

**WHOLESALE WATER CONTRACT**

**STATE OF TEXAS**

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**COUNTY OF HUNT**

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This Wholesale Water Contract (“*Contract*”) is made and entered into by and between the City of Royse City, Texas, a municipal corporation in Hunt County, Texas, acting under the laws of the State of Texas (hereinafter called “*City*”), and Hunt County Municipal Utility District No. 4, a municipal utility district operating pursuant to the provisions of Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code (hereinafter called “*Customer*”).

RECITALS

The following recitals (1) are true and correct; (2) incorporated as part of this Contract for all purposes; (3) evidence the intent of the Parties in entering into this Contract; and (4) are to be used in interpreting this Contract:

**WHEREAS**, the City owns and operates water distribution and water supply facilities; and

**WHEREAS**, Customer is desirous of obtaining up to 920,000 gallons per day (“*GPD*”) of an adequate and dependable wholesale water supply; and

**WHEREAS**, Customer was created to provide, among other services, water supply service to certain property in Hunt County, Texas located within its jurisdictional boundaries(the “*Development*”), which Development covers the approximately 144 acres of land described in Exhibit “A” attached hereto and made a part hereof (the “*Property*”); and

**WHEREAS**, the Property is located either inside of the boundaries of the City’s extraterritorial jurisdiction or will be located inside the boundaries of the City’s extraterritorial jurisdiction at the time of delivery of water; and

**WHEREAS**, the Parties intend for the City to be the wholesale water provider and Customer to be the retail water provider to the customers located within the Property; and

**WHEREAS**, the City’s existing water distribution system has available potable water quantities and capacities hereinafter contracted to be sold by it to Customer, subject to the terms and provisions of this Contract, as evidenced by the Memorandum prepared by Birkhoff, Hendricks & Carter, L.L.P. regarding their analysis of the City’s water system dated July 2, 2024 (the “*Water Study*”) attached hereto as Exhibit “D” and made a part hereof; and

**WHEREAS**, the Parties desire to establish provisions for the sale and distribution of treated water by the City to Customer and to establish the rate, duration, metering, and related responsibilities of the Parties.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree that the City will furnish and Customer will pay for water supply services upon the terms and conditions hereafter set forth, to wit:

AGREEMENT

**Article 1. General**

1.01 Definitions. The following terms and expressions used in this Contract, unless the context indicates otherwise, shall mean:

“*Business Day*” means any Day other than Saturdays, Sundays and City’s published holidays.

“*CCN*” means a Certificate of Convenience and Necessity issued by the Public Utility Commission of Texas (“*PUC*”) or its predecessor/successor agency as prescribed by the Texas Water Code, as amended.

“*City System*” means the Water supply system owned by the City located on its side of the Delivery Point.

“*Contract*” means this “Wholesale Water Contract” and any subsequent amendments agreed to in writing by the Parties.

“*Customer’s System*” means that system by which Customer delivers Treated Water to its retail customers, all of whom must be located within the physical boundaries of the Property as described in Exhibit “A”.

“*Day*” means a 24-hour period from 12:00 a.m. to 11:59 p.m.

“*Delivery Point(s)*” means the point(s) at which City agrees to deliver Treated Water under this Contract to Customer. The Delivery Point(s) are located as shown on Exhibit “B”. The Parties may mutually agree upon additional Delivery Points.

“*Emergency*” means a bona-fide emergency condition created by unforeseeable mechanical failure, by unprecedented high rate of Treated Water usage (such as might result from a major fire or a major water main break), or by such other circumstances beyond the Parties' control.

“*Meter(s)*” means the metering facility or device to be installed at each Metering Point(s) to measure the amount of Treated Water delivered to Customer by City, as provided in this Contract. A Meter will not be required to be installed at the Delivery Point, which is intended to be closed during normal operations and only opened in the case of an Emergency.

“*Metering Point(s)*” means the location(s) at which a Meter shall be installed, as reflected on Exhibit “B”.

“*NTMWD*” means the North Texas Municipal Water District.

“*Party*” means either the City or the Customer, and “*Parties*” means City and Customer, collectively.

“*Rate*” means the dollar amount per 1,000 gallons applied to Customer’s metered usage of Treated Water in order to calculate the Volume Charge, as more specifically described in Article 3.C., herein.

“*Rate of Flow*” means usage on a per minute basis (i.e., gallons per minute (“*gpm*”)).

“*Regulatory Requirements*” means all applicable requirements and provisions of federal, state, and county constitutions, laws, statutes, rules, regulations and ordinances enacted or issued from time to time, including, without limitation, all applicable sections of the Texas Water Code and the rules and regulations of the Texas Commission on Environmental Quality (“*TCEQ*”), PUC, and the Texas Administrative Code (“*TAC*”), and all judicial and administrative orders, judgements, and decrees of any governmental authority having jurisdiction concerning the matters contained herein issued from time to time.

“*Treated Water*” or “*Water*” means water treated by the North Texas Municipal Water District and distributed by the City so that it is potable water meeting the minimum water quality requirements for human consumption as prescribed by the TCEQ or other appropriate regulatory agency with jurisdiction.

“*Water Conservation*” means those practices, techniques, and technologies that will reduce the consumption of Water, reduce the loss or waste of Water, improve efficiency in the use of Water, and/or increase the recycling and reuse of Water.

“*Water Study*” means that certain Memorandum prepared by Birkhoff, Hendricks & Carter, L.L.P. regarding their analysis of the City’s water system dated July 2, 2024 attached hereto as Exhibit “D” and made a part hereof.

1.02 Effective Date. The Effective Date shall be the later of the dates this Contract is approved by City and signed by the authorized representatives of each Party.

1.03 Term. This Contract shall continue in force and effect for a period of twenty (20) years from the Effective Date hereof and shall be subsequently extended automatically for additional ten (10)-year terms until terminated by either Party in accordance with the terms hereof. A Party which does not desire renewal of this Contract must give the other Party no less than three (3) years advance written notice of its intent to terminate at the end of the current term.

## **Article 2 Party Responsibilities; Dual CCN**

2.01 City. City is responsible for (i) timely providing up to 920,000 gpd of Water (the “*Maximum Daily Quantity*”) to serve the Development, (ii) operating a Water supply system to the extent permitted by available Water supply, (iii) developing cost of service information to support rate changes, and (iv) informing Customer of changes in financial data.

2.02 Customer. Customer is responsible for (i) keeping the City informed concerning its projected Water supply needs and operating requirements, (ii) planning and managing the Customer’s System to promote Water Conservation and efficient system operation, including, but not limited to, adopting and implementing a water conservation and drought contingency plan that is at least as strict as the then-current plan adopted by the City and (iii) paying Rates imposed by City pursuant hereto. Customer is also responsible for maintaining pumping and pressure requirements and storage capacity within Customer’s System in accordance with rules and regulations set forth by the TCEQ, or its successor agency. Customer has advised the City that upon full development of the Property, Customer may be providing Water up to 920,000 gpd to its retail customers. Within six (6) months of the Effective Date, Customer shall provide the City with a report as to its existing and projected needs for the ensuing five (5) year period. Customer shall continue to provide City a report of Customer’s existing and projected needs for the ensuing five-year period every third (3<sup>rd</sup>) year after the Effective Date of this Contract.

2.03 Certificate of Convenience and Necessity. The City and Customer hereby acknowledge and agree that the Property is located wholly within the City’s CCN No. 12827, requiring the City to provide retail water service within the certificated area pursuant to its service policies. Under the terms of this Contract, the City shall be the wholesale water service provider to Customer, and Customer shall be the retail water service provider to the customers located within the Property. In order to allow for Customer to be the retail water service provider to the customers located within the Property, the City and Customer intend for Customer to obtain a dual water CCN over the Property by filing appropriate documentation with the PUC, including this Contract and other appropriate documentation as evidence of the City’s consent to such dual water CCN. The City hereby agrees to support Customer’s application to the PUC to obtain a dual water CCN over the Property and shall execute any and all documentation reasonably necessary to evidence the City’s support of and consent to such dual water CCN. Upon Customer obtaining such dual water CCN, the City and Customer agree that Customer shall be the exclusive retail water service provider to the Property and to the customers located within the Property, unless otherwise provided herein. In no event shall the City provide retail water service to any customers located within the Property unless and until Customer is dissolved and ceases to exist as a political subdivision of the State of Texas, or until an agreement between City and Customer provide otherwise.

