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AFTER RECORDING RETURN TO:
Copeville SUD
P.O. Box 135
Copeville, TX 75121

**NON-STANDARD SERVICE CONTRACT
FOR WATER AND SEWER UTILITY SERVICE**

Montgomery Farms

This Non-standard Service Contract for Water and Sewer Utility Service ("Contract") is entered into by and between **Copeville Special Utility District**, a political subdivision of the State of Texas created under the authority of Chapter 65, Texas Water Code, and Section 59, Article XVI, Texas Constitution (the "District"), **LGI Homes-Texas, LLC**, a Texas limited liability company ("Developer").

RECITALS

WHEREAS, Developer has contracted to purchase or owns 211.83 acres of land situated in the H. Walters Survey, Abstract No. 958, Collin County, Texas, which land is more particularly described by metes and bounds in the attached **Exhibit "A"** (the "Property"); and

WHEREAS, Developer desires to develop the Property as a residential subdivision named Montgomery Farms containing approximately 1,100 single-family lots; and

WHEREAS, the District owns and operates a retail water utility system supplying water to the public in a service area defined by Certificate of Convenience and Necessity No. 11376, which area includes all of the Property; and

WHEREAS, the North Texas Municipal Water District ("NTMWD") supplies treated water to the District pursuant to an existing wholesale water supply contract; and

WHEREAS, the parties agree that the District is strategically positioned to be the retail provider of water and sewer services to the Property; and

WHEREAS, Developer has submitted a non-standard service application to the District to secure retail water and sewer utility service for the Property; and

WHEREAS, the District agrees to reserve capacity in the District's water system sufficient to serve 1,100 standard service connection equivalents ("SSCE") on the Property; and

WHEREAS, before construction begins on the first lot, the District agrees to use its best efforts to enter into a wastewater treatment agreement with the City of Farmersville ("Farmersville") to secure sufficient treatment capacity to provide continuous and adequate retail sewer service to the Property at full build-out; and

WHEREAS, after execution of this Contract, Developer consents to the District filing an application with the Public Utility System of Texas ("PUC") to obtain a sewer service CCN for the Property in the District's name; and

WHEREAS, Developer represents that the Property will not contain any industrial or other use that requires pre-treatment of wastewater prior to discharge into Farmersville's wastewater treatment plant; and

WHEREAS, the Board of Directors of the District has adopted service policies and rates for providing water and sewer service as set forth in its duly adopted Rate Order; and

WHEREAS, Developer has created the East Collin County Municipal Utility District No. 1, a political subdivision of the State of Texas created under the authority of Chapters 49 and 54, Texas Water Code, and Section 59, Article XVI of the Texas Constitution (the "MUD"), to collect taxes from future Montgomery Farms lot owners with which the MUD will reimburse Developer for the cost of constructing infrastructure to enable the District to serve the Property, including sewer and water utility improvements described below (collectively, the "Improvements"); and

WHEREAS, the District agrees to provide continuous and adequate water and sewer service to the Property provided Developer satisfies the terms and conditions of this Contract; and

WHEREAS, the District and Developer agree to take all actions necessary to make water and sewer service available and to the Property pursuant to the terms and conditions of this Contract.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of the mutual promises hereinafter expressed, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties hereto, the District and Developer agree as follows:

1. **Adoption of Recitals.** The parties agree that all representations and matters stated in the recitals of this Contract are true and correct and the same are hereby incorporated into the body of this Contract by this reference for all purposes.

2. **Service Investigation Fee.** Developer has paid a service investigation fee in the amount of \$10,000.00 to the District to cover the administrative expenses and professional services fees incurred by the District to investigate the District's ability to provide water service to the Property including, without limitation, expenses and fees incurred for:

(a) engineering services performed by the District's engineer including (i) performing a service investigation, (ii) preparing a report about required system improvements, (iii) reviewing plats, plans and specifications, (iv) obtaining and determining cost estimates for construction, and (v) advertising and accepting bids for construction;

(b) legal services performed by the District's attorney including (i) preparing this nonstandard service contract between the District and Developer, (ii) preparing dedication and conveyance instruments, (iii) preparing easements, and (iv) preparing any other documents related to the District providing water service to the Property; and

(c) administrative and other services required by the District to process Developer's non-standard service request and all matters related thereto; and

(d) negotiating with the United States Army Corps of Engineers ("USACE") to acquire a sanitary sewer license and permanent easement across USACE controlled land.

