



Control Number: 46215



Item Number: 1

Addendum StartPage: 1



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

**Petition to Discontinue Service (and Cancel) a
Certificate of Convenience and Necessity**

Docket Number: **46215**

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

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

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

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

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General Information and Instructions

General Information

Any water or sewer utility that wishes to discontinue operations must first receive approval from the Public Utility Commission of Texas (PUC or commission). If the applicant has a Certificate of Convenience and Necessity (CCN) which it has been operating under, cancellation of that CCN is also necessary.

The filing of this application does not constitute approval to discontinue operations. The applicant must continue providing service at its current rates until the date of cessation approved by the commission. If the utility does not have a CCN and this application is withdrawn or denied, the utility must immediately submit an application for a CCN.

During the pendency of this application, the applicant is advised to attempt to find a willing buyer for the utility or another service provider in the area willing to operate the system and/or provide service to the area involved.

You must answer each question on the application completely. If you need additional space you may attach additional sheets clearly labeled with the applicant's name. If a question is not applicable, please mark it N/A and briefly explain why the question does not apply.

NOT LEAVE ANY QUESTIONS BLANK.

Application Package

A complete application package must include 7 copies, including the original of each of the following (per §22.71. of the Commission's Procedural Rules):

1. The completed application form, including the oath and any attachments;
2. The following maps:
Texas State Department of Highways and Public Transportation County Map (1 inch = miles) showing the location of the applicant's service area.
If this application is to cancel a CCN and discontinue service, attach a copy of the existing CCN map identifying the CCN area to be cancelled. A copy of the existing CCN map may be obtained from the CCN holder's official file. The commission's Central Records Office maybe contacted by phone at 512-936-7180.
3. The proposed notice for publication, the individual notice to cities and neighboring systems, and notice to current customers. (Do not publish or send these proposed notices to neighboring utilities or customers until you are notified to do so in writing by the TCEQ staff after the proposed notices have been reviewed for completeness). It is the applicant's responsibility to provide complete and accurate notice of the application as prescribed by the commission.
4. No required filing fee.
5. The following applicable information:

- a. For water and sewer systems, the most recent TCEQ inspection report letter(s); and
 - b. Applicant's response to the TCEQ regarding any deficiencies noted in the inspection report letter(s).
6. The State Comptroller's "Certification of Account Status" for all for-profit corporations. Certification can be obtained from:

Comptroller of Public Accounts, Office Management

P.O. Box 13528
Austin, Texas 78711-3528
1-800-252-5555

7. Any other attachments necessary or required to complete this application.

The completed application package should be sent to:

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

Processing of Petition to Discontinue Service

Your petition to discontinue service will be reviewed for completeness by the commission staff within ten (10) working days after it is received in our offices. An application is not accepted for filing until it is determined to be complete. If the application is complete, you will be notified by mail to provide a copy of the individual notice to current customers, neighboring cities and systems within two (2) miles of your service area and you may also be told to publish notice once each week for two (2) consecutive weeks in a newspaper of general circulation in your local area and county.

If the application is incomplete, you will be sent a letter describing what is needed to correct the deficiencies. After receiving that letter, you will have thirty (30) days to make the necessary corrections. If you fail to make the corrections, the application will be returned if you are operating a system without a CCN, you may be referred to the Enforcement Division for further action.

Notice Requirements

The commission cannot consider a petition to discontinue service until proper notice of the application has been given. **It is the applicant's responsibility to ensure that proper notice is given.** Both attached forms must be completed and submitted with the application. The commission staff will review your proposed notices for completeness before directing you to provide the appropriate notice to current customers, neighboring cities and systems and publication, if required. The commission may require the applicant to publish notice once each week for two consecutive weeks in a newspaper of general circulation in the county of operation which shall include the sale price of the facilities; the name and mailing address of the owner of the retail public utility; and the business telephone of the retail public utility.

NOTICE FOR PUBLICATION

*NOTICE OF CESSATION OF OPERATIONS AND DISCONTINUANCE OF WATER/SEWER UTILITY SERVICE
AND CANCELLATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY NO. 12781*

IN Harris COUNTY(IES), TEXAS.

(Name of Utility) The Commons Water Supply, Inc. has filed a petition with the
Public Utility Commission of Texas to cease operations; discontinue providing water/sewer utility service
and cancel Certificate of Convenience and Necessity No.: 12781 in
Harris County(ies) Texas. The proposed effective date of this action is

June 24, 2016. The anticipated effect of the cessation of operations on the rates and services provided
to the customers is that service provided will cease and rates charged for that service area will no longer be
collected by this utility. The water/sewer utility service area is located approximately 0 miles of
Houston, Texas and is generally bounded by Lake Houston

(Direction) (General Location)
in Harris, and as specified in detail maps filed with the
(County Seat)

Public Utility Commission of Texas and available for review at the utility's office at:
3303 W. Davis Street, Suite 100, Huffman, TX 77304

(Utility's Business Address)

The utility will sell the facilities to a qualified buyer willing to continue utility operations for \$ N/A
The Owner

(Owner's Name)

may be contacted at:

(Owner's Address)

or by telephoning:

(Owner's Telephone Number)

If you wish to protest or comment on this petition, you should notify the utility and must file your protest
in writing with the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O.
Box 13326, Austin, Texas 78711-3326 within (30) days of the date of this notice. Only those individuals
who submit a written protest will receive notice if a hearing is scheduled.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

NOTICE FOR CUSTOMERS AND NEIGHBORING UTILITIES

NOTICE OF CESSATION OF OPERATIONS AND DISCONTINUANCE OF WATER/SEWER UTILITY SERVICE
AND CANCELLATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY NO.

12781 IN Harris COUNTY(IES), TEXAS.

TO: _____ Date Notice Mailed _____
(Neighboring Utility of Affected Party)

(Address) (City) (State) (Zip)

(Name of Utility) The Commons Water Supply, Inc.

has filed a petition with the Public Utility Commission of Texas to cease operations; discontinue providing water/sewer utility service and cancel Certificate of Convenience and Necessity

No. 12781 in Harris

County (ies) Texas. The proposed effective date of this action is June 24, 2016 The anticipated effect of the cessation of operations on the rates and services provided to the customers is that service provided will cease and rates charged for that service area will no longer be collected by this utility. The water/sewer utility service area is located approximately 40 miles East-Northeast of Harris County

(Direction) (County Seat)

Texas, and is generally bounded by Lake Houston, and as specified in detail maps filed
(General Location)

with the Public Utility Commission of Texas and available for review at the utility's office at the utility's office at: 3303 W. Davis Street, Suite 100, Huffman, TX 77304

(Petitioning Utility's Business Address)

The utility will sell the facilities to a qualified buyer willing to continue utility operations for
\$ N/A. The Owner _____ may be contacted at:

(Owner's Name)

or by telephoning: _____

(Owner's Address)

(Owner's Telephone Number's)

If you wish to protest or comment on this petition, you should notify the utility and must file your protest in writing with the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326, within (30) days of the date of this notice. Only those individuals who submit a written protest will receive notice if a hearing is scheduled.

Daniel Signorelli

(Utility's Representative)

The Commons Water Supply, Inc.

(Utility Name)

3303 W. Davis Street, Suite 100

(Mailing Address)

Huffman

(City)

TX

(State)

77304

(Zip)

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

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8. Please complete the applicable section of this question. Only one section will apply to your utility.

A. INDIVIDUAL

Name _____
Address (City/ST/ZIP/Code) _____
Phone Number and Fax _____
Tax Identification Number (Social Security Number for Individuals): _____

B. PARTNERSHIP, CORPORATION, ARTICLE 1434A WATER SUPPLY OR SEWER SERVICE CORPORATION, HOMEOWNERS OR PROPERTY OWNERS ASSOCIATION, DISTRICT OR MUNICIPALITY

List the name, positions held, and address of each partner or officer.

See Attachment No. 1

Name	Address	City	State	Zip Code
(Position and/or % of Ownership)		(Area Code-Telephone No.)		
Name	Address	City	State	Zip Code
(Position and/or % of Ownership)		(Area Code-Telephone No.)		
Name	Address	City	State	Zip Code
(Position and/or % of Ownership)		(Area Code-Telephone No.)		
Name	Address	City	State	Zip Code
(Position and/or % of Ownership)		(Area Code-Telephone No.)		

If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller's Office.

9. List the name, address, and telephone number of the person to be contacted regarding this application and indicate if this person is the Owner, Operator, Engineer, Attorney, or other title.

Name	Address	City	State	Zip Code	Attorney (Title)
Emily W. Rogers	3711 S. MoPac Expwy., Bldg. 1, Suite 300	Austin	TX	78701	512-472-8021
Address	City	State	Zip Code	(Area Code-Telephone no.)	