## **Article 3 Water Quantity; Quality; Price and Terms**

### **A. Unit of Measurement**

3.01 Unit of Measurement. The unit of measurement for Water delivered under the provisions of this Contract shall be one thousand (1,000) gallons of Water, U.S. Standard Liquid Measure.

## **B. Water Quality**

3.02 Delivery Rates. Rates of delivery of Water at the Point(s) of Delivery shall be regulated by a rate of flow controller installed by the Customer at Customer's sole cost. Upon installation, ownership of the rate of flow controller and associated facility shall be transferred to the City, at no cost to the City, and the City shall operate, maintain, and have sole right of access to said facility.

3.03 Limitation of Usage. The City shall have authority to limit Customer's usage in the event City does not have the availability to provide the usage permitted on the same basis as it is limiting usage to other similarly situated customers inside the corporate limits of the City. The City will use its best efforts to remain in a position to furnish Water as herein contracted to be sold to Customer, but the City's obligations shall be limited in accordance with other conditions herein contained.

3.04 Insufficient Supply. In the event the total Water supply available to the City shall be insufficient to meet all of the needs of the residents of the City and customers of Customer, the City may prorate the Water available among all customers of the City and Customer. In the event of shortage, Customer shall be furnished Water in a quantity which bears the same proportion to the total Water available to City for use by individual connections as the number of individual connections served by the City.

3.05 Outdoor Watering Restrictions. Customer may prescribe a schedule of hours covering use of Water for the watering of lawns and gardens by its customers, and require adherence hereto, or prohibit the use of Water for the watering of lawns and gardens, provided that if at any time the total Water supply available to Customer shall be insufficient to meet all the needs of its customers, Water must first be furnished to all customers of Customer sufficient to satisfy their needs for domestic purposes before supplying any Water for the watering of lawns and gardens. Should the City impose water restrictions suggested by NTMWD on City residents, Customer shall impose outdoor watering restrictions at least as strict as those of the City on its own customers.

3.06 Local Water Use. The Parties acknowledge and agree that, notwithstanding any provisions of this Contract to the contrary, any Water supply made available by the City to Customer hereunder shall be used solely in the Property and shall not be authorized for use outside of the Property.

3.07 Water Conservation. Customer shall prepare, formally adopt, and implement a water conservation and drought contingency plan(s) that is consistent with TCEQ requirements and that is at least as strict as the then-current water conservation and drought contingency plan adopted by the City. Customer may utilize any water conservation measure, policy, or practice in order to achieve said Water conservation goals demanded by City. Should the City impose water restrictions suggested by NTMWD on City residents, Customer shall impose Water conservation requirements at least as strict as those of the City on its own customers.

3.08 Emergency Measures. If an Emergency dictates temporary conservation or rationing requirements for either the City or Customer, either Party may implement any measures considered appropriate by it to alleviate the Emergency. If Customer implements measures to alleviate an

Emergency, Customer shall notify the City in writing within five (5) Days of implementing such measures.

3.09 Surface Water Impoundments; Restrictions. Customer or its customers shall not use Treated Water for the purposes of filling or maintaining the level of surface water impoundments without the express written consent of the City.

3.10 Title to Water. Title to all Water supply to Customer shall be to the City up to the Delivery Point(s), at which point title shall pass to Customer. The City and Customer shall save and hold each other harmless from all claims, demands, and causes of action, which may be asserted by anyone on account of the transportation and delivery of said Water, while title remains in such Party. Notwithstanding anything contained herein to the contrary, the Parties hereto do not waive and hereby expressly retain any and all immunities and defenses, sovereign, legislative, official and otherwise, that each may now or hereafter possess. Nothing contained in this Contract shall be interpreted as conferring any rights to any person not a Party to this Contract.

3.11 Changes in Customer Demand. Customer shall provide reasonable notice to the City of any anticipated changes in demand requirements in excess of the projections previously supplied to the City. Such notice shall be utilized by the City in determining whether construction of additional facilities or utilization of existing system capacity will be required. In the event of a change in demand requirements above the Maximum Daily Quantity, Customer shall be responsible for the cost of any additional facilities, or the utilization of existing excess system capacity (even if such utilization of existing capacity does not require additional construction). Payments by Customer contemplated by this section for additional facilities are required prior to the awarding of any construction contracts. Payment by Customer for utilization of existing excess capacity of more than the Maximum Daily Quantity must be paid prior to the capacity being provided.

3.12 Limitation on Supply. Customer understands and agrees that the City's ability and capacity to provide increases in demand or volume is subject to available supply and ability to deliver Treated Water as may be determined by the City through its sole source of such Water, NTMWD. City may deny Customer requests for increase demand requirements based on a limited ability to supply and deliver Water.

3.13 Other Contracts. The City reserves the right to enter into Water sale contracts with other entities under the same or similar provisions as contained in this Contract. Customer has no rights to additional Water in excess of the Maximum Daily Quantity.

## **B. Quality**

3.14 Potable Water. The City shall furnish Customer treated Water suitable for human consumption in accordance with all applicable laws, rules, and regulations of this state.

3.15 Limit. The City guarantees the quality of Water provided to Customer only up to the Delivery Point. Customer specifically acknowledges that the quality of Water after passage through the Delivery Point is Customer's sole responsibility.

### C. Price and Terms

3.16 Payment. For the purposes of this Contract, Customer shall pay the City each month for the Water supply provided under this Contract. The Customer shall be treated as one wholesale customer.

3.17 Rate. The Rate per 1,000 gallons to be paid by the Customer will be based on the City's budgeted cost and subject to annual adjustment by the City in accordance with the terms hereof. The Rate shall initially be \$ [REDACTED] per 1,000 gallons, as detailed in Exhibit "C". Said Rate includes, but may not necessarily be limited to, the Customer's proportionate share of cost including, but not limited to:

- a. The cost of water purchased from NTMWD;
- b. The cost of supplemental treatment of Water by the City from NTMWD needed to maintain the quality of Water to the Delivery Point;
- c. The cost of transmitting water from the City's point of delivery from NTMWD to Customer's Delivery Point(s);
- d. Applicable design, construction, operations, maintenance, repair, replacement, general, and administrative costs incurred by the City; and,
- e. Customer's proportional share of infrastructure improvements incurred by the City, including any additional water towers needed in order to provide the necessary supply of Water to the Development.

Once each year, beginning in the year the Customer's System is connected to the City's System at the Delivery Point, the City may review the Rate and adjust it to reflect the City's additional costs as reflected in the City's then current "cost of service" analysis utilized to set the City's generally applicable water rates. The City's current "cost of service" analysis is attached hereto as Exhibit "C".

3.18 Payment. Payment for Water service charges as calculated above shall be made each year by Customer to the City in monthly installments, each of which shall be based upon the prior month's usage. Each payment shall be due and payable on or before the last Business Day of the month following Customer's receipt of invoicing by the City.

3.19 Commencement of Liability. Customer's liability and responsibility for making such payments, as herein set forth, shall commence on the Effective Date of this Contract.

3.20 Failure to Pay; Consequences. In the event Customer shall fail to make any such monthly payment within the time required, interest on such amount shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest, as herein

specified. In the event said payment is not made within sixty (60) days from the date such payment becomes due, the City may, at its option, avail itself of the following remedies:

a. Upon the occurrence of Customer's first failure to pay any amount billed for service under this Contract, which amount remains unpaid for more than sixty (60) days after its due date, Customer agrees to establish a security fund to be held in trust by the City in the amount of three (3) month's average billings, from which the City may withdraw funds to secure payment of the billing. Customer shall thereafter immediately replenish and restore the account to the required amount and maintain the full balance required in the fund for the remainder of the term of the Contract, notwithstanding the City's withdrawals to satisfy billings remaining unpaid for more than sixty (60) days after the due date.

b. In the event that the security fund is not established, at the expiration of sixty (60) days after such amounts are due, Customer shall be in default under this Contract, and the City may invoke the remedies specified in Article 7.

c. The security fund shall be deposited with the City Manager of the City in cash, in the form of an unconditional, irrevocable standby letter of credit, a performance/surety bond, or other instrument or security in a form reasonably acceptable to the City Attorney for the City. The letter of credit, bond, or other instrument shall in no event require the consent of Customer prior to the collection by the City of any amounts covered by the letter of credit, bond, or other instrument.

d. In the event that the security fund described herein above is not established, at the expiration of ninety (90) days after such amounts are due, Customer agrees to the appointment of a receiver, chosen solely by City and whose fees shall be paid by Customer, for the purpose of allocating Customer's ongoing revenue so as to create and fully fund the above-described security fund and bring Customer's account with the City current. Once Customer's account is current and the above-described security fund is fully funded and the receiver paid for his services, the City shall dismiss the receiver.

e. In the event a receiver is appointed and the City is not being timely paid, the City shall have the right to invoke this Contract's termination provisions.