The District shall refund the remaining balance of the fee, if any, upon completing its service investigation, including the completion of all legal and engineering services associated with processing Developer's nonstandard service request. If the fee paid by Developer is not sufficient to pay all necessary expenses incurred or to be incurred by the District in performing its service investigation, Developer will pay an additional sum or reimburse District for such expenses upon written request, and the District will have no obligation to complete the processing of Developer's nonstandard service request until the requested payment or reimbursement has been paid.

3. **Agreement for Water Service.**

(a) Capacity Reservation. The District agrees to reserve capacity in the District's water system sufficient to serve 1,100 SSCs on the Property.

(b) Initiating Service to the Property. Before the District initiates water service to the Property, Developer must construct the Distribution Improvements (defined below) described in Construction Phase 1 of the Evaluation Letter.

(c) Initiating Service to Individual Lots. Before the District installs a meter and initiates water service to each lot on the Property, Developer must submit standard applications for both water and sewer service and pay the applicable connection fees in accordance with Section 10 below.

(d) Preserving the District's Water CCN. The parties hereto agree that the District will be the sole provider of retail water service to the Property. The parties also agree the District shall maintain, without restriction or diminution, its existing water CCN including that portion containing the Property. Nothing in this Contract shall be construed to support an implication that the District's water CCN is being sold, transferred, merged, abandoned, or released.

(e) Water Well Restrictions. Developer shall create and enforce permanent and irrevocable deed restrictions or covenants running with the land prohibiting water wells on the Property except for irrigation purposes. Interconnections between a private

water supply and the District's water system are prohibited except in strict conformance with state or District rules.

(f) Billing for Residential Services. The District agrees to bill Montgomery Farms customers and collect payment for certain residential services provided by fire and emergency medical service (EMS) providers, law enforcement agencies, and animal control providers when requested by Developer or MUD. The District further agrees to remit the collected payments, less a five percent (5%) administrative fee, on a timely basis to the appropriate service provider as directed by the Developer or the MUD. The District will enter into a separate agreement with Developer or the MUD for each type of service to specify the rights and obligations of the parties. Developer shall provide a copy of the agreement between each service provider and Developer. Developer must notify the District in writing about the rate(s) to be charged on behalf of each service provider including future rate changes.

4. Agreement for Sewer Service.

(a) Sewer CCN Application. Developer consents to the District filing an application with the PUC to obtain a sewer CCN covering the Property and agrees that this Contract reflects Developer's formal request for sewer service to the Property following its execution by all parties hereto. Developer shall be responsible for all reasonable costs associated with the District's CCN application.

(b) Wastewater Treatment Agreement. After the PUC issues a sewer CCN to the District, Developer shall cooperate with and support the District's efforts to enter into a wastewater treatment agreement with Farmersville or to otherwise acquire the capability to treat and discharge wastewater from the Property.

(c) Release of Sewer CCN. Should the District obtain a sewer CCN for the Property but subsequently fail to enter into a wastewater treatment agreement or to otherwise acquire the capability to treat and discharge wastewater from the Property, then the District agrees to release said sewer CCN to Developer.

(d) Connection Fees, Deposits, and Other Service Fees. Developer shall be required to make any payment to the District with respect to any cost, fee, or charge for sewer service within the Project, save and except for payments and charges required under this Contract or the District's rate order, as amended from time to time by its governing board, including customer deposits, service initiation fees, and fees for sewer usage (but excluding fees for capital costs) at the same rates charged to all the District sewer customers.

(e) Until the Property can connect to the Farmersville WWTP (defined below), Developer shall be allowed to utilize pump and haul services at the sole cost of Developer to ensure the Property has functional sewer service while under development.

5. **Water Service During Construction on the Property.** During construction of the On-site Water Improvements and Sewer Improvements, Developer will have the right to connect to and take water from existing District waterlines on the Property. This right terminates upon completing such construction. Developer must apply to the District for a construction meter (a/k/a/ hydrant meter) and pay for all metered water at the District's standard rates.

6. **Required Water System Improvements.** Developer agrees that the on-site and off-site water system improvements described in the water improvements evaluation letter (the "Evaluation Letter") prepared by the District's engineer, Eddy Daniel, P.E., are reasonable and necessary for the District to serve the Property at the level of service requested by Developer. A copy of the Evaluation Letter is attached hereto as **Exhibit "B"**.

