary Service</u>. Should it be necessary for Frisco to provide retail water service to the Frisco Transfer Area following execution of the Agreement by the Parties, but prior to approval of the CCN transfer by the TCEQ, the Parties agree that Frisco shall be entitled to provide temporary water service to the Frisco Transfer Area. All revenue, fees, charges, or other monies collected by Frisco during the period of temporary service shall inure to Frisco's benefit.
- (6) <u>McKinney Transfer Area</u>. The water utility service area to be transferred to McKinney is specifically identified as the cross-hatched area on the attached map, attached hereto and incorporated herein for all purposes as Exhibit A, attached hereto and incorporated herein for all purposes, and designated herein as the "McKinney Transfer Area."

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- (7) <u>Transfer to McKinney</u>. Frisco and McKinney agree that, after the Transfer Effective Date, McKinney shall have the sole right to provide retail water service within the McKinney Transfer Area, and Frisco will have no further obligation or right to provide water service to any existing or future customers in the McKinney Transfer Area, except as may be agreed by the Parties in writing.
- (8) Current Customers in McKinney Transfer Area. All current retail water customers of Frisco and any customers added between the date of this Agreement and the Transfer Effective Date whose place of use of water is located within the McKinney Transfer Area will, after the Transfer Effective Date, become customers of McKinney.
- (9) Facilities and Waterlines in the McKinney Transfer Area. All facilities, waterlines, easements, or equipment belonging to Frisco used to provide service in the McKinney Transfer Area shall be transferred to McKinney by this Agreement. To the extent Frisco has facilities, waterlines, easements, or equipment belonging to Frisco in the McKinney Transfer Area that are not used to serve the area, but are used to provide service to Frisco's service territory, those facilities, waterlines, easements, or equipment shall not be transferred.
- (10) Service by McKinney to the Transfer Area. McKinney currently provides retail water service to the McKinney Transfer Area, and the Parties agree that McKinney shall be entitled to continue to provide temporary water service to the McKinney Transfer Area. All revenue, fees, charges, or other monies collected by McKinney during the period of temporary service shall inure to McKinney's benefit.
- (11) <u>Transfer and Amendment of CCNs</u>. Frisco and McKinney shall each file appropriate applications with the Texas Commission on Environmental Quality ("TCEQ") to formally transfer the Transfer Areas from McKinney's CCN to Frisco's CCN and from Frisco's CCN to McKinney's CCN. Frisco and McKinney shall endeavor to obtain TCEQ approval of the CCN transfers contemplated herein in an expeditious manner and will support and cooperate with each other and the TCEQ to accomplish this goal. The Parties shall file the necessary application to transfer the CCNs by December 31, 2007. The Parties shall make all reasonable efforts to file the applications simultaneously with the TCEQ. Each Party shall bear their own costs associated with preparing and filing the CCN applications and the pursuit of regulatory approvals.

- (12) <u>Transfer of Customers</u>. Frisco and McKinney shall cooperate in providing notice of the transfer to customers located within the Transfer Area, if any. McKinney shall be entitled to receive all water utility service revenues and fees for water utility services rendered by McKinney prior to the execution date of the Agreement, unless otherwise contracted. Frisco shall be entitled to receive all water utility service revenues and fees for water utility services rendered by Frisco prior to the execution date of the Agreement, unless otherwise contracted. The Parties shall transfer all customers within 90 days after the issuance date of the TCEQ order approving the transfer.
- (13) <u>Effective Dates</u>. This Agreement is effective and enforceable as between Frisco and McKinney following execution by both parties. The transfer of the Transfer Areas to the other Party is effective and enforceable upon notice of the intended date of transfer of the retail water service (the "Transfer Effective Date").
- (14) <u>Filing of Agreement</u>. After Execution of the Agreement by the Parties, a copy of the Agreement shall be filed with the TCEQ.
- (15) <u>Section 13.248</u>. This Agreement shall be construed and interpreted in accordance with Section 13.248 of the Texas Water Code.

MISCELLANEOUS

- (16) <u>Applicable Texas Law</u>. This Agreement shall be governed by and construed and enforced under the laws of the State of Texas.
- (17) <u>Performance</u>. The obligations and undertakings of each of the parties to this Agreement shall be performed in Collin County, Texas. Except for matters within the jurisdiction of the TCEQ (or its successor), the parties expressly agree that all judicial proceedings to enforce any of the provisions of this Agreement shall take place in Collin County, Texas.
- (18) <u>Entire Agreement</u>. This Agreement contains the entire agreement of Frisco and McKinney with respect to the subject matter of the Agreement. No Agreement, statement, or promise made by any party or to any employee, agent, or officer of any party, that is not contained in this Agreement shall be valid, binding, or of any force or effect. Any amendments to this Agreement must be in writing and signed by the party or parties to be charged.
- (19) <u>Successors and Assigns</u>. This Agreement shall be binding upon the parties hereto and their respective successors, heirs, representatives, and assigns.