3.21 No Equity. Customer acknowledges that it will accrue no equity or any other interest in the City System, the City's water supplies, or any other assets of the City as a result of payment or other performance pursuant to this Contract.

3.22 Initial Rates; Rate Changes. Customer agrees that the Rate initially charged by the City and the policies defined in this Contract is just and reasonable and does not adversely affect the public interest. The Rate charged by the City is subject to modification as provided herein. Customer agrees that any such change in the Rate by the City in accordance with the provisions hereof is just and reasonable and does not adversely affect the public interest. Notwithstanding any provision to the contrary, Customer does not waive the right to file and pursue an appeal of any increase in rate proposed or adopted by the City that is not in conformance with the terms of this Contract.



3.23 Rate Modification. The Rate established by this Contract may be modified by the City Council of the City annually, or more frequently if the rate charged to the City by NTMWD is changed. Customer will be notified of any rate modification at least sixty (60) days prior to the effective date of the new rate.

3.24 Customer's Retail Rates. Customer will determine and charge its retail water customers such rates as are determined by Customer. Customer represents and has determined that the wholesale water service to be obtained from the City hereunder is absolutely necessary and essential to the present and future operation of Customer's System, and, accordingly, all payments required by this Contract to be made by Customer shall constitute reasonable and necessary operating expenses of Customer's System, with the effect that the obligation to make such payments from revenues of such water system shall have priority over any obligation to make payments from such revenues, whether of principal, interest, or otherwise, with respect to all bonds heretofore or hereafter issued by Customer, and all indebtedness undertaken by Customer unless this obligation is inconsistent with Customer's obligations under existing debt instruments as of the Effective Date, if any. Customer agrees throughout the term of this Contract to continuously operate and maintain its water system and to fix and collect such rates and charges for water services to be supplied by its water system as will produce revenues in an amount equal to at least all of its payments under this Contract.

3.25 Resale; Connection Outside Customer's Service Area Prohibited. Customer agrees that it will not, during the term of this Contract, resell any of the Treated Water it purchases from the City hereunder to any wholesale or other customer other than retail customers located within its boundaries, without prior written consent by the City Council of the City, based on a formal action of the City Council of the City. Customer shall not contract with any individual or entity located outside Customer's boundaries to connect to Customer's System without the City's prior written approval.

#### **Article 4 Point(s) of Delivery; Measuring Equipment**

##### **A. Delivery Point(s)**

4.01 General. The Delivery Point(s) of water to Customer from the City System shall be the locations identified in Exhibit "B", unless otherwise agreed by City and Customer.

4.02 Meter. Customer shall install a flow meter and a rate of flow controller to be set according to the contracted amount of Water contained herein at each Delivery Point. All flow meters installed after the date of this Contract shall be equipped with transmission devices compatible with the City's existing system infrastructure. Upon installation and City approval of each flow Meter and rate of flow controller, Customer shall transfer ownership of said equipment and facilities to City at no cost, free of liens or encumbrances.

4.03 Air Gap. Customer must provide an air gap prior to any connections of service between the City's System and the Customer's System. The City shall approve the air gap system. City reserves the right to inspect the air gap system.

4.04 Delivery of Water. City agrees to deliver at the Delivery Point(s) the quantities of Water herein contracted for, said Water to be delivered at the prevailing pressure which is maintained in the City System, it being specifically understood that the City is under no obligation to furnish pressurized treated Water to any connection between the Delivery Point and Customer's facilities for sustaining and/or increasing pressure, nor is the City responsible for the pressurization of Water after it passes through the Delivery Point. The City is under no obligation to provide the Customer with a sufficient amount of treated Water for the Customer to meet its retail customers' instantaneous demand, or to meet any minimum production, storage, service and pump requirements, or any other requirements imposed on the City by any Regulatory Requirements.

4.05 TCEQ Compliance. Customer agrees that it shall take all reasonable measures to ensure all lines and equipment installed or owned by its customers comply with the requirements of the TCEQ, as the same now exist or as they may be modified hereafter.

4.06 Connection Facilities. Cost of all connection facilities from the Delivery Point to the Customer's facilities shall be borne by Customer. Customer shall be responsible for the design, contracting, construction, and financing of all connection facilities and acquisition of any right-of-way for delivery of the Water from the applicable Delivery Point to Customer's facilities. Notwithstanding the preceding, the City shall allow the Customer to utilize any water easements or rights-of-way dedicated to the City in order for Customer to extend Customer's System to the Delivery Point(s). All plans for connecting Customer's System to the City System at the Delivery Point(s) shall be submitted to the City for written approval with all designs, materials and specifications conforming to the City's requirements prior to construction. The City shall have the right to make periodic inspections during construction and shall have final approval of the Delivery Point(s). On the Effective Date, or, if the connection facilities have not been constructed as of the Effective Date, on such later date as the construction and installation of the connection facilities are complete, Customer shall transfer ownership of all connection facilities on the City's side of the Meter(s), including each Meter and the vault in which the Meter is located, to City at no cost, with no liens or encumbrances.

4.07 Facility Improvements. Should the quantities desired by the Customer exceed the Maximum Daily Quantity and require improvements to the City System, or require the utilization of existing excess system capacity (even if such utilization of existing capacity does not require additional construction), Customer shall be responsible for its proportionate share of the cost of those improvements or any above described excess capacity utilization. Payments by Customer contemplated by this section for additional facilities are required prior to the awarding of any construction contracts and for the utilization of existing excess capacity payments must be made prior to such excess capacity being provided. Customer shall have no ownership interest in any such facility improvements.

4.08 Relocation of Delivery Points. Requests to relocate a Delivery Point shall be submitted in writing by the requesting Party. If the Parties mutually agree to relocate a Delivery Point, the Party

requesting relocation will be responsible for funding all costs related to constructing the improvements, unless the Parties agree on a division of costs based on mutual benefit.

a. For any costs attributable to Customer for improvements constructed by the City, Customer shall be responsible for reimbursing the City, as agreed upon in writing, for the cost of such improvements including, but not limited to, the acquisition of any easements and/or rights-of-way. Prior to beginning construction, the Parties will enter into a written agreement to (i) approve the amount of anticipated construction costs, and (ii) specify the manner and timeframe for such reimbursement to the City and the timeline for construction.

b. If Customer is to construct the necessary improvements for a relocated Delivery Point, Customer will submit plans for the construction of the improvements to the City for approval prior to commencing construction; provided, however, such approval shall not be unreasonably conditioned, withheld or delayed. If the City approves the plans submitted, the City will give Customer notice of said approval in writing within a commercially reasonable time. During the construction of such improvements, City may, but is not obligated to, inspect improvements under construction, at its sole cost. All costs for the construction of the improvements, including the costs for any easements and/or rights-of-way, shall be borne as agreed upon in writing. City may, but is not obligated to, make a final inspection and approval, at its sole cost, after construction of the improvements is completed and before the improvements are approved by the City for use; provided, however, such approval shall not be unreasonably conditioned, withheld or delayed. Customer shall transfer ownership of all facilities constructed for the relocated Delivery Point to City upon completion of construction.