7. **Pumping and Storage Improvements.**

(a) **General Description.** The pumping and storage system improvements that the District requires to serve the Property generally consist of the following components: (i) a minimum 300,000 gallon elevated water storage tank with appurtenances; and, (ii) upgrades to the District's Pump Station #3 including new 1,000 gallon per minute booster pumps with associated piping, controls, and appurtenances (collectively, the "P/S Improvements"). The District's engineer will bid each component of the P/S Improvements separately to comply with the construction phase scheduling set forth in the Evaluation Letter. The District will go out for bids and construct the P/S Improvements, at Developer's expense, during Construction Phases 2 and 3 as described in the Evaluation Letter.

(b) **Elevated Storage Tank Site.** Developer agrees to convey and dedicate to the District an approximately 1.0 acre site on the Property suitable for construction and operation of the elevated water storage tank component of the P/S Improvements.

(c) **Engineering and Design.** The P/S Improvements will be engineered and designed by the District's engineer, a Texas licensed professional engineer, in accordance with applicable rules and specifications of the District and the Texas Commission of Environmental Quality ("TCEQ"). Within 60 days of the Effective Date, Developer will deposit the estimated engineering and design costs into separate accounts opened for the pumping and storage components of the P/S Improvements. The District's use of the escrow accounts must comply with Section 7(g) below. The District's engineer will prepare the project design estimates. After completing the plans for each component, the District's engineer will immediately submit the plans to the TCEQ for approval.

(d) **Right to Up-size.** The District and Developer agree that the P/S Improvements described in the Evaluation Letter are adequate to serve the Property at the level of service requested by Developer. However, the District, at its sole discretion, may up-size the some or all of the P/S Improvements provided the District pays the additional costs.

(e) Construction. The District's engineer will advertise for bids to construct the separate pumping and storage components of the P/S Improvements in accordance with generally accepted bidding practices and TCEQ bidding requirements, if any, to comply with the scheduling requirements of the Evaluation Letter or earlier at the request of Developer. The District shall award each contract to the lowest responsible bidder. The District may reject any bid, contractor, or subcontractor at its sole discretion. The District will have no liability of any kind to Developer occasioned by delays or difficulties in obtaining any required governmental approvals, permits, licenses or certificates.

(f) Easements and Rights-of-Way. At Developer's expense, the District will assist Developer to acquire any easements and rights-of-way across privately owned land necessary for construction or operation of the P/S Improvements. If Developer is unable to acquire a required easement on reasonable and satisfactory terms, the District agrees to obtain the easement using its power of eminent domain so long as Developer agrees to pay the amount of any condemnation award for the easement plus all reasonable related legal fees and other expenses incurred by the District.

(g) Construction Costs, Escrow Accounts, and Developer Bonds.

(i) Developer shall pay all costs associated with the P/S Improvements including, without limitation, costs for the following: (i) engineering and design; (ii) easement and right of way acquisition (subject to prior approval of Developer); (iii) construction; (iv) inspection; (v) legal services; and, (vi) governmental or regulatory approvals and permitting. Developer shall indemnify the District and hold the District harmless from all of the foregoing costs.

(ii) All funds required to pay for the P/S Improvements must be deposited into FDIC insured interest bearing escrow accounts controlled by the District. All funds deposited in an escrow account shall be used solely for costs associated with engineering, designing, constructing, and inspecting the P/S Improvements. The District will open the escrow accounts at a local federal or state chartered bank located in Collin County. Accrued interest shall remain in the account for the benefit of Developer. All escrow account fees and charges shall be borne by the Developer. If an escrow account balance exceeds \$250,000, the District agrees to require the bank to provide suitable collateral in the form of federal or state treasury bonds, or bills or certificates of obligation, suitable as collateral under the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code), to be held by an agent acceptable to the District. All funds remaining in an escrow account following completion and acceptance of each component of the P/S Improvements by the District shall be promptly refunded to Developer.

(iii) The initial deposit into an escrow account for construction costs related to a component of the P/S Improvements must be made at least 30 days

before the construction commencement date. Thereafter, Developer shall deposit funds into the escrow account in advance every 90 days after the construction commencement date. The District's engineer will consult with project contractors to estimate the amount of each deposit, which will include an additional 10% of each estimate to cover any unexpected costs and cost overruns.