10. If applicant has retained an attorney, engineer or other consultant for purposes of preparing this application, please provide: (If none has been retained, please mark "N/A.")

See answer to No. 9 above

(Name)	(Title)
--------	---------

Address

City

State Zip Code

Area Code-Telephone No.

11. Please explain in detail why the applicant is requesting to discontinue service. Please attach any documents required to support this explanation.

See Attachment Nos. 2 and 3.

12. Please explain in writing the efforts that have been made to ensure that the current customers will continue to receive continuous and adequate service if the utility is approved to cease operations.

See Attachment Nos. 2 and 3.

13. When did service begin? See Attachment Nos. 2 and 3

A. Is the applicant the original owner of this system? Yes ☒ No ☐

If the answer is "No," please answer the following questions to the best of your ability.

1. When was the system acquired? The City of Houston owns and operates the system.
2. What was the purchase price? _____
3. Who was the immediate preceding owner? _____

City of Houston

PO Box 1562

(Name)

(Address)

Houston, TX 77251

832-395-2500

(City, State, Zip Code)

(Area Code-Telephone No.)

B. If the system is for sale, the applicant's current asking price for the system is \$ N/A

Please explain how this price was determined: _____

See Attachment Nos. 2 and 3.

C. If the applicant is not the owner of the system, please provide the following information. If the applicant is the owner, go to question D. below.

1. Name, mailing address and phone number of owner.

City of Houston, PO Box 1562, Houston, TX 77251

2. Attach a copy of the agreement with the owner allowing applicant to operate the system.

D. List the dates that Applicant's rates have changed since September 1, 1976.

(Not applicable to Cities and Political Subdivisions)

See Attachment Nos. 2 and 3.

14. List the number of existing metered (by size) and unmetered connections, as of

See Attachment Nos. 2 and 3. (date application was prepared)

TCEQ Water System		TCEQ Sewer System	
Connection	Existing	Connection	Existing
5/8" or 3/4" meter	Unknown	Residential	
1" meter or larger	because customers	Commercial	
Non-Metered	are City of Houston	Industrial	
Other:	customers.	Other:	
Total Water		Total Sewer	

15. Do you currently purchase water or sewer treatment capacity from another source?

A. ☒ No(skip the rest of this question and go to #16)

B. Water ☐ Yes

Purchased on a ☐ seasonal ☐ regular ☐ emergency basis?

Water Source	% of total supply

C. Sewer treatment capacity ☐ Yes:

Purchased on a ☐ seasonal ☐ regular ☐ emergency basis?

Sewer Source	% of total supply

D. Provide a signed and dated copy of the most current water and/or sewer treatment capacity purchase agreement or contract.

16. Please provide the following information for each water and/or sewer system:

A. Water system's TCEQ Public Water System identification number(s):

1	0	1	2	9	7	8	;								;								
---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--

1	0	1	0	0	1	3	;								;								
---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	---	--	--	--	--	--	--	--	--

B. Sewer system's TCEQ Discharge Permit number(s) (for each system)

W	Q						-					;	W	Q						-				
---	---	--	--	--	--	--	---	--	--	--	--	---	---	---	--	--	--	--	--	---	--	--	--	--

1. Date of last TCEQ inspection(for PWS No. 1012978-Dec. 13, 2013.

2. Attach a copy of the most recent inspection report letter(s). See Attachment No. 4.

3. For each water and/or sewer system deficiency listed in the inspection report letter(s), attach a

copy of the response to the TCEQ regarding any deficiencies noted in the letters and a brief explanation listing the actions taken or being taken by the utility to correct any outstanding deficiencies listed in the letter(s), including the proposed completion dates.

17. Please provide the name, class and license number of the applicant's certified operator.

Name	Classes	License Number
Severn Trent		WC0000042

18. List all neighboring utility service providers providing the same type of service and any cities within two miles of Applicant's proposed certificate area.

See Attachment No. 5.

AFTER THE APPLICANT'S PROPOSED NOTICES ARE APPROVED, THE APPLICANT MUST NOTIFY EACH OF THE ENTITIES LISTED ABOVE AND CUSTOMERS USING THE NOTICE FORM INCLUDED IN THIS APPLICATION. THE APPLICANT MUST THEN PROVIDE A SWORN STATEMENT THAT NOTICE WAS GIVEN TO THE PUBLIC UTILITY COMMISSION OF TEXAS. PUBLISHED NOTICE MAY ALSO BE REQUIRED. IT IS THE APPLICANT'S BURDEN TO PROVIDE COMPLETE AND ACCURATE NOTICE OF THE APPLICATION.

19. Attach the following maps with each copy of the application: (All maps should include Applicant's name, address, telephone number and date of drawing or revision).

Map delineating the current service area(s). If there is no current CCN, a map showing where the Applicant is providing water and/or sewer service. If this application is to cancel a CCN and discontinue service, attach a copy of the CCN map identifying the CCN area(s) to be canceled with the area highlighted so that it can be easily identified. See Attachment No. 6.

20. Please attach a tariff or other documentation which outlines all of the utility's current rates and service rules. See Attachment Nos. 2 and 3.

ALL APPLICABLE QUESTIONS MUST BE ANSWERED FULLY.

THE APPLICATION WILL NOT BE ACCEPTED FOR FILING WITHOUT MAPS, ALL REQUIRED ATTACHMENTS AND COMPLETED NOTICES.

PLEASE NOTE THAT THE FILING OF THIS APPLICATION DOES NOT CONSTITUTE AUTHORITY TO CEASE OR TERMINATE THE OPERATION OF THE WATER/SEWER SYSTEM.

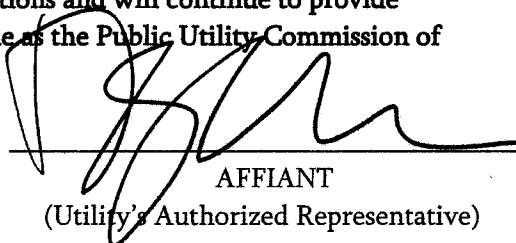
OATH

STATE OF Texas

COUNTY OF _____

I, Daniel Signorelli, being duly sworn, file this application
as President (indicate relationship to Applicant, that
is, owner, member of partnership, title as officer of corporation, or other authorized representative
of Applicant); that, in such capacity, I am qualified and authorized to file and verify such
application, am personally familiar with the maps filed with this application, and have complied
with all the requirements contained in this application; and, that all such statements made and
matters set forth therein are true and correct. I further state that the application is made in good
faith and that this application does not duplicate any filing presently before the Public Utility
Commission of Texas.

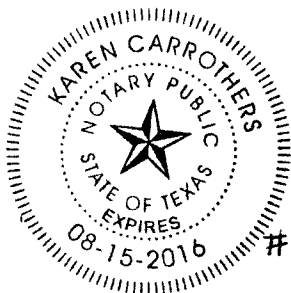
**I further represent that the applicant will not cease operations and will continue to provide
water/sewer utility service to all customers until such time as the Public Utility Commission of
Texas approves cessation of operations.**


AFFIANT
(Utility's Authorized Representative)


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

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this d
day 22nd of July 20 16

SEAL



#00070963-8


NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

Karen Carrothers
PRINT OR TYPE NAME OF NOTARY

8/15/16
MY COMMISSION EXPIRES

LIST OF ATTACHMENTS

1. List of Owners with Ownership Interests
2. Agreements and City of Houston Notice
3. Explanation of the Proposed Cancellation of the CCN for the Area within Harris County MUD No. 415 and of the Ownership of System in the Area to be Decertified
4. Most Recent Inspection Report
5. List of Neighboring Utilities
6. Maps
7. Franchise Tax Account Status