4.09 Additional Delivery Points. It is anticipated that Customer may request an additional Delivery Point(s) and/ or delivery line(s). Such request(s) shall be made in writing by Customer and City shall provide a written response within a commercially reasonable amount of time after receipt of such request. If additional Delivery Point(s) and/or delivery line(s) are mutually agreed upon, the Parties shall, prior to and as a condition of any binding agreement regarding such matters, agree in writing as to the responsibility, whether shared or assigned to one Party, for the costs associated therewith.

a. For any costs attributable to Customer for improvements constructed by the City, Customer shall be responsible for reimbursing the City, as agreed upon in writing, for the cost of such improvements including, but not limited to, the acquisition of any easements and/or rights-of-way. Prior to beginning construction, the Parties will enter into a written agreement to (i) approve the amount of anticipated construction costs, and (ii) specify the manner and timeframe for such reimbursement to the City and the timeline for construction.

b. If Customer is to construct the necessary improvements for an additional Delivery Point(s) and/or delivery line(s), Customer will submit plans for the construction of the improvements to the City for approval prior to commencing construction; provided, however, such approval shall not be unreasonably conditioned, withheld or delayed. If

the City approves the plans submitted, the City will give Customer notice of said approval in writing within a commercially reasonable time. During the construction of such improvements, City may, but is not obligated to, inspect improvements under construction, at its sole cost. All costs for the construction of the improvements, including the costs for any easements and/or rights-of-way, shall be borne as agreed upon in writing. City may, but is not obligated to, make a final inspection and approval, at its sole cost, after construction of the improvements is completed and before the improvements are approved by the City for use; provided, however, such approval shall not be unreasonably conditioned, withheld or delayed. Customer shall transfer ownership of all facilities constructed for the additional Delivery Point(s) and/or delivery line(s) to City upon completion of construction.

4.10 Delivery Point Improvements. If the Customer requests that improvements be made to a Delivery Point(s), the Customer shall submit the request in writing to the City. If the City approves the request, the Parties will then decide whether the City or the Customer will be responsible for constructing the improvements and shall follow the procedures set forth in Section 4.09: provided, however, such approval shall not be unreasonably conditioned, withheld or delayed. Customer shall transfer ownership of any such improvements to the City upon completion and acceptance by the City.

4.11 Water Release Valves. All valves releasing Water from the City System to Customer shall be solely owned, operated and maintained by the City. Customer shall not obstruct or block access to those valves.

4.12 Easements; Rights-of-Way; Ownership of Improvements. Any acquired easements and/or rights-of-way shall name the City as a grantee for the portion of the easement or right-of-way on the City's side of the Delivery Point. Upon the completion of construction and final approval by the City of any new, relocated or improved Delivery Point(s) and/or Metering Point(s), Customer shall transfer ownership of the constructed improvements and metering device and appurtenances on the City's side of the Delivery Point to the City.

4.13 Interruption of Service for Maintenance. Notwithstanding anything in this Contract or in the requirements of any regulatory agency to the contrary, City shall be entitled at any and all times to install, repair, maintain, and replace such equipment or devices or to take any other action under an Emergency (including reduction or cessation of water service to Customer) as necessary or appropriate to allow City at all times to maintain a minimum pressure as required by applicable law or regulation at all retail service locations directly served by City. The City shall use commercially reasonable efforts to work with Customer to install, repair, maintain, and replace such equipment and devices at a time to minimize the impact on Customer's System. The City shall make every reasonable effort to expedite the restoration of service in a timely manner.

## **B. Transmission lines**

4.14 Customer Transmission Lines. Customer shall be responsible for the construction and associated costs of any additional water transmission lines on Customer's side of the Meter(s).

Customer shall maintain ownership of said water transmission lines for the term of this Contract and shall be responsible for the maintenance and repair of said water transmission line.

4.15 City Transmission Lines. Customer, at its sole cost, shall be responsible for the design, engineering, permitting, construction, and other associated costs of any additional water transmission lines on the City's side of the Meter(s) that are needed for the City to deliver the Maximum Daily Quantity of Water to the Delivery Point(s), as reflected on the attached Exhibit "B" (the "*New City Lines*"). Upon completion of construction and acceptance by the City of the New City Lines, the City shall maintain ownership of the New City Lines. The City shall be obligated to bear and pay all costs, fees, and expenses, including but not limited to engineering and design costs, permitting costs, construction costs, bonds, or other fees/expenses for any change, required by the City, pertaining to the increased size of any portion of the New City Lines to a size greater than is necessary to connect to the City's existing water system and serve the Property.

4.16 Temporary Water Service. At such time as the developer of the Development initiates the construction of infrastructure to serve the Property, the City shall authorize such developer and its contractors to obtain temporary water service from the City in the same manner and under the same conditions as such temporary water service is made available to contractors working within the City.

### **C. Measuring Equipment**

4.17 Installation. Customer shall furnish and install, at its own expense at the Delivery Point(s), the Meter(s), as approved by the City, for measuring properly the quantity of Water delivered under this Contract. Such facilities shall be conveyed to the City upon completion, with no liens or encumbrances, at no cost to the City.

4.18 Maintenance; Calibration. City shall operate and maintain the Meter(s) and shall read each Meter monthly. City will also cause the Meter(s) to be tested and calibrated at intervals of not more than every twelve (12) months. The cost of testing will be borne solely by City, provided however, that if any special test is made at the request of the Customer and shall disclose that the meter is recording accurately, then Customer shall bear the cost for such test. Customer will be notified in writing of the planned Meter testing and calibration and will be invoiced for said testing and calibration on the invoice following the performance of the service. Once notified, Customer's representative may request to be present when such testing and calibration is performed.

4.19 Meter Accuracy; Corrections. Meters registering not more than one and one-half percent (1.5%) above or below normal shall be deemed accurate. Any Meter readings which testing has found to be inaccurate shall be corrected in accordance with the percentage of inaccuracy found. Should any Meter fail to register for any period, the amount payable shall be based upon the Water delivered in the corresponding period immediately prior the failure, unless the City and Customer shall agree to the amount of Water furnished during such period.

4.20 Meter Readings. The Meter(s) used under this Contract shall be read on the last day of each calendar month by the City's operator and shall be available for checking and verification by a representative of Customer during normal business hours of the City.

**D. Access**

4.21 Delivery Point(s). Customer shall not impede City access to any of the City-owned equipment, facilities, or Delivery Point(s). Customer shall obtain all necessary easements for access prior to transferring ownership to City. City shall have the sole right to secure and control access to the City-owned equipment, facilities, and Delivery Point(s). Customer may request access to inspect the City-owned equipment, facilities, and Delivery Point(s) contemplated by this Contract by presenting such request, in writing, to the City during normal business hours. City shall provide access within 72 hours of receiving the request for access from Customer. City shall have the right to oversee these inspections.

**Article 5 Force Majeure**

No Party hereto shall be considered to be in default in the performance of any of the obligations hereunder (other than obligations of either Party to pay costs and expenses) if such failure of performance shall be due to circumstances beyond the reasonable control of the Parties, including but not limited to, the failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute and action or non-action by a failure to obtain the necessary authorizations and approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage, or restraint by a court order or public authority, which by the exercise of due diligence and foresight the Party could not have reasonably been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Either Party rendered unable to fulfill any obligation by reason of an uncontrollable force shall exercise due diligence to enable fulfillment of its obligations under this Contract.

**Article 6 Dispute resolution**

6.01 Disputes Other Than Rate or Fee Disputes; Abatement. In accordance with the provisions of Subchapter I, Chapter 271, Tex. Local Gov't. Code, the Parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this Contract, the Parties will first attempt to resolve the dispute by taking the following steps:

- a. The dissatisfied Party shall deliver a written notice substantially describing the nature of the dispute to the other Party, requesting the other Party to deliver a written response within five days after receipt of the notice of dispute;
- b. If the response does not, in the opinion of the dissatisfied Party, reasonably resolve the dispute, the dissatisfied Party shall notify the other Party in writing. Each Party shall then appoint a person having authority over the activities of the respective Parties who shall promptly meet, in person, in an effort to resolve the dispute; and

- c. If those persons cannot or do not resolve the dispute, then the Parties shall each appoint a person from the highest tier of managerial responsibility within each respective Party, who shall then promptly meet, in person, in an effort to resolve the dispute.

Any suit filed prior to performing these steps shall be abated pending completion of this step process. This Section shall not apply to any disputes regarding rates or fees City charges Customer.