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- (20) <u>Agreement Drafted Equally</u>. This Agreement shall be deemed drafted equally by the Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumption or principle that the language herein is to be construed against either Party shall not apply.
- (21) <u>Severability</u>. Should any provision of this Agreement be declared void by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.
- (22) <u>Attorney's Fees</u>. In the event of any suit or other adjudication between the Parties to enforce any claim arising out of this Agreement, or to interpret the terms of this Agreement, the prevailing Party shall be entitled to recover its fees, damages, costs, attorneys' fees, and such other and further relief from the non-prevailing Party, general or special, at law or in equity, to which the prevailing Party may show itself justly entitled as provided by Texas Local Government Code § 271.159.
- (23) <u>Covenant of Authority</u>. The respective signatories to this Agreement covenant that they are fully authorized to sign this Agreement on behalf of their respective party.

CITY OF FRISCO

IN WITNESS WHEREOF, EXECUTED by the City of Frisco and the City of McKinney under the authority of their respective governing bodies in Duplicate Originals on the dates indicated below.

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BY: Mayor City Manager З a Date: n

ATTEST:

City Secretary

CITY OF MCKINNEY

BY:

Lawrence W. Robinson, by Regie Neff, Assistant City Manager and authorized signalory

ATTEST:

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Date:

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2/u7 City Secretary ttter. Mca

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EXHIBIT "B"

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EXHIBIT "D"

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS GOUNTY OF TRAVIS I hereby cartify that this is a true and correct copy of a Taxas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

2008 LaDonna Castanuela, Chief Clerk

Texas Commission on Environmental Quality

AN ORDER approving an agreement designating service areas between the City of Frisco and City of McKinney pursuant to Texas Water Code Section 13.248; TCEQ Docket No. 2008-0063-UCR.

A request for a Commission order approving a contract designating service areas between the City of Frisco (Frisco) Certificate of Convenience and Necessity (CCN) No. 11772, and the City of McKinney (McKinney), CCN No. 10194, in Collin County, Texas, was presented to the Texas Commission on Environmental Quality ("Commission") for approval pursuant to Section 13.248 of the Texas Water Code and Title 30, Section 291.117 of the Texas Administrative Code.

On August 22, 2007, the City of Frisco and the City of McKinney filed with the TCEQ an agreement (the "Agreement") regarding their respective water service areas. The Agreement addresses the transfer of the City of Frisco's authority to provide water service to approximately 696.5 acres and provides that the City of McKinney will be the sole provider of retail water service in that service area. The Agreement also addresses the transfer of the City of McKinney's authority to provide water service to approximately 1,888.5 acres and provides that the City of Frisco will be the sole provider of retail water service in that service area. The Agreement transfers of the City of Frisco will be the sole provider of retail water service in that service area. The agreement transfers retail water customers within each area transferred from the city currently providing service to the city to which the area is transferred. The agreement also transfers all facilities, waterlines, easements or equipment used to provide service in the transferred areas transferred from the city currently providing service to the city to which the area is transferred. The Agreement areas transferred from the city currently providing service to the city to which the area is transferred areas transferred from the city currently providing service to the city to which the area is transferred areas transferred from the city currently providing service to the city to which the area is transferred areas transferred from the city currently providing service to the city to which the area is transferred. The Agreement is attached to this Order.

Contracts between retail public utilities that designate areas to be served and customers to be served by those retail public utilities, when approved by the Commission after public notice and hearing, are valid and enforceable and are incorporated into the appropriate areas of public convenience and necessity. TEXAS WATER CODE §13.248.

The Commission held a hearing on the request at the December 10, 2008 agenda and found the request had merit.

The City of Frisco is capable of rendering continuous and adequate water service to every customer in the area transferred to it by the Agreement. The decertification of the City of McKinney's authority to provide service in that portion of the affected area, which results in City of Frisco being the sole service provider remaining in that area, is necessary for the service, accommodation, convenience, or safety of the public.

The City of McKinney is capable of rendering continuous and adequate water service to every customer in the area transferred to it by the Agreement. The decertification of the City of Frisco's authority to provide service in that portion of the affected area, which results in City of McKinney being the sole service provider remaining in that area, is necessary for the service, accommodation, convenience, or safety of the public.

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that:

The Agreement addressing the transfer of portions of service area between the City of Frisco's CCN No. 11772 and the City of McKinney's CCN No. 10194 and designating by whom retail water service shall be provided in those areas, is hereby approved.

CCN No. 11772 in Collin County, held by the City of Frisco, is hereby amended in accordance with the Agreement.