ATTACHMENT NO. 1

The Commons of Lake Houston Investors		Percentages of Ownership Interest											
		06/28/93	10/05/93	06/14/94	06/20/14	07/28/95	04/23/98	01/05/01	04/14/08	04/15/09	03/13/13	12/30/13	03/03/16
General Partners													
Gail A. Williamsen		34.900%	34.900%	30.000%	30.000%	30.000%							
Suntex Marketing Corporation		34.900%	34.900%	30.000%	30.000%	30.000%	42.856%	1.000%					
Platinum Land, Ltd								41.838%	49.981%	57.124%	64.267%	71.410%	71.410%
Limited Partners													
David K. Ross		0.200%	0.200%										
Fosco Investments, Inc.													
Harold Walker		5.000%	5.000%	5.000%	5.000%	5.000%	7.143%	7.143%					
Jack Gilroy		5.000%	5.000%	5.000%	5.000%	5.000%	7.143%	7.143%	7.143%	7.143%	7.143%	7.143%	
Earl Godfrey		5.000%	5.000%	5.000%	5.000%	5.000%	7.143%	7.143%	7.143%				
Robert McComas		5.000%	5.000%	5.000%	5.000%	5.000%	7.143%	7.143%	7.143%	7.143%	7.143%	7.143%	7.143%
John P. O'Brien		5.000%	5.000%	3.750%	3.750%	3.750%	5.357%	5.375%	5.375%	5.375%	5.375%	5.375%	5.375%
William Snyder		5.000%	5.000%	5.000%	5.000%	5.000%	7.143%	7.143%	7.143%	7.143%	7.143%	7.143%	7.143%
Gerard Coelsch				1.250%	5.000%	5.000%	7.143%	7.143%	7.143%	7.143%			
J. E. Lewis				5.000%	5.000%	5.000%	7.143%	7.143%	7.143%				
Nominee				5.000%									
Wallace P. Reid					1.250%								
W. Gator Corp						1.250%	1.786%	1.786%	1.786%		1.786%	1.786%	1.786%
Signorelli Holdings, Ltd													7.143%
Total Percentages		100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

ATTACHMENT NO. 2

C 173301
09-0270

**UTILITY AGREEMENT
BY AND BETWEEN
HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 415 AND
THE CITY OF HOUSTON**

**THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §**

THIS UTILITY AGREEMENT ("Agreement") is made and entered into as of the date herein last specified, by and between the **CITY OF HOUSTON, TEXAS** (the "City"), a municipal corporation and home-rule city which is principally situated and has its City Hall in Harris County, Texas, and **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 415**, a body politic and corporate and a governmental agency of the State of Texas organized under the provisions of Article XVI, Section 59 of the Texas Constitution and Chapter 49 and Chapter 54, Texas Water Code, as amended (the "District").

WITNESSETH:

WHEREAS, pursuant to Resolution No. 84-103 of the City of Houston, Texas, establishing the policy of the City regarding the creation of conservation and reclamation districts within the corporate limits of the City (the "Policy Statement"), the District has been created within the City, for the purposes of, among other things, (i) providing water distribution, wastewater collection and drainage facilities and services (as more fully defined below, the "Facilities"), to serve development occurring within that portion of the City situated now and by future annexation within the boundaries of the District, by financing and purchasing the Facilities, and (ii) promoting the policies of the City and the Texas Commission on Environmental Quality for regionalization of water and wastewater treatment facilities; and

WHEREAS, under the authority of City Charter the City and the District may enter into an agreement under the terms of which the District will acquire for the benefit of, and for ultimate conveyance to, the City, the Facilities needed to serve lands being developed within the boundaries of the District; and the City shall construct a wastewater transmission main to serve the District; and

WHEREAS, the City and the District have determined that they are authorized by the Constitution and laws of the State of Texas to enter into this Agreement and have further determined that the terms, provisions and conditions hereof are mutually fair and advantageous to each; **NOW, THEREFORE**;

AGREEMENT

For and in consideration of these premises and of the mutual promises, obligations, covenants and benefits herein contained, the District and the City contract and agree as follows:

ARTICLE I

DEFINITIONS

In addition to terms defined elsewhere herein, the capitalized terms and phrases used in this Agreement shall have the meanings as follows:

"**Approving Bodies**" shall mean the City, Harris County, Texas, the Texas Department of Health, the Commission (as hereinafter defined), the Attorney General of Texas, the Comptroller of Public Accounts of Texas, the United States Department of Justice and all other federal, state and local governmental authorities having regulatory jurisdiction and authority over the financing, construction or operation of the Facilities or the subject matter of this Agreement.

"**Bonds**" shall mean the District's bonds, notes or other evidences of indebtedness issued from time to time for the purpose of financing the costs of acquiring, constructing, purchasing, operating, repairing, improving or extending the Facilities, whether payable from ad valorem

taxes, the proceeds of one or more future bond issues or otherwise, and including any bonds, notes or similar obligations issued to refund such bonds.

"Building Permits" means the various permits for construction inside the City for construction of dwellings and infrastructure required for residential development.

"City" shall mean the City of Houston, Texas, a municipal corporation and home-rule city under the laws of the State of Texas principally situated and with its City Hall in Harris County, Texas.

"CWS" shall mean The Commons Water Supply, Inc., its successors or assigns and the holder of Certificate of Convenience and Necessity No. 12781.

"CWS CCN" shall mean Certificate of Convenience and necessity No. 12781.

"Commission" shall mean the Texas Commission on Environmental Quality, or any successor agency.

"Credits" are the monetary value of construction of W&W Facilities calculated under Section 4.01.

"Director" shall mean the Director of the Department of Public Works and Engineering, his designee, successors and assigns.

"District" shall mean Harris County Municipal Utility District No. 415, a body politic and corporate and a governmental agency of the State of Texas organized under the provisions of Article XVI, Section 59 of the Texas Constitution and Chapter 49 and Chapter 54 Texas Water Code, as amended, and which, as of the date hereof, includes within its boundaries 411.81 acres of land situated wholly within the corporate limits of the City as more particularly described on Exhibit "A", attached hereto and incorporated herein by reference for all purposes, and which may include any additional land annexed into same in accordance with the applicable laws of the State of Texas and the provisions of this Agreement.

"District Assets" shall mean (i) all rights, title and interests of the District in and to the Facilities, (ii) any Bonds of the District which are authorized but have not been issued by the District, (iii) all rights and powers of the District under any agreements or commitments with any persons or entities pertaining to the financing, construction or operation of all or any portion of the Facilities and/or the operations of the District and/or recreational facilities, and (iv) all books, records, files, documents, permits, funds and other materials or property of the District.

"District's Cost Share" is the amount of money equal to the District's share of the cost of the Lake Houston Sewer Project calculated according to the percentages given in Exhibit "D".

"District's Obligations" shall mean (i) all outstanding Bonds of the District, (ii) all other debts, liabilities and obligations of the District to or for the benefit of any persons or entities relating to the financing, construction or operation of all or any portion of the Facilities or the operations of the District, and (iii) all functions performed and services rendered by the District, for and to the owners of property within the District and the customers of the Facilities.

"Eligible Construction Costs" means the full cost of materials, labor and related testing necessary for construction of W&W Facilities, as well as cost of construction management performed by independent contractors of the District and the actual costs of publishing notice of bids for construction of the W&W Facilities, but excluding all costs for lift stations and applicable permits of all kinds, which will not be reimbursed by the City.

"Eligible Costs" means Eligible Design, Construction, and Over Sizing Costs.

"Eligible Design Costs" means the full cost of survey, design, and related testing services necessary for construction of the W&W Facilities, which services are performed by independent contractors of the District, but excludes the cost of applicable permits of all kinds, which shall not be reimbursed by the City.

"Eligible Over Sizing Costs" means the actual incremental costs of design and construction of W&W Facilities sized at the request of the City in excess of the capacity necessary for the water and wastewater capacity required by the District.

"Engineers" shall mean Dannenbaum Engineering-Houston, Inc., or its replacement, successor or assignee, as duly appointed by the District.

"Engineering Reports" shall mean and refer to that certain Preliminary Engineering Report prepared by the Engineers relating to the creation of the District and describing the initial scope and extent of the Facilities and any additional engineering reports prepared by the Engineers from time to time relating to the issuance of Bonds by the District, copies of which shall be on file in the offices of the District.

"ESFC" shall mean an equivalent single family connection calculated as 315 gallons per day for treated water.

"Facilities" shall mean and include the water distribution, wastewater trunk collection line capacity and transportation, stormwater collection, pollution prevention, control, detention and drainage systems, water plant capacity, wastewater treatment plant capacity constructed, purchased, financed or acquired or to be constructed, purchased, financed or acquired by or on behalf of the District (or with respect to which the District provides or causes to be provided funds for construction, purchase, financing or acquisition by other parties) to serve lands within its boundaries (portions of which Facilities may be located outside its boundaries), and all improvements, appurtenances, additions, extensions, enlargements or betterments thereto, together with all contract rights, permits, licenses, properties, rights-of-way, easements, sites and other interests related thereto, all as more fully described in the Engineering Reports. "Facilities" does not include the temporary wastewater plant to be constructed by the District.

"Lake Houston Sewer Project" shall mean the project to be completed by the City to provide off-site wastewater service to the District (see Exhibit "D" for percentage shares of capacity for City and the District on the basis of 750 single family equivalents for the District).

"Plant" shall mean the City's Cedar Bayou WWTP.

"W&W Facilities" means water and wastewater Facilities constructed by the District (see definition of "Facilities").