6.02 Rate or Fee Disputes. Customer agrees that, as a condition precedent to instituting any lawsuit or other proceeding arising from a rate or fee dispute (including any surcharges City may assess) under this Contract, Customer shall first attempt to resolve the dispute by taking the following steps:

- a. Customer shall deliver a written notice substantially describing the nature of and reasons for the dispute to City;
- b. City shall respond to the dispute notification in writing within ten (10) business days after receipt of the notice of dispute;
- c. If Customer does not believe City's response reasonably resolves the dispute, Customer may, within ten (10) business days after receipt of City's response, request, in writing, that the City Council consider the rate or fee dispute; and
- d. City shall, after receipt of Customer's written request that the City Council consider the dispute, place the matter on the City Council agenda within the 5 weeks of the written request.

6.03 Presentation of Rate Dispute. Customer shall appear before and have one (1) hour to present any evidence and arguments it has regarding any rate or fee dispute to the City Council. The City Council shall issue a written final decision regarding the rate or fee dispute within ten (10) business days after Customer's appearance.

6.04 Condition Precedent. The provisions of this Article 6 are a condition precedent to the filing of any other action or complaint with any regulatory authority, governing body, or state or federal court.

6.05 Expenses. Customer shall have the right to challenge any change in the Rate in violation of this Contract before the PUC. If Customer initiates or participates in any proceeding regarding the Water rate and City's policies under this Contract and advocates a position that is adverse to City, and City prevails, Customer shall reimburse City for its reasonable expenses, including attorneys' fees in the proceeding, within thirty days after City's demand for payment. If the Customer participates in more than two (2) proceedings regarding the Rate before the PUC and the City prevails, the City may accelerate non-renewal rights under section 1.03 of this Agreement.

## **Article 7      Default and Remedies**

7.01 Default and Remedies. If a Party is in default under this Contract, then the non-defaulting Party shall be entitled to all remedies available at law or in equity, including, but not limited to, specific performance, injunctive relief, mandamus relief, damages; provided, however, neither Party shall be entitled to termination of this Contract.

7.02 Waiver of Immunity. Each Party hereto acknowledges that this Contract is for the providing of goods and services and, pursuant to Section 271.151, Texas Local Government Code, each has waived its immunity from suit solely for the purpose of the other Party enforcing the express terms, conditions, and obligations of this Contract.

## **Article 8      Hold Harmless**

Customer hereby agrees to hold the City whole and harmless from any claims or damages to Customer's Water mains or Water system resulting from the rate of flow or quantity of Water delivered, from any claims or damages arising as a result of the chemical or bacteriological content of Water provided, unless such damages resulting from the chemical or bacteriological content of the Water are caused by the negligence of the City, and from any act or omission of any representative, agent, customer, employee, or invitee of Customer, including any and all other claims for damages, cost, and expenses, including reasonable attorney's fees and costs of court, if any, that may arise out of, or be occasioned by, this Contract or any of its activities unless such damages result from the gross negligence or willful misconduct of the City.

## **Article 9      Miscellaneous**

9.01 Waiver. No covenant or condition of this Contract may be waived without the express written consent of the waiving Party. No failure by any Party to insist upon the strict or timely performance of any covenant, duty, agreement, term or condition of this Contract shall constitute a waiver of any such covenant, duty, agreement, term or condition. It is further agreed that one (1) or more instances of forbearance by any Party in the exercise of its respective rights under this Contract shall in no way impair such right or constitute a waiver of such right or a waiver of any breach theretofore or thereafter occurring.

9.02 Enforcement; Venue. In addition to any other remedy as may be provided by law, this Contract shall be specifically enforceable by the Parties hereto. Venue for any action shall be in Hunt County, Texas.

9.03 Severability. It is agreed that, in the event any term or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of such term or provision shall in no way affect any other term or provision contained herein; further, this Contract shall then continue as if such invalid term or provision had not been contained herein.

9.04 Assignment. Neither this Contract nor any of the rights or obligations hereunder may be assigned by Customer to any other party without the express written consent of the City Council of the City of Royse City, Texas.



9.05 Regulatory Bodies. This Contract shall be subject to all valid rules, regulations, and law applicable hereto, passed or promulgated by the United State of America, the State of Texas, or any government body or agency thereof having lawful jurisdiction, or any authorized representative or agency of any of them.

9.06 Legislative Changes. Customer agrees to abide by any changes in this Contract made necessary by any amendment or revision to state or federal regulations.

9.07 Statutory Interpretation. In each instance herein where reference is made to a federal or state regulation or statute or to the City's Code of Ordinances, it is the intention of the Parties that, at any given time, the then current federal or state regulation or statute or City ordinance shall apply. If a publication or reference work referred to herein is discontinued or ceases to be the generally accepted work in its field, or if conditions change, or new methods or processes are implemented by the City, new standards shall be adopted that are in compliance with state and federal laws and any valid rules and regulations pursuant thereto.

9.08 Federal Grants and Assistance. City shall comply with all federal, state and local government requirements necessary to obtain grants and assistance for system design, system construction and studies. Customer agrees to assist City in compliance by setting adequate rates, establishing proper user charges and complying with governmental requirements.

9.09 Headings Not Binding. Section or article headings in this Contract are for convenience only and do not purport to accurately or completely describe the contents of any section or article. Such headings are not to be construed as a part of this Contract or any way defining, limiting or amplifying the provisions hereof.

9.10 Sole Agreement. This Contract represents the entire and integrated Wholesale Water Contract between City and Customer, and supersedes all prior negotiations, representations or agreements, either written or oral, with regard to the subject matter hereof. This Contract may be amended and modified only by written instrument signed by all Parties. There are no oral agreements between the Parties.

9.11 Third-Party Beneficiaries. This Contract shall inure only to the benefit of the Parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Contract. Each Party hereto shall be solely responsible for the fulfillment of its customer's contracts or commitments, and City shall not be construed to be responsible for Customer's contracts or commitments by virtue of this Contract or any provision contained herein.

9.12 Inspection and Audit of Records. Complete records and accounts shall be maintained by each Party for a minimum period of five (5) years or such longer period of time as may be required by applicable law. Each Party shall at all times, upon notice, have the right at reasonable times to examine and inspect records and accounts relating to this Contract during normal business hours; and further, if required by any law, rule or regulation, make the records and accounts available to federal and state auditors.

9.13 Adopting Resolution; Copies. Each Party shall provide the other Party with a copy of the minute action, order, ordinance or resolution authorizing the execution of this Contract.

9.14 Strict Interpretation. This is a negotiated document. Should any part of this Contract be in dispute, the Parties agree that the terms and provisions of this Contract shall not be construed more favorably for or strictly against any Party.

9.15 Notice. All notices or communications provided for herein or necessary in connection with this Contract shall be in writing and hand delivered or sent certified mail, postage prepaid, return receipt requested to:

Carl Alsabrook, City Manager  
City of Royse City, Texas  
100 West Main Street  
Royse City, Texas 75189

Hunt County Municipal Utility District No. 4  
c/o Coats|Rose P.C.  
Attn: Mindy Koehne  
16000 North Dallas Parkway, Suite 350  
Dallas, Texas 75248

Either Party may change its address by providing written notice to the other Party.

## **Article 10 Exhibits**

10.01 The following Exhibits are attached to and made a part of this Contract, and are incorporated by reference for any and all purposes wherever reference is made to same:

Exhibit “A” – The legal description of the Property.

Exhibit “B” – The Basin Map, including the location of the initial approved Delivery Point(s) at the time this Contract is executed and required New City Lines.

Exhibit “C” – The calculation of initial rate approved by the Royse City City Council and methodology for future rate increases.

Exhibit “D” – The Supplemental Analysis – Air Gap Water Study performed by Birkhoff, Hendricks & Carter, L.L.P.

IN WITNESS WHEREOF, the parties hereto have executed this Contract in duplicate originals on the date first written above, which date shall also be the effective date hereof.

Executed on this \_\_\_\_ day of \_\_\_\_\_, 2024.

CITY OF ROYSE CITY

\_\_\_\_\_

City Manager

Executed on this \_\_\_\_ day of \_\_\_\_\_, 2024.