CCN No. 10194 in Collin County, held by the City of McKinney, is hereby amended in accordance with the Agreement.

The Executive Director is directed to redraw the maps of the respective CCNs as provided in the Agreement and as set forth on the map attached to this Order, and to amend the Commission's official water service area map for Collin County, Texas. The certificate amendment requested in this application is necessary for the service, accommodation, convenience, and safety of the public.

The Chief Clerk of the Texas Commission on Environmental Quality shall forward a copy of this Order to the parties.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order. Issue Date: DEC 1 5 2008

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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Buddy Garcia, Chairman

TRANSFER RETAIL WATER UTILITY SERVICE AREA AGREEMENT

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STATE OF TEXAS

COUNTY OF COLLIN

THIS AGREEMENT to Transfer Retail Water Utility Service Area is made and entered into on this the <u>944</u> day of <u>77700.Ch.</u> 2007 (the "Effective Date"), by and between the City of Frisco, Texas (hereinafter "Frisco"), and the City of McKinney, Texas (hereinafter "McKinney"). Frisco and McKinney may be collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Frisco is a Texas municipal corporation which holds Certificate of Convenience and Necessity ("CCN") No. 11772 and owns water facilities, transmission lines and distribution lines in Collin and Denton Counties in and around McKinney, and provides retail water utility service to customers within its certificated service area;

WHEREAS, McKinney is a Texas municipal corporation which holds CCN No. 10194 and owns water facilities, transmission lines and distribution lines in Collin County in and around Frisco, and provides retail water utility service to customers within its certificated service area;

WHEREAS, McKinney desires to decertify certain CCN area within Frisco's city limits and extraterritorial jurisdiction ("ETT"), and Frisco desires to certificate said CCN service area as more precisely defined later in this Agreement;

WHEREAS, Frisco desires to decertify certain CCN area within McKinney's city limits and ETJ, including an area subject to a municipal boundary dispute between Frisco and McKinney located generally along the southernmost border of the Custer West development, and McKinney desires to certificate said CCN service area as more precisely defined later in this Agreement;

WHEREAS, Frisco and McKinney desire to continue discussions outside of this Agreement regarding the municipal boundary dispute;

WHEREAS, Frisco and McKinney desire to amend their respective CCNs to be generally coterminous with their current city limits and ETJs.

NOW, THEREFORE, for and in consideration of the foregoing mutual benefits, covenants, and agreements herein expressed and other good and valuable consideration, the receipt of which is hereby acknowledged, Frisco and McKinney agree as follows:

TERMS OF AGREEMENT

IN CONSIDERATION of the mutual promises and covenants contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt of which is hereby acknowledged, by their representatives affixing signatures below, Frisco and McKinney agree as follows:

- (1) <u>Frisco Transfer Area</u>. The water utility service area to be transferred to Frisco is specifically identified as the cross-hatched area on the attached map, attached hereto and incorporated herein for all purposes as Exhibit A attached hereto and incorporated herein for all purposes, and designated herein as the "Frisco Transfer Area."
- (2) <u>Transfer to Frisco</u>. Frisco and McKinney agree that, after the Transfer Effective Date, Frisco shall have the sole right to provide retail water service within the Frisco Transfer Area, and McKinney will have no further obligation or right to provide water service to any existing or future customers in the Frisco Transfer Area, except as may be agreed by the Parties in writing.
- (3) <u>Current Customers in Frisco Transfer Area</u>. All current retail water customers of McKinney and any customers added between the date of this Agreement and the Transfer Effective Date whose place of use of water is located within the Frisco Transfer Area will, after the Transfer Effective Date, become customers of Frisco.
- (4) Facilities and Waterlines in Frisco Transfer Area. All facilities, waterlines, easements, or equipment belonging to McKinney used to provide service in the Frisco Transfer Area shall be transferred to Frisco by this Agreement. To the extent McKinney has facilities, waterlines, easements, or equipment belonging to McKinney in the Frisco Transfer Area that are not used to serve the area, but are used to provide service to McKinney's service territory, those facilities, waterlines, easements, or equipment shall not be transferred.
- (5) <u>Temporary Service</u>. Should it be necessary for Frisco to provide retail water service to the Frisco Transfer Area following execution of the Agreement by the Parties, but prior to approval of the CCN transfer by the TCEQ, the Parties agree that Frisco shall be entitled to provide temporary water service to the Frisco Transfer Area. All revenue, fees, charges, or other monies collected by Frisco during the period of temporary service shall inure to Frisco's benefit.
- (6) <u>McKinney Transfer Area</u>. The water utility service area to be transferred to McKinney is specifically identified as the cross-hatched area on the attached map, attached hereto and incorporated herein for all purposes as Exhibit A, attached hereto and incorporated herein for all purposes, and designated herein as the "McKinney Transfer Area."

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