ARTICLE II
DESCRIPTION, DESIGN, FINANCING
AND CONSTRUCTION OF THE FACILITIES
TO SERVE THE DISTRICT

2.01. Facilities. The Facilities, as described in the Engineering Reports, shall be designed and constructed, as applicable, in compliance with all applicable requirements and criteria of the applicable Approving Bodies and subject to the applicable provisions of the City's ordinance granting a petition for inclusion of certain territory in the District (the "Consent Ordinance"). The District shall not be required to design and construct the Facilities to requirements more stringent than the City's requirements and criteria applicable to all design and construction within the City's jurisdiction. The District shall design, construct, extend, acquire or purchase the Facilities, as applicable, in such phases or stages as required under Section 4.01.

2.02. Interim Water Supply. The Parties agree that the City shall contract with CWS for the initial 100 water ESFCs to serve the area within the District. CWS and the City shall execute a water supply agreement in the form attached as Exhibit "E" for the purchase by the City of treated water in an amount necessary to serve no more than 100 EFSCs.

2.03. Release of CCN. Within 30 days of the City's delivery of treated water to the area within the District from the City's water supply facilities in compliance with this Agreement, the District shall cause the CWS to file with the Commission any necessary documents to request the release of the CWS CCN for that portion of the CWS CCN within the District. The District shall

cause CWS to deliver to the City a waiver of the CWS CCN for the area within the District effective upon the delivery of treated water by the City. Delivery of treated water by the City from the CWS water supply facilities will not require the release of CWS CCN.

2.04. Water Distribution and Supply Facilities. The City shall be obligated to supply treated water from the City's water supply facilities upon the District reaching 100 active ESFCs. The District will supply the City with a written schedule that estimates the time that there will be 100 active ESFCs in the District, such schedule to be delivered to the City not less than 180 days before the estimated date of achieving 100 active ESFCs. The City shall be the retail provider of treated water and shall supply the District with treated water in sufficient quantities and at sufficient pressure to meet all applicable requirements of the Commission. The District shall make water reservation requests for capacity by sections according to plats approved by the City's Planning Commission. The City shall not be obligated to supply the District with more than 750 ESFCs without the written approval of the Director. The Director shall approve reservations as requested by the District according to plats approved by the City's Planning Commission. The District shall pay all impact fees as required under the Code of Ordinances for each water reservation. There shall be as many points of connection between the City's and the District's water supply systems as shall be mutually agreed upon by the District and the Director. All water supplied by the City to customers within the District shall be metered. Upon reaching 100 active ESFCs and the City providing treated water in compliance with this Agreement, the District shall disconnect from the CWS water supply facilities, unless an emergency water supply agreement has been mutually agreed to between the City and CWS.

2.05. Failure to Provide Treated Water. In the event the City fails to provide treated water from City water supply facilities for any reason upon the District achieving 100 active ESFCs, the District shall provide written notice of default to the City. In the event the City fails to supply treated water from City water supply facilities within 90 days of the delivery of written

notice of default, the Interim Water Supply Agreement described in Section 2.02 shall be automatically terminated, the CWS CCN shall not be released and CWS shall be the permanent retail provider of treated water within the District.

2.06. Wastewater Treatment Plant and Wastewater Trunk Collection Line Capacity. The City and the District agree that the property located within the District is designated as part of the service area of the Plant. The District shall limit the quantity of wastewater delivered from property within its boundaries to the Wastewater Point of Discharge (defined below) such that it does not exceed the amount of wastewater treatment plant capacity it has purchased from time to time from the City at the current City impact fee rates. The District shall make wastewater reservation requests for capacity in the Plant by sections according to plats approved by the City's Planning Commission; provided, however, the District shall not pay impact fees to the City until the District connects to the City's wastewater collection system. The City shall not be obligated to supply the District with more than 750 ESFCs of wastewater treatment capacity without the written approval of the Director. The Director shall approve reservations in the Plant. After connecting to the City's wastewater collection system, the District shall pay all impact fees as required under the Code of Ordinances for each wastewater reservation. The District shall construct connections between the District's sanitary sewer collection system and the City's wastewater collection system and pay any applicable impact fees prior to its abandonment of temporary treatment plant, the locations of which are described on Exhibit "B" or such other location as shall be mutually agreed upon by the District and the Director (the "Wastewater Points of Discharge").

In connection with the purchase of such wastewater treatment plant capacity, 315 gallons per day per single-family residential connection shall be used unless the City's then-current single-family residential standard criteria provide for a different amount. The standard City

criteria, currently the Wastewater Discharge Equivalency Table published by the City's Department of Public Works and Engineering, shall be used in determining sewage treatment capacity required for other land uses.

2.07. Temporary Plant. The District may construct a temporary wastewater treatment plant as shown on Exhibit "C". The District shall be responsible for construction and removal of the temporary wastewater plant and shall hire an operator for the temporary plant. The District shall connect to the Lake Houston Sewer Project upon the later of 90 days after the District has 300 active wastewater connections or 90 days after the completion of the Lake Houston Sewer Project. The City shall reimburse the District for the operation (excluding any lease payments on the temporary plant) and maintenance of the temporary plant until the Lake Houston Sewer Project is completed by the City. In the event the District fails to connect the District's wastewater facilities to the Lake Houston Sewer Project within 90 days of the completion of the Lake Houston Sewer Project, the City will not reimburse the District for any costs of incurred after that time for the operation and maintenance of the temporary plant. The District shall be solely responsible for all expenses of operation (including lease payments on the temporary plant) and maintenance of the temporary plant after the Lake Houston Sewer Project is complete. The City shall reimburse the District monthly based on invoices produced by the District. The City shall make payments out of revenues of the City water and wastewater system only. In the event the City does not complete the Lake Houston Sewer Project serving the District or the City does not have sufficient wastewater treatment capacity, the District may continue to operate and expand the temporary wastewater treatment plant up to 200,000 gallons per day of capacity. If the Lake Houston Sewer Project is not completed by the City before the District has 300 active

ESFCs, the City shall be obligated to reimburse the District for the operation (including any lease payments on the temporary plant) and maintenance costs of the temporary plant until the Lake Houston Sewer Project is complete. The temporary treatment plant must meet the requirements of the Commission TPDES Permit No. WQ001491001.

2.08. Construction of the Lake Houston Sewer Project. The City will commence construction of the Lake Houston Sewer Project no sooner than August 2009. The estimate of the District's Cost Share of the Lake Houston Sewer Project is \$1,960,000, calculated as shown in Exhibit "D". The District shall be obligated to connect the District wastewater facilities to the Lake Houston Sewer Project as provided in Section 2.07. The District shall be obligated to reimburse the City for the District's Cost Share of the Lake Houston Sewer Project as calculated in Exhibit "D", not to exceed \$2,400,000. The District will pay the City for the District's Cost Share from the proceeds of the District's bonds. The District shall be obligated to include in each bond issue a portion of the payment for the Lake Houston Sewer Project based upon the following formula:

$$\begin{array}{lcl} \begin{array}{l} \text{\# of connections in} \\ \text{any section being} \\ \text{funded in a District} \\ \text{bond issue} \\ \hline 750 \text{ connections} \end{array} & \times & \begin{array}{l} \text{District's Cost} \\ \text{Share of Lake Houston} \\ \text{Sewer Plant as calculated} \\ \text{in Exhibit "D"} \end{array} & = & \text{Payment Amount} \end{array}$$

The District shall pay to the City the Payment Amount within 30 days of the receipt of the proceeds of the District's bond issue, except as otherwise provided herein. In the event the District issues bonds prior to the completion of the Lake Houston Sewer Project, the District will escrow the Payment Amount in an account held by the District until the Lake Houston Sewer Project is completed. Additionally, in no event shall the District be obligated to pay the City any

of the District's Cost Share of the Lake Houston Sewer Project until the City has appropriated funds from the developer participation contract program (the "DPC Program") under Chapter 47, Article IV, Section 47-165 of the Code of Ordinances of Houston, as amended from time to time, for all of the District's Eligible Costs of all District W&W Facilities as provided for in Section 4.01 and confirmed the appropriation of funds in writing to the District. The District will pay the escrowed funds to the City within 30 days of the receipt of a written request from the City which confirms the completion of the Lake Houston Sewer Project and confirms that conditions contained in this paragraph have been satisfied.

2.09. Assignments of Capacity by the District. The District shall have the right to assign all or part of its capacity on assignment forms approved by the City for reservation of capacity in the Plant to landowner(s) and developer(s) within its boundaries. At such time as a landowner or developer located within the boundaries of the District requests a building permit from the City, the City shall honor such assignments of capacity or agreements; provided, however, that the City shall have no duty to honor any assignment of capacity that was not validly issued or which will result in capacity which exceeds the uncommitted capacity reserved by the District in the Plant.