HUNT COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

\_\_\_\_\_

President, Board of Directors

DRAFT

EXHIBIT A

THE PROPERTY

LEGAL DESCRIPTION

Being a parcel of land located in Hunt County, Texas, being a part of the James Chapman Survey, Abstract 185, and also being all of that called 144.46 acre tract of land described in deed to Diecieseis, LLC as recorded in Document Number 2018-13059, Official Public Record of Hunt County, Texas, and begin further described as follows:

BEGINNING at a one-half inch iron rod found at the northwest corner of said 144.46 acre tract, said point also being the southwest corner of that called 118.80 acre tract of land described in deed to Platinum Ocean Corp. (Texas) as recorded in Volume 1735, Page 219, Official Public Record of Hunt County, Texas, said point also being at the approximate centerline intersection of County Road 2656 and County Road 2664;

THENCE along the north line of said 144.46 acre tract and along the approximate centerline of County Road 2664 as follows:

North 89 degrees 37 minutes 43 seconds East, 2309.88 feet to a one-half inch iron rod found for corner;

North 88 degrees 45 minutes 28 seconds East, 1553.97 feet to a one-half inch iron rod found at the northeast corner of said 144.46 acre tract;

THENCE South 00 degrees 30 minutes 27 seconds East, 1630.52 feet to a three-eighths inch iron rod found at the southeast corner of said 144.46 acre tract, said point also being in the north right-of-way line of State Highway No. 66;

THENCE South 42 degrees 52 minutes 25 seconds West, 2270.58 feet along the north right-of-way line of State Highway No. 66 to a three-eighths inch iron rod found at the most southerly southwest corner of said 144.46 acre tract;

THENCE along the west line of said 144.46 acre tract as follows:

North 00 degrees 11 minutes 55 seconds West, 904.39 feet to a three-eighths inch iron rod found for corner, said point being the southeast corner of that called 20.12 acre tract of land described in deed to Pat Egboh and Bibian Chike-Egboh as recorded in Volume 1600, Page 279, Official Public Record of Hunt County, Texas;

North 00 degrees 23 minutes 29 seconds West, 1067.08 feet to a three-eighths inch iron rod found at an ell corner of said 144.46 acre tract, said point being the northeast corner of

that called 16.416 acre tract of land described in deed to Brad and Kathleen Watson as recorded in Volume 1351, Page 407, Official Public Record of Hunt County, Texas;

THENCE North 89 degrees 34 minutes 00 seconds West, 1376.61 feet along the north line of said 16.416 acre tract to a one-half inch iron rod with yellow cap stamped "R.S.C.I. RPLS 5034" found for corner in the south line of said 144.46 acre tract, said point also being the southeast corner of that called 10.33 acre tract of land described in deed to Brad and Kathleen Watson as recorded in Volume 1317, Page 103, Official Public Record of Hunt County, Texas;

THENCE along the common line of said 144.46 acre tract and said 10.33 acre tract as follows:

North 07 degrees 18 minutes 26 seconds East, 350.77 feet to a one-half inch iron rod with yellow cap stamped "R.S.C.I. RPLS 5034" found for corner;

North 41 degrees 00 minutes 32 seconds West, 273.27 feet to a one-half inch iron rod with yellow cap stamped "R.S.C.I. RPLS 5034" found for corner;

South 88 degrees 00 minutes 36 seconds West, 438.95 feet to a one-half inch iron rod with yellow cap stamped "R.S.C.I. RPLS 5034" found for corner;

South 37 degrees 45 minutes 55 seconds West, 236.14 feet to a one-half inch iron rod with yellow cap stamped "R.S.C.I. RPLS 5034" found for corner;

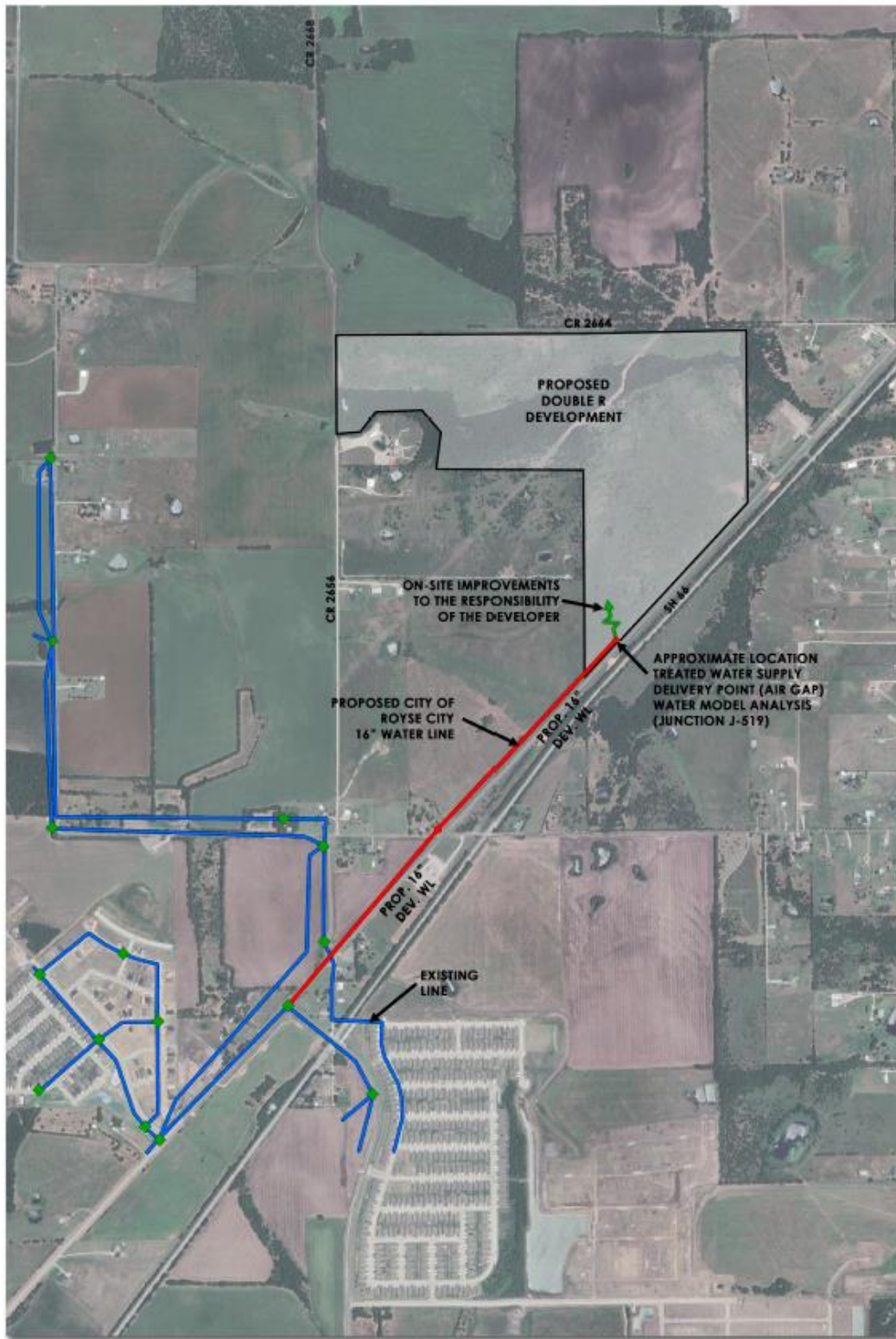
South 84 degrees 57 minutes 54 seconds West, at 204.42 feet passing a one-half inch iron rod found in the south line of said 144.46 acre tract in all a total distance of 224.83 feet to a point for corner, said point being the most westerly southwest corner of said 144.46 acre tract, said point also being in the approximate centerline of County Road No. 2656;

THENCE North 00 degrees 14 minutes 57 seconds West, 931.48 feet along the west line of said 144.46 acre tract and along the approximate centerline of County Road No. 2656 to the POINT OF BEGINNING and containing 6,292,167 square feet or 144.448 acres of land.

Basis of Bearing: The basis of bearing is based on the coordinate system (North Central Zone 4202 State Plane Coordinates, NAD83).

"This document was prepared under 22 TAC 663.23, 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."