The District shall limit the number and type of connections to the District's sanitary sewer collection system so that the number of active connections does not exceed the District's capacity in the Plant. In connection with such limitation, the District shall use the standard City criteria, currently the Wastewater Discharge Equivalency Table. The District shall have the right and shall be solely responsible for allocating its capacity in the Plant among the customers of its sanitary sewer system. Notwithstanding the foregoing, the District shall not allow to be made

any connection to the District's sanitary sewer system until, with respect to such connection:

(1) the District has issued an assignment of capacity (which assignment may be by platted section) specifying the number of gallons per day allocated for each connection, and has provided a copy thereof to the Director;

(2) the City has issued a building permit for that connection; and

(3) all buildings or structures served by connections shall be located entirely within the boundaries of a lot or parcel shown in a plan, plat or replat filed with and finally approved by the City Planning Commission and duly recorded in the official records of Harris County (provided this limitation shall not apply if no plan, plat or replat is required by applicable State statutes, City ordinances or City Planning Commission regulations).

The City shall have the right to refuse the issuance of a building permit for any connection if: (i) with respect to the District, the addition of such connection will result in a number of active connections to the District's sanitary sewer collection system which exceeds the District's capacity in the Plant; (ii) the number of gallons per day stated in the assignment of capacity for the connection is less than the actual number of gallons per day for the connection, computed in accordance with the Wastewater Discharge Equivalency Table; or (iii) the connection or premises served do not comply with the City's Building Code.

A connection shall no longer be considered an active connection when the Director shall have determined that: (1) the premises formerly served by the connection have been destroyed or abandoned; (2) the connection has been physically sealed; and (3) sewer services are not likely to be resumed to the premises in the reasonably foreseeable future.

2.10. Wastewater Collection Lines. Unless reduced design criteria are otherwise agreed to by the Director and the District, sanitary sewer collection lines to be constructed by the District to serve the property within its boundaries shall be designed using the City's standard criteria.

2.11. Authority of District to Issue Bonds. The District shall have authority to issue, sell and deliver Bonds from time to time, as deemed necessary and appropriate by the Board of Directors of the District, for the purposes, in such forms and manner and as permitted or provided by federal law, the general laws of the State of Texas and the City's Consent Ordinance. With respect to Bonds which require Commission approval prior to issuance of same, the District shall not be authorized to sell such Bonds until it has provided the Director with a certified copy of the Commission order approving such Bond issue in which the Commission concludes that the District projected debt service tax rate is feasible and in accordance with its then existing rules. The foregoing shall not be construed as a limitation on the District's authority to levy an unlimited tax rate, it being understood and acknowledged that the District's unlimited tax bonds shall be payable from and secured by a pledge of the proceeds of an ad valorem tax, without legal limitation as to rate or amount. The District shall provide the Director with copies of the Official Statement and the Bond Resolution for each issue of unlimited tax bonds prior to the closing of each respective series of such Bonds. Further, the foregoing shall not be construed as a limitation on the District's authority to issue other forms of Bonds as allowed by applicable law and the rules of the Commission.

2.12. Distribution of Bond Proceeds. The proceeds of Bonds issued by the District shall be deposited, upon receipt, into the District's funds, as appropriate, and shall be used and may be invested or reinvested, from time to time, as provided in the order or orders of the District authorizing the issuance, sale and delivery of such Bonds and the investment policy of the District and in the manner provided by law and the applicable rules, regulations and guidelines of the applicable Approving Bodies. Pursuant to the requirements of the applicable Approving

Bodies and as permitted by federal law and the laws of the State of Texas, surplus funds on hand and available from the proceeds of the Bonds may be utilized by the District for any legally authorized purpose.

2.13. Bonds as Obligation of District. Unless and until the City shall dissolve the District and assume the properties, assets, obligations and liabilities of the District, the Bonds of the District, as to both principal and interest, shall be and remain obligations solely of the District and shall never be deemed or construed to be obligations or indebtedness of the City; provided, however, that nothing herein shall limit or restrict the District's ability to pledge to or assign all or any portion of any Annual Payments, which may be made by the City to the District as provided herein, to the payment of the principal of, or redemption premium, if any, or interest on the Bonds or other contractual obligations of the District.

2.14. Construction by Third Parties. From time to time, the District, at such time or times as it deems appropriate, may enter into one or more agreements with the developers of property located within the District whereby the developers will undertake, on behalf of the District, to pre-finance, pre-acquire, pre-purchase and/or pre-construct, in one or more phases, all or any portion of the Facilities. Under the terms of each such agreement, the Developer or other developers will be obligated to finance, acquire, purchase and/or construct the Facilities in the manner which would be required by law if such work were being performed by the District. Each utility development agreement will provide for the purchase of the Facilities from (or payment for the Facilities to) the developer using the proceeds of one or more issues of Bonds, as otherwise permitted by law and the applicable rules, regulations and guidelines of the applicable Approving Bodies or as provided in Section 5.01 below, and nothing herein shall be construed to prohibit payment to a developer for costs of the Facilities together with any other sums agreed by the District to be paid pursuant to any such agreement.

2.15. Recreational Improvements. The District shall be permitted to acquire, own, develop, construct, improve, manage, maintain and operate improvements, equipment for the purpose of providing parks and recreation, to the extent authorized and permitted under state law. The District must comply with the standards and criteria for recreational improvements promulgated by the City's Parks Director. Upon any future dissolution of the District, the District shall convey to the City and the City agrees to accept the conveyance of any such parks and recreational improvements, whereupon the City shall assume responsibility for the operation and maintenance of such facilities.

ARTICLE III

OWNERSHIP, OPERATION AND MAINTENANCE OF FACILITIES

3.01. Ownership by City. As the Facilities are acquired and constructed and except as specifically set forth in this Section 3.01 below, the District shall convey the same to the City, as and if applicable, including all warranties relating to the Facilities. Stormwater channels, stormwater detention ponds and systems, stormwater pollution prevention and quality control systems, basins and devices and the temporary plant described in Section 2.07 shall not be conveyed to the City by the District without specific separate prior agreement of the City, but may be conveyed to and accepted by the Harris County Flood Control District when appropriate.

3.02. Operation by the City. As acquisition and/or construction of each phase of the Facilities is completed, the District shall notify the City and representatives of the City shall inspect the same within thirty (30) days thereafter. The District must also complete the requirements specified in Section 4.01 as applicable. If the City finds that the Facilities have been completed in accordance with Section 4.01 and the City's Building Code, the City will accept the same, whereupon such portion of the Facilities shall be operated and maintained by the City at its sole expense as provided herein. The City shall at all times maintain the Facilities, or cause the same to be maintained, in good condition and working order and will operate the same,

or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles in operating and maintaining the Facilities, and the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental, administrative or judicial body promulgating the same.

3.03. Rates. The City shall bill and collect from customers of the District and shall from time to time fix such rates and charges for such customers of the District as the City, in its sole discretion, determines are necessary; provided that the rates and charges for services afforded by the Facilities will be equal and uniform to those charged other similar classifications of users in areas of the City that are not within a municipal utility district. Except as provided in Section 2.07, all revenues from the Facilities shall belong exclusively to the City.

ARTICLE IV

DUTIES OF THE PARTIES REGARDING CONSTRUCTION OF W & W FACILITIES

4.01 Developer Participation Program Applicable to the District. All Eligible Costs for District W&W Facilities will be reimbursed by the City through the DPC Program. The District and the City shall execute separate interlocal agreements under the DPC Program for each section within the District in a form substantially similar to Exhibit "F" and, subject to the appropriation of funds for such purposes by the City, the City shall pay the District for all Eligible Costs of W & W Facilities pursuant to the terms of such interlocal agreements.

4.02 Release of Escrowed Funds for Failure to Appropriate Funds. In the event the City fails to enter into interlocal agreements or appropriate funds from the DPC Program for all Eligible Costs for District W&W Facilities for each section in the District before the District achieves 450 active connections, the District shall be entitled to release all funds held in escrow

as described in Section 2.08, apply the escrowed funds to any Eligible Costs for District W & W Facilities that are not subject to an interlocal agreement under the DPC Program that has had funds appropriated by the City. Any amounts that remain after the District has applied the funds and provided in this section shall be paid to the City as payments under Section 2.08.

ARTICLE V

DISSOLUTION OF THE DISTRICT

5.01. Dissolution of District Prior to Retirement of Bonded Indebtedness. The City and the District recognize that, as provided in the laws of the State of Texas and the Consent Ordinance, the City has the right to abolish and dissolve the District and to acquire the District's Assets and assume the District's Obligations. Upon dissolution of the District by the City, the City shall acquire the District's Assets and shall assume the District's Obligations. If requested by the District, the City shall afford the District the opportunity to discharge any of the District's Obligations pursuant to any existing utility development agreements of the District, by either (i) authorizing the District to sell its Bonds before or during a transition period prior to the effective date of dissolution, as established by the City, (ii) pursuant to Texas Local Government Code Section 43.080, as amended, issuing and selling bonds of the City in at least the amount necessary to discharge the District's Obligations or (iii) providing written notice to the District that the City has sufficient funds available from other sources to discharge the District's Obligations.

5.02. Transition upon Dissolution. In the event all required findings and procedures for the dissolution of the District have been duly, properly and finally made and satisfied by the City, and unless otherwise mutually agreed by the City and the District pursuant to then existing law, the District agrees that its officers, agents and representatives shall be directed to cooperate with the City in any and all respects reasonably necessary to facilitate the dissolution of the District

and the transfer of the District's Assets to, and the assumption of the District's Obligations by, the City.

ARTICLE VI

REMEDIES IN EVENT OF DEFAULT

The parties hereto expressly recognize and acknowledge that a breach of this Agreement by either party may cause damage to the non-breaching party for which there will not be an adequate remedy at law. Accordingly, in addition to all the rights and remedies provided by the laws of the State of Texas, in the event of a breach hereof by either party, the other party shall be entitled to the equitable remedy of specific performance.

Either party may terminate its performance under this Agreement if the other party defaults and fails to cure the default after receiving notice of it. Default occurs if a party fails to perform one or more of its material duties under this Agreement. If a default occurs, the injured party shall deliver a written notice to the defaulting party describing the default and the proposed termination date. The date must be at least 30 days after the defaulting party's receipt of the notice. The injured party, at its sole option, may extend the proposed termination date to a later date. If the defaulting party cures the default before the proposed termination date, the proposed termination is ineffective. If the defaulting party does not cure the default before the proposed termination date, the injured party may terminate its performance under this Agreement on the termination date. The Director shall act on behalf of the City to notify Contractor of a default and to effect termination.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.01. Initial Residences. In order to conduct an election within the District to confirm its creation as required by law, the City agrees that the Developer may place up to two (2) mobile

homes within the District at locations to be designated at a future date which homes may be located on the designated site until the earlier of the date which is eighteen (18) months after the date hereof or the date which is ninety (90) days after officers are elected to serve on the Board of Directors of the District. Said homes must comply with applicable provisions of the City's Code of Ordinances, with the exception of provisions regulating location of mobile homes, and any deed restrictions in effect relative to the designated site. Further, notwithstanding any provision in this Agreement to the contrary, said homes will be provided water and sanitary sewer service from the closest City water and wastewater trunk collection lines. Said services shall be metered and billed by the City in the same manner as for other residences within the City until said homes are disconnected from the City's lines and removed. The City agrees that Landowners may place used or pre-owned mobile homes at the above-described locations which may not fully comply with then current City standards and requirements. Notwithstanding any such non-compliance, the City will issue any required permits for the installation, construction and placement of such residences and the connection of same to all required utilities.

7.02. Permits, Fees, Inspections. The District understands and agrees that all City ordinances and codes, including the Building and Plumbing Codes and other applicable permits, fees and inspections, shall be of full force and effect within its boundaries in the same manner as with respect to other areas within the City's corporate limits except as otherwise specifically set forth in Section 4.01 hereof.

7.03. Force Majeure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement (except the obligation to pay money), then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, to the extent provided, but for no longer period. As soon as reasonably possible after the occurrence of the

force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and the full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, drought, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and inability to provide water necessary for operation of the water and sewer systems hereunder, or of the City to receive waste, and any other incapacities of either party, whether similar to those enumerated or otherwise, which are not within the control of the party claiming such inability, which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

7.04. Approvals and Consents. Approvals or consents required or permitted to be given under this Agreement shall be evidenced by an ordinance, resolution or order adopted by the governing body of the appropriate party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of the party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents.

7.05. Address and Notice. Unless otherwise provided in this Agreement, any notice to be given under this Agreement shall be given in writing and may be given either by depositing the notice in the United States mail postpaid, registered or certified mail, with return receipt requested; delivering the notice to an officer of the party to be notified; or sending the notice by prepaid telegram, when appropriate. Notice deposited by mail in the foregoing manner shall be effective the third day after the day on which it is deposited. Notice given in any other manner shall be effective only when received by the party to be notified. For the purposes of notice, the addresses of the parties shall be as follows:

If to the City, to:

Director, Department of Public Works and Engineering
City of Houston
c/o Utility Analysis Section
P.O. Box 131927
Houston, Texas 77219-1927

With a copy to:

Assistant Director
Department of Public Works & Engineering
Utility Planning and Analysis Branch
City of Houston
611 Walker
Houston, Texas 77002

If to the District, to:

Harris County Municipal Utility District No. 415
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027

The parties shall have the right from time to time to change their respective addresses by giving at least fifteen (15) days' written notice of such change to the other party.

7.06. Assignability. This Agreement is not assignable.

7.07. No Additional Waiver Implied. The failure of either party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other party.

7.08. Reservation of Rights. All rights, powers, privileges and authority of the parties hereto not restricted or affected by the express terms and provisions hereof are reserved by the parties and, from time to time, may be exercised and enforced by the parties.

7.09. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any rights upon any third parties except for the benefits to Developers pursuant to the interlocal agreements entered into under the DPC Program.

7.10. Merger. This Agreement embodies the entire understanding between the parties and there are no representations, warranties or agreements between the parties covering the subject matter of this Agreement other than the Consent Ordinance between the City and the District. If any provisions of the Consent Ordinance appear to be inconsistent or in conflict with the provisions of this Agreement, then the provisions contained in this Agreement shall be interpreted in a way which is consistent with the Consent Ordinance.

7.11. Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the parties hereto or any provisions hereof, or in ascertaining the intent of either party, with respect to the provisions hereof.

7.12. Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

7.13. Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

7.14. Agreement. The Parties acknowledge and agree that this Agreement does not constitute, and is not intended to be, an "allocation agreement" as such term is used in section 54.016(f) of the Texas Water Code.

7.15. Term and Effect. This Agreement shall remain in effect until the earlier to occur of (i) the dissolution of the District by the City and the assumption by the City of the District's Obligations and the acquisition by the City of the District's Assets or (ii) the expiration of fifty (50) years from the date hereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Utility Agreement in multiple copies, each of equal dignity, on this the _____ day of _____, 2009.

THE CITY OF HOUSTON, TEXAS

Bill White

Mayor

anyada ulebotas

ATTEST/SEAL:

unnat Russell

City Secretary

COUNTERSIGNED:

Annise D. Parker

City Controller

Mark D. Apple

DATE COUNTERSIGNED:

4-9, 2009

APPROVED AS TO FORM:

DeBeauvoir

Sr. Assistant City Attorney

APPROVED:

Amber D. B32709

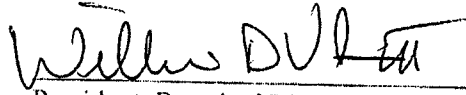
Je Director of Public Works
and Engineering

ATTEST:



Secretary, Board of Directors

HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 415



President, Board of Directors

EXHIBIT A

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 415

Being a 411.81 acre tract of land out of the James H. Isbell Survey, Abstract 473, Harris County, Texas, and the James H. Isbell Survey, Abstract 474, Harris County, Texas; and being out of and a portion of that certain 3327.097 acre tract of land as conveyed to Commons of Lake Houston, Ltd. in Special Warranty Deed dated August 20, 1993, as recorded in File Number P-412800 of the Clerk's Files of Harris County, Texas; said 411.81 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at a found concrete monument, stamped H-13, for corner at a re-entrant corner in the South line of said 3327.097 acre tract of land, and being in the North line of that certain called 47.10 acre tract of land as described in File Number B-377348 of the Clerk's Files of Harris County, Texas, and being in the West line of Commons Of Lake Houston, Section Fourteen, as recorded in Film Code Number 508111 of the Map Records of Harris County, Texas;

THENCE South 87° 35' 48" West with the South line of said 3327.097 acre tract of land and the North line of said 47.10 acre tract of land, 5307.25 feet to a point for corner on the Easterly "take line" of a called 164.34 acre tract, Tract 8, conveyed to the City of Houston per instrument recorded in Volume 2554, Page 449 of the Deed Records of Harris County, Texas;

THENCE with the Easterly "take line" of said Tract 8 as follows:

- North 00° 47' 30" West, 704.40 feet to a point for corner;
- North 31° 00' 00" West, 440.00 feet to a point for corner;
- North 04° 00' 00" East, 270.00 feet to a point for corner;
- North 26° 00' 00" West, 230.00 feet to a point for corner;
- North 45° 47' 05" East, 217.92 feet to a point for corner;
- South 76° 00' 00" West, 350.00 feet to a point for corner;
- South 47° 30' 00" West, 220.00 feet to a point for corner;
- South 41° 00' 00" East, 390.00 feet to a point for corner;

- North 39° 15' 10" West, 156.75 feet to a point for corner;
- North 45° 00' 00" East, 180.00 feet to a point for corner;
- North 39° 30' 00" West, 635.00 feet to a point for corner;
- North 07° 58' 38" West, 259.97 feet to a point for corner with the common corner of the Easterly "take line" of a called 3.81 acre tract, Tract 7 conveyed to the City of Houston per instrument recorded in Volume 2554, Page 449 of the Deed Records of Harris County, Texas;

THENCE with the Easterly, Northerly and Westerly "take lines" of said Tract 7 as follows:

- North 26° 15' 16" West, 684.44 feet to a point for corner;
- North 44° 30' 00" East, 650.00 feet to a point for corner;
- South 73° 00' 00" West, 300.00 feet to a point for corner;
- North 04° 00' 00" East, 345.00 feet to a point for corner;
- North 45° 55' 00" West, 137.63 feet to a point for corner;
- South 06° 00' 00" East, 380.00 feet to a point for corner;
- South 20° 45' 00" West, 480.00 feet to a point for corner;
- South 07° 00' 00" East, 270.00 feet to a point for corner;
- South 22° 45' 00" East, 370.00 feet to a point for corner at a common corner with said Tract 8;

THENCE with the Easterly "take line" of said Tract 8 as follows:

- South 24° 20' 39" East, 186.43 feet to a point for corner;
- South 01° 45' 00" East, 205.00 feet to a point for corner;
- North 50° 26' 30" West, 290.94 feet to a point for corner;
- South 82° 00' 00" West, 250.00 feet to a point for corner;

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HCMUD No. 415

- North 41° 30' 00" West, 270.00 feet to a point for corner with the common corner of the Easterly "take line" of a called 36.29 acre tract, Tract 6 conveyed to the City of Houston per instrument recorded in Volume 2554, Page 449 of the Deed Records of Harris County, Texas;

THENCE with the Easterly "take line" of said Tract 6 as follows:

- North 33° 12' 37" West, 159.16 feet to a point for corner;
- North 01° 00' 00" East, 440.00 feet to a point for corner;
- North 70° 00' 00" West, 540.00 feet to a point for corner;
- North 33° 00' 00" West, 350.00 feet to a point for corner;
- North 14° 00' 00" East, 450.00 feet to a point for corner;
- North 53° 15' 00" West, 64.48 feet to a point for corner in the Southeasterly line of that certain called 15.4808 acre tract of land as recorded in File Number R-777992 of the Clerk's Files of Harris County, Texas;

THENCE with the Southeasterly line of said 15.4808 acre tract of land as follows:

- North 59° 24' 53" East, 42.25 feet to a point for corner;
- North 37° 19' 11" East, 1030.09 feet to a point for corner;
- South 85° 47' 09" East, 220.26 feet to a point for corner;
- North 50° 01' 51" East, 50.72 feet to a point for corner in the North line of said City of Houston Annexation Area No. 2R as described in Ordinance Number 65-1556 A-R, and being in the centerline of the Sinclair Pipe Line Easement located in the James H. Isbell Survey, Abstract 474, Harris County, Texas;

THENCE South 37° 00' 44" East with said North line of Annexation Area No. 2R, 5959.77 feet to a point for corner in the Northwesterly line of that certain called 52.379 acre Exception Tract as described in File Number P-412800 of the Clerk's Files of Harris County, Texas;

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HCMUD No. 415

THENCE with the West and South lines of said 52.379 acre tract of land as follows:

- South $17^{\circ} 49' 56''$ West, 498.71 feet to a point for corner;
- South $72^{\circ} 10' 04''$ East, 1260.00 feet to a point for corner;
- South $13^{\circ} 40' 54''$ East, 640.00 feet to a point for corner;
- North $76^{\circ} 19' 06''$ East, 1090.00 feet to a point for corner;
- South $72^{\circ} 28' 39''$ East, 375.00 feet to a point for corner;
- North $17^{\circ} 31' 21''$ East, 216.92 feet to a point for corner in the North line of said City of Houston Annexation Area No. 2R;

THENCE South $72^{\circ} 08' 42''$ East with said North line of Annexation Area No. 2R, 3091.64 feet to a point for corner in the West line of Commons Of Lake Houston, Section Fourteen, as recorded in Film Code Number 508111 of the Map Records of Harris County, Texas;

THENCE with the West line of said Section Fourteen as follows:

- South $32^{\circ} 40' 26''$ West, 420.02 feet to a point for corner on the arc of a curve to the left;
- Along the arc of a curve to the left, having a chord of North $64^{\circ} 20' 31''$ West, 131.97 feet, a radius of 540.00 feet, a central angle of $14^{\circ} 02' 16''$, a length of 132.30 feet to a point for corner;
- South $18^{\circ} 38' 14''$ West, 80.00 feet to a point for corner;
- South $28^{\circ} 31' 10''$ West, 348.93 feet to the PLACE OF BEGINNING; containing 411.81 acres of land, more or less.

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HCMUD 415

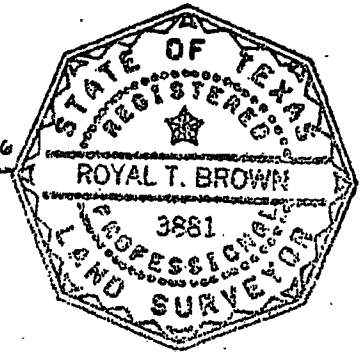
This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

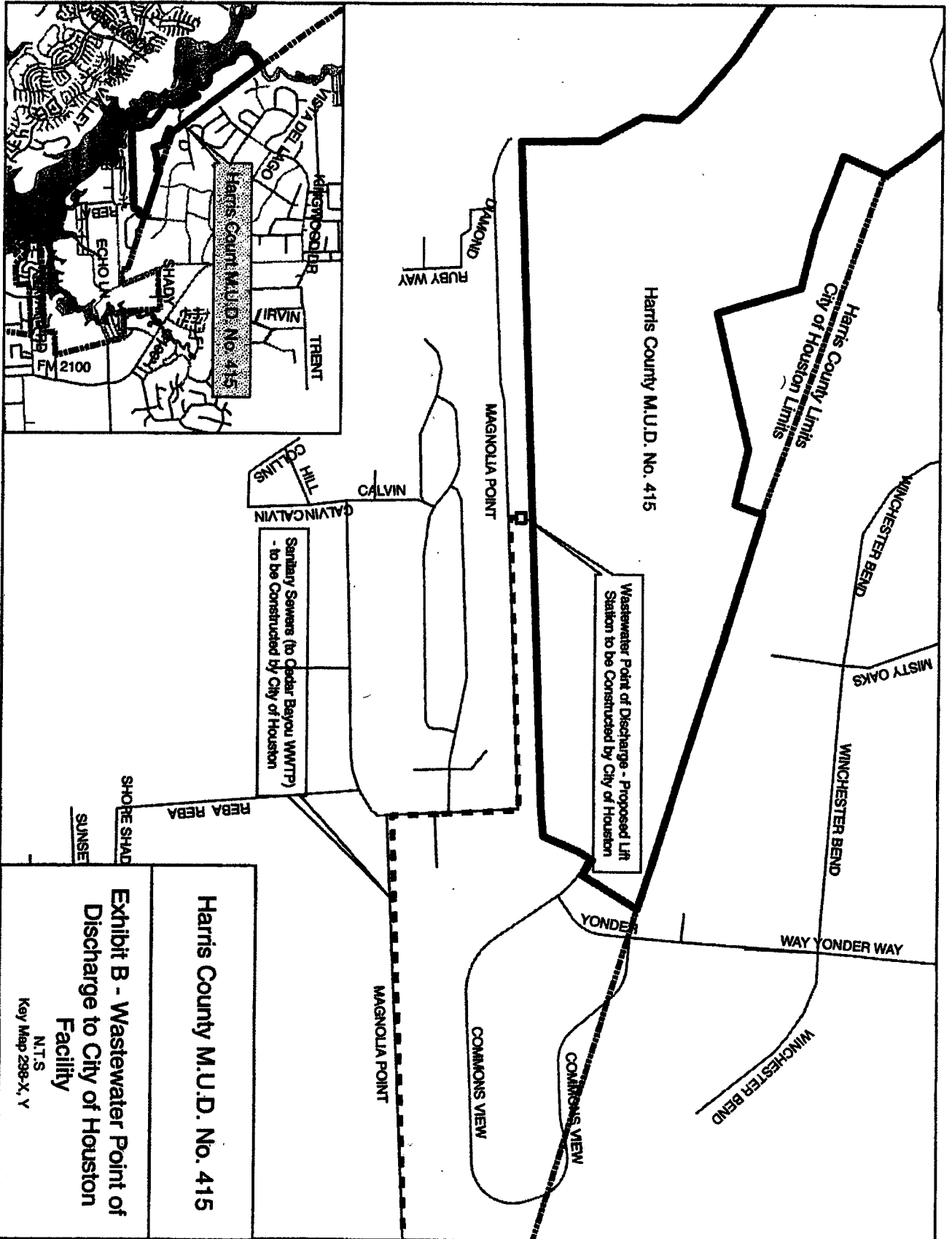
DANNENBAUM ENGINEERING CORPORATION
Consulting Engineers