EXHIBIT B  
DELIVERY POINT(S) AND REQUIRED NEW CITY LINES



HUNT COUNTY  
MUD NO. 4

WATER / SEWER PLAN  
ROYSE CITY ETJ, TEXAS  
JBI PARTNERS

NOT TO SCALE

↑ JULY 24, 2024  
081011M

|

EXHIBIT C

CALCULATION OF CURRENT CITY RATE AND  
METHODOLOGY FOR CALCULATING COST OF SERVICE

DRAFT

EXHIBIT D  
WATER STUDY

**BIRKHOFF, HENDRICKS & CARTER, L.L.P.**  
**PROFESSIONAL ENGINEERS**

Texas Firm F526  
11910 Greenville Ave., Suite 600

RPLS Firm No. 100318-00  
Dallas, Texas 75243

Fax (214) 461-8390

Phone (214) 361-7900

**MEMORANDUM**

**To:** Mrs. Lacey Rodgers, P.E.  
City Engineer, City of Royse City

**From:** Derek B. Chaney, P.E., R.P.L.S.

**Date:** July 2, 2024

**Subject:** Proposed Double R Development  
Supplemental Analysis – Air Gap Water Supply

*D.B.C.*  
*07/02/2024*



As requested, we have completed our supplemental analysis of the City of Royse City's existing water distribution system to provide treated water supply to the proposed Double R development via an air gap delivery point. The developer would be required to provide all on-site water system infrastructure as necessary to meet domestic and fire flow demands for the development. Additionally, it will be the developer's responsibility to design and construct a proposed meter station as will be required for the City to accurately measure water sold to the developer. Design of the meter station shall be approved by the City prior to construction. This supplemental analysis follows our previous analysis and letter report for the Double R development dated February 20, 2024. The proposed development is located within the Royse City Water Certificate of Convenience and Necessity (CCN) area. A concept site plan for the proposed development was provided by the City for this analysis and is attached as Exhibit A. The proposed development contains approximately 143 acres and is located along State Highway 66 and County Road 2664. The development will consist of 584 single-family units and 600 multi-family units.

**WATER DISTRIBUTION SYSTEM ANALYSIS**

On behalf of the City of Royse City, Birkhoff, Hendricks, & Carter, LLP (BHC) maintains a hydraulic model of the City's existing water distribution system. Figure 1 shows the general location of the development overlaid onto the City's water system model and the water model points of analysis. With this supplemental analysis, the City proposed to provide treated water supply to the proposed development via an air gap delivery point (junction node J-519). With on-site infrastructure being the developer's responsibility, this supplemental analysis does not assess max day or fire flow demands within the development. As directed by the City, this supplemental analysis provides a single-feed, un-looped water line to the proposed delivery point. Therefore, it will be the developer's responsibility to ensure adequate pumping capacities and storage volumes are available in the event of a service disruption and for providing fire suppression. The existing system demands and water model forming the basis for this analysis is the "RUN 2" model analysis completed for the City on July 27, 2022, plus a global demand multiplier applied to account for future growth in demands elsewhere within the City's service area.



The total maximum daily demand for the fully developed Double R Development was calculated as 0.92 million gallons per day (MGD) and was applied model junction nodes J-519 as shown on Figure 1 along with the required offsite water system improvements (shown in red) which will be the developers responsibility.

For this analysis, the following water system hydraulic model assumptions have been applied:

1. Model Analysis Type: 72-hour extended period simulation (EPS)
2. Minimum Pressure (Normal Conditions): 35 psi
3. As requested by the City, we have developed the following scenarios for the purpose of assessing Max Day Development Demands for the Double R Development as follows:

Scenario 1: June 2026 - 400 single-family lots, 300 multi-family units:

[400 single-family units \* 3.1 people/lot \* 300 gpcd] = 0.37 MGD  
[300 multi-family units \* 2.1 people/lot \* 300 gpcd] = 0.19 MGD  
**Total Scenario 1 Demand = 0.37 + 0.19 MGD = 0.56 MGD**

Includes a global demand multiplier of 1.06.

Scenario 2: January 2028 – 584 single-family lots, 600 multi-family units:

[584 single-family units \* 3.1 people/lot \* 300 gpcd] = 0.54 MGD  
[600 multi-family units \* 2.1 people/lot \* 300 gpcd] = 0.38 MGD  
**Total Scenario 2 Demand = 0.54 + 0.38 MGD = 0.92 MGD**

Includes a global demand multiplier of 1.10.



The scenarios evaluated for the development are based on operating conditions as provided by the City at each time stamp, based on current and planned Capital Improvement Plan (CIP) projects. The model scenarios to be considered are listed in Table 1 below and correlate directly with the demands for the development as listed on page 2. To accommodate for future development growth elsewhere in the City, a global demand multiplier of 1.06 and 1.10 was applied to the hydraulic model for Scenario 1 and Scenario 2, respectively.

| Model Scenario | Summary of Water System Improvements Assumed to be in Service  | Operation Year |
|----------------|--|----------------|
| 1-2            | IH-30 16-inch South Frontage Road WL<br>Pump Station #2 Expansion & Offsite 24-inch and 16-inch Transmission Mains | 2024           |
| 1-2            | FM 2642 EST, FM 2642 16" WL's  | 2026           |

*Table 1: Royse City Project Timeline and Water System Conditions*

As indicated by Table 1, the IH-30 South Frontage Road 16-inch water line (by others), Pump Station #2 Expansion and Transmission Main, and FM 2642 Elevated Storage Tank and offsite 16-inch water line must be in service prior to Scenario 1 conditions.

**SCENARIO 1 – INITIAL DEVELOPMENT PHASE**

**System Pressures – Max Day Demands**

Figure 2 shows a graph of the modeled future system pressures at junction node J-519 after including the demand of 0.56 MGD for the proposed Double R Development under Scenario 1 conditions. As shown, the minimum system pressure is 71 psi, above the minimum pressure requirement.

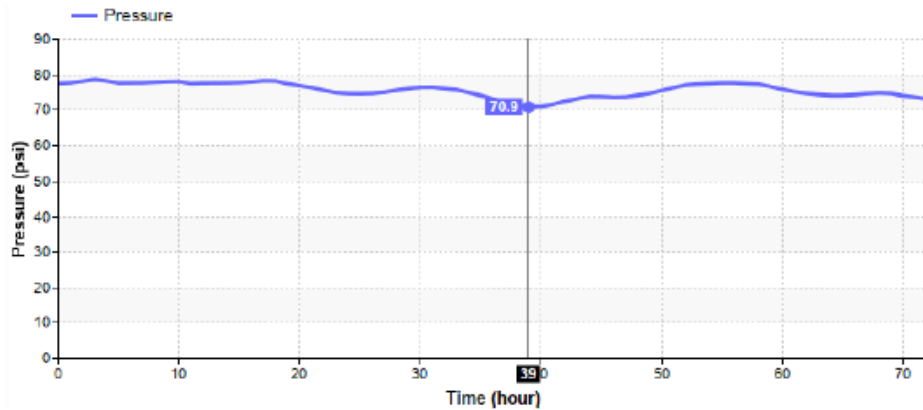


Figure 2: Scenario 1 Pressures - Max Day Demand

**Elevated Tank Levels – May Day Demands**

Figure 3 shows a graph of the tank levels at the existing Verandah Elevated Storage Tank (EST) and future FM 2642 EST with the proposed Double R Development for Scenario 1. The minimum tank level occurs at the Verandah EST, reaching a level of 12.4 feet at hour 38.

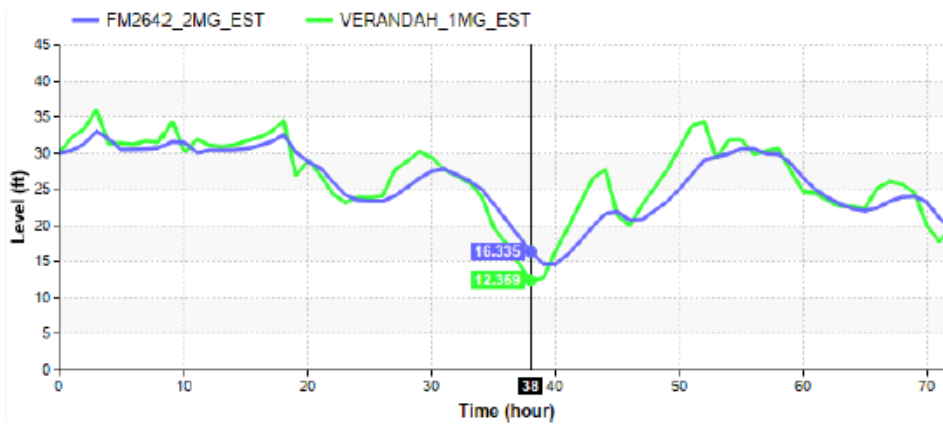


Figure 3: Scenario 1 – Verandah & FM 2642 EST Levels

**SCENARIO 2 – FULL DEVELOPMENT**

**System Pressures – Max Day Demands**

Figure 4 shows a graph of the modeled existing system pressures at junction node J-519 after including the demand of 0.92 MGD for the proposed fully developed Double R Development under Scenario 2 conditions. As shown, the minimum system pressure is 69 psi, above the minimum pressure requirement.