3775-02
HCMUD 415
August 28, 2006

Royal T. Brown

08/28/06





Harris County M.U.D. No. 415

Exhibit B - Wastewater Point of Discharge to City of Houston Facility
N.T.S.
Key Map 298-X, Y

EXHIBIT C

G:\1130\COMMONS\Waste Discharge Permit 2008\Land Owners Mapping

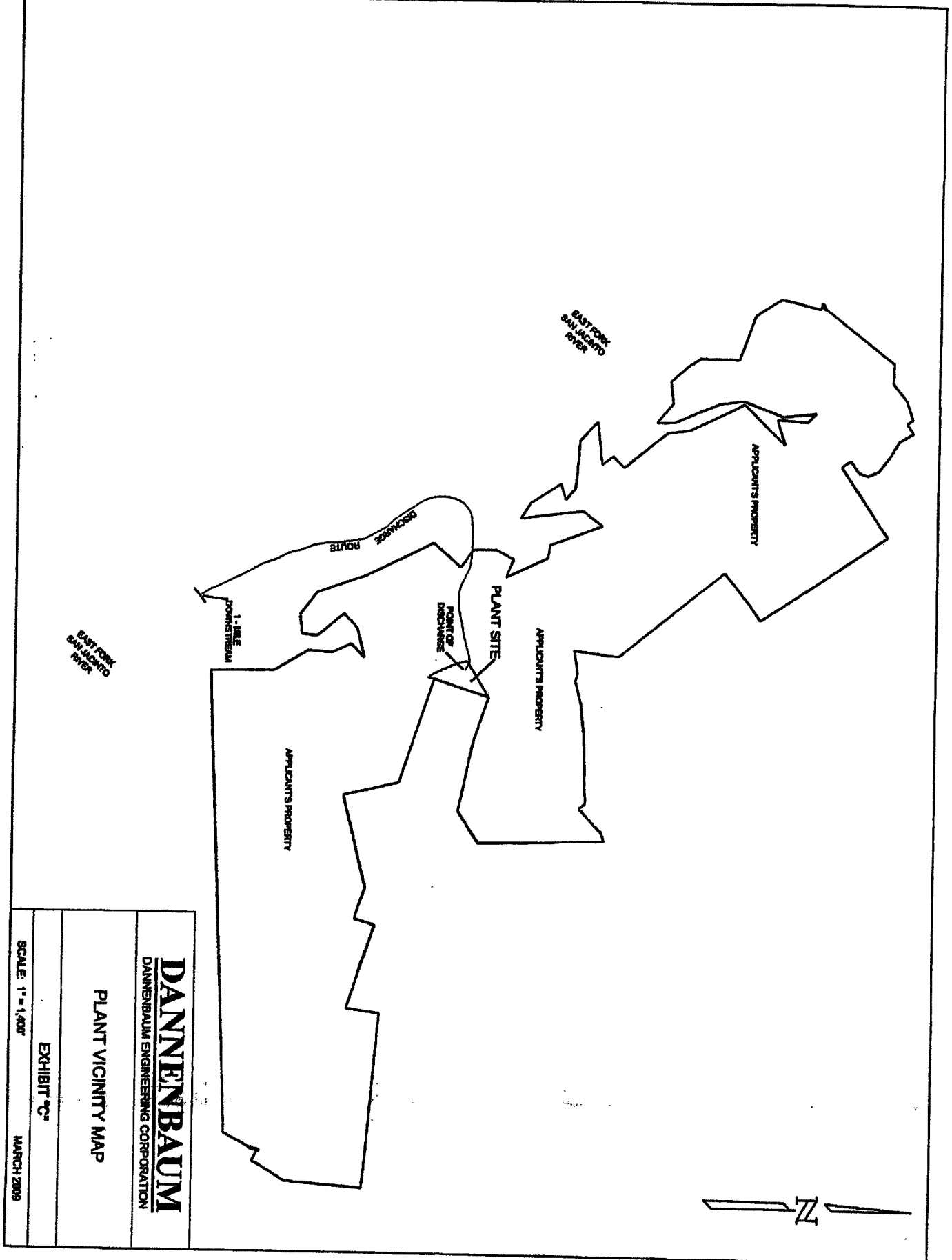


EXHIBIT C-1



TPDES PERMIT NO. WQ0014914001
[For TCEQ office use only -
EPA I.D. No. TX0131661]

TEXAS COMMISSION ON ENVIRONMENTAL
QUALITY
P.O. Box 13087
Austin, Texas 78711-3087

PERMIT TO DISCHARGE WASTES
under provisions of
Section 402 of the Clean Water Act
and Chapter 26 of the Texas Water Code

The Commons of Lake Houston, Ltd.

whose mailing address is

235 Interstate Highway 45 North
Conroe, Texas 77304

is authorized to treat and discharge wastes from The Commons of Lake Houston Wastewater Treatment Facility, SIC Code 4952

located approximately 4.4 miles northwest of the intersection of Huffman Cleveland Road (Farm-to-Market Road 2100) and Farm-to-Market Road 1960, North of Lake Houston in northeastern Harris County, Texas

to an unnamed tributary; thence to Lake Houston in Segment No. 1002 of the San Jacinto River Basin

only according with effluent limitations, monitoring requirements and other conditions set forth in this permit, as well as the rules of the Texas Commission on Environmental Quality (TCEQ), the laws of the State of Texas, and other orders of the TCEQ. The issuance of this permit does not grant to the permittee the right to use private or public property for conveyance of wastewater along the discharge route described in this permit. This includes, but is not limited to, property belonging to any individual, partnership, corporation, or other entity. Neither does this permit authorize any invasion of personal rights nor any violation of federal, state, or local laws or regulations. It is the responsibility of the permittee to acquire property rights as may be necessary to use the discharge route.

This permit shall expire at midnight, July 1, 2013.

ISSUED DATE: FEB 09 2009

A handwritten signature in black ink, appearing to read "Mark Uicker".
For the Commission

EXHIBIT D

Magnolia Point, Plantation Hills, and Stranger's Camp - Cost Sharing Breakdown	Estimated Construction Costs	Estimated Design Costs	Cost Shares			Total	Notes
			City	HCMUD 415			
Shared Project A - Magnolia Point Lift Station and Force Main	\$ 873,745	\$ 129,332	\$ 383,216 41.57%	\$ 510,528 58.43%		\$ 873,745	Cost share percentages based on respective flows for COH (488 gpm) and HCMUD 415 (700 gpm)
Shared Project B - Magnolia Point Sanitary Trunk Main Cost for 7,080 LF of 6' force main (used to calculate HCMUD 415 share)	\$ 1,389,860 599,400	\$ 205,742	\$ 1,059,012 41.57% 85,527	\$ 330,848 58.43% 120,215		\$ 1,059,012 330,848 205,742	Cost share percentages based on respective flows for COH (488 gpm) and HCMUD 415 (700 gpm); City pays for difference in trunk main and overland (COH 1,058 gpm)
Shared Project C - Stranger's Camp Lift Station and Force Main	\$ 3,140,960	\$ 464,928	\$ 2,337,502 74.42% 345,998	\$ 803,458 25.58% 118,928		\$ 3,140,960 100.00% 464,928	Cost share percentages based on respective flows for COH (2,038 gpm) and HCMUD 415 (700 gpm)
Subtotal - Construction costs Subtotal - Design costs Total Shared Facilities Costs	\$ 5,404,695 \$ 800,000 \$ 6,404,695	\$ 800,000 \$ 485,288 \$ 800,000	\$ 3,759,731 \$ 485,288 \$ 4,245,019	\$ 1,644,834 \$ 314,712 \$ 1,859,546		\$ 5,404,695 \$ 800,000 \$ 6,204,695	