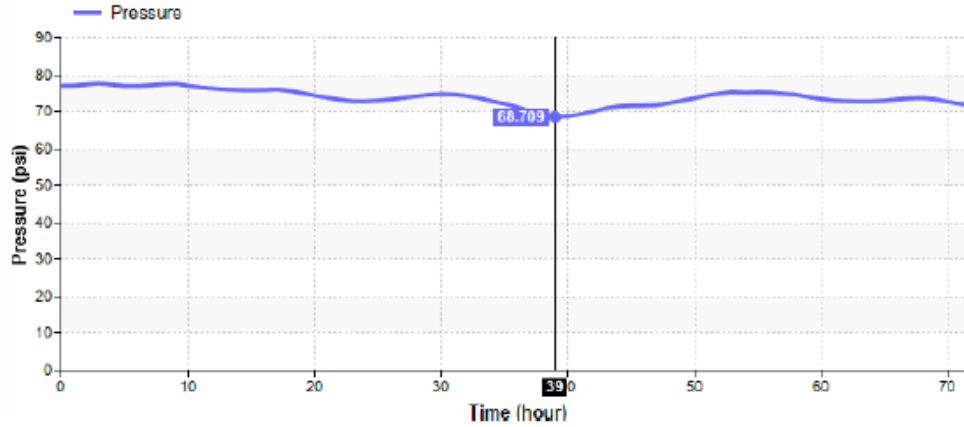


Figure 4: Scenario 2 Pressures - Max Day Demand

**Elevated Tank Levels – Max Day Demands**

Figure 5 shows a graph of the tank levels at the existing Verandah EST and future FM 2642 EST with the proposed Double R Development for Scenario 2. The minimum tank level occurs at the Verandah EST, reaching a level of 8.2 feet at hour 38.

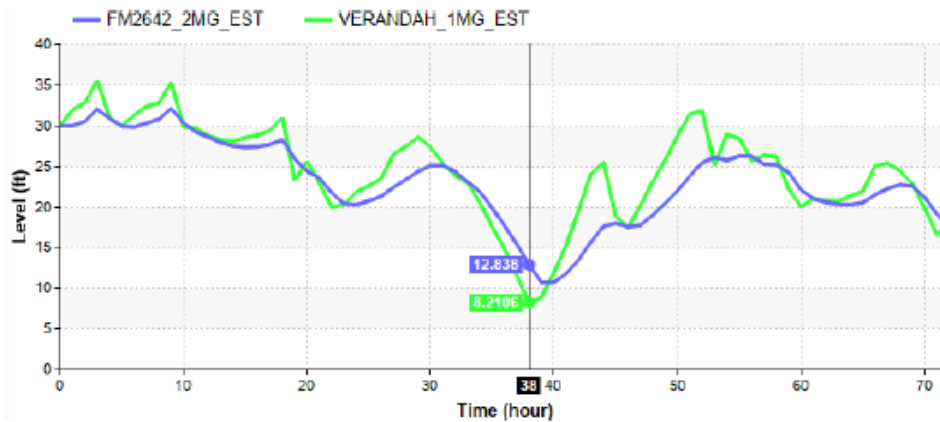


Figure 5: Scenario 2 - Verandah EST Levels

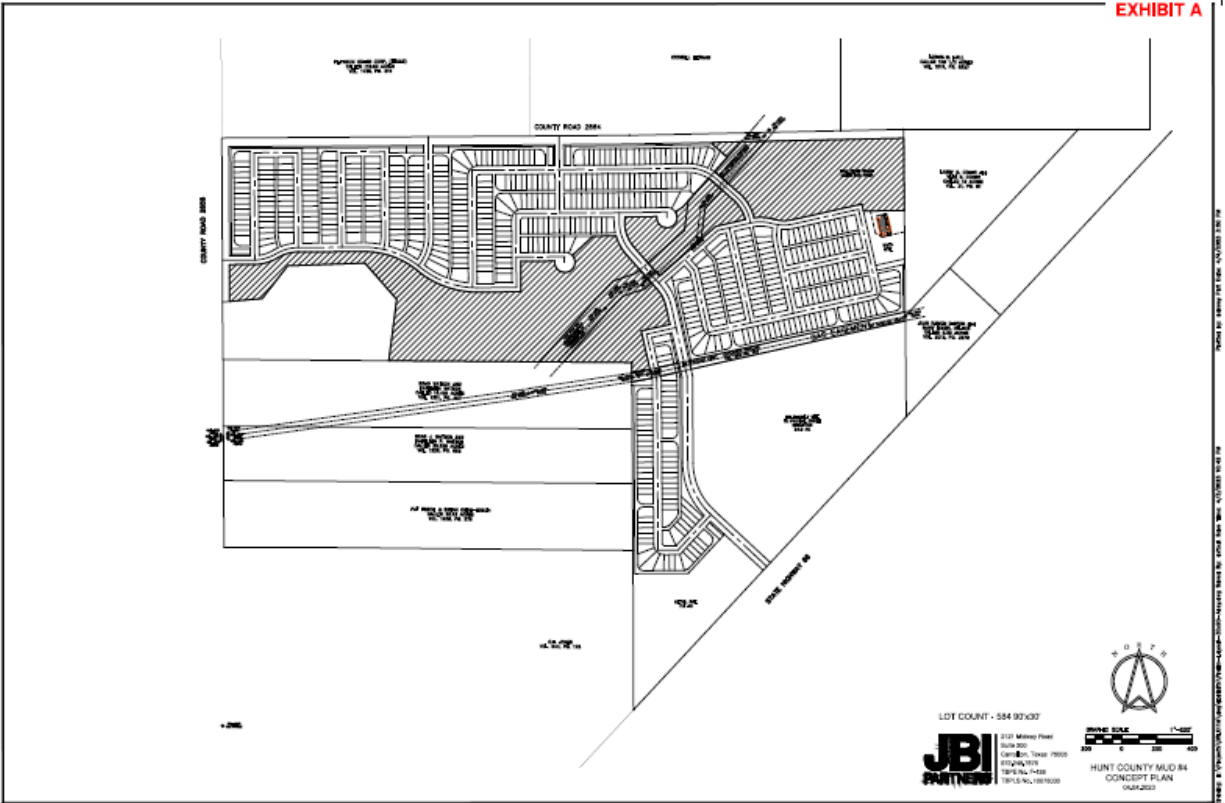
Mrs. Lacey Rodgers, P.E., City of Royse City  
Proposed Double R Development, Supplemental Analysis – Air Gap Water Supply  
July 2, 2024  
Page 7 of 7

#### **Conclusion and Recommendations**

Our analysis of the City's existing water distribution system after accounting for demands from the Double R development indicates the water system will have adequate capacity to supply treated water to the development via an air gap delivery point. The proposed FM 2642 Elevated Tank and associated offsite water lines must be placed in service prior to delivery of treated water to the proposed development. The FM 2642 Elevated Storage Tank is currently in the design phase and the associated FM 2642 16-inch offsite water line is in the planning phase. Both projects are expected to be constructed and placed in service by Summer 2026. The proposed water supply delivery point is conceptually shown on Figure 1, along with the required offsite 16-inch water line improvements as shown in red. Evaluation of the system downstream of the air gap delivery point was excluded from this analysis, and will be the developers' responsibility. Additional improvements at the delivery point will include, but are not limited to, isolation valves on each side of the delivery point on the City's proposed 16-inch water line, meter station, and flush valve or fire hydrant to provide the City with flushing capabilities as needed. These improvements are the responsibility of the developer, and will require approval of the associated design plans by the City prior to construction.

Attachment: Exhibit A (Double R Concept Plan)

Cc: Yosab Habtemariam, P.E.



DRAFT