(iv) Within 30 days of the construction contract award date for each component, Developer must post a labor and material payment bond for the contract amount naming the District as obligee or owner.

(v) The District will withhold 5% retainage for each project.

(vi) Project contractors shall submit invoices no more than once every 30 days. The District will pay each invoice from the escrow account related to that component of the P/S Improvements only after: (i) the District's engineer certifies in writing that the invoiced work is complete; and, (ii) Developer submits written approval to release the funds, which approval must not be unreasonably withheld, within 5 business days after the date of the engineer's written certification.

(h) Accepting the P/S Improvements. Following completion and acceptance of the P/S Improvements by the District, the District will own, operate, and maintain the P/S Improvements. Within 15 days of the District accepting each component of the P/S Improvements, the District will refund any remaining escrow funds for that component to Developer.

(i) Service From the P/S Improvements. The District will utilize the P/S Improvements to provide water utility service to the Property in accordance with this Contract and the District's Rate Order.

8. Water Distribution Improvements.

(a) General Description. Developer will install water distribution improvements on the Property generally consisting of (i) 8-inch water distribution lines, (ii) a 12-inch trunk waterline, and (iii) a 12-inch waterline installed along the entrance to the Montgomery Farms development on Farm-to-Market 1778, as more particularly described in the Evaluation Letter and depicted on the Water Plan attached hereto as **Exhibit "C"** (collectively, the "Distribution Improvements"). Developer will select one or more contractors to construct the Distribution Improvements at Developer's expense.

(b) Engineering.

(i) The Distribution Improvements will be engineered and designed by a Texas licensed professional engineer employed by Developer in accordance with the applicable rules and specifications of the District. Plans for the Distribution Improvements must be reviewed and approved by the District's engineer prior to

construction. Three (3) sets of approved plans will be certified, stamped, or otherwise marked as "approved" by the District's engineer, including the engineer's signature and the approval date. The District and Developer will each receive a copy of the approved plans, and the District's engineer will retain the remaining copy. The approved plans for the Distribution Improvements will become part of this Contract by reference and shall more particularly define the Distribution Improvements. The District's engineer will retain one set of the approved plans and also deliver one set each to the District and to Developer.

(ii) In reviewing proposed plans for the Distribution Improvements, the District's engineer shall make certain that the Distribution Improvements meet the demand for service to the Property in accordance with the attached Preliminary Plat and the application for nonstandard service. The Distribution Improvements will be designed with minimum 8-inch distribution waterlines.

(c) Construction.

(i) Developer will select a qualified contractor to construct the Distribution Improvements subject to the District's reasonable right of refusal.

(ii) The Distribution Improvements must be constructed in strict accordance with the approved plans. Developer agrees to install the meter assembly (i.e., a meter vault, lid, and tap but not the meter itself) for each service connection. Developer will notify the District in writing of construction commencement dates so the District may assign one or more inspectors. The District has the right to inspect and approve all phases of construction of the Distribution Improvements. The District may charge reasonable inspection fees based on the actual costs of labor, travel, and incidental expenses of the inspectors, plus ten percent (10%) overhead.

(iii) If District inspectors determine that Developer's contractor is not constructing the Distribution Improvements substantial conformance with the approved plans, the District may stop all work on the Distribution Improvements until such time as the Developer or the Developer's contractor agrees to remove, replace, or remedy the substandard or nonconforming work or materials in a manner reasonably satisfactory to the District.

(iv) Developer's contractor shall obtain and tender payment and completion bonds from a state licensed insurer in the full amount of the contract price.

(v) Upon completing the Distribution Improvements, Developer shall deliver two sets of as-built plans (a/k/a record plans) and a TIFF or PDF file containing the same as-built plans.

(d) Easements. Developer will dedicate easements and rights-of-way on the Property necessary for the District to provide adequate service and to operate, maintain repair the Distribution Improvements. Dedication shall be accomplished by recording a plat in the Official Public Records of Collin County.

(e) Conveyance of Distribution Improvements to the District. Within a reasonable time after District gives its final written approval of the Distribution Improvements, Developer convey and dedicate the Distribution Improvements to the District by a legal instrument in recordable form prepared by Developer's legal counsel and acceptable to the District's legal counsel. Upon accepting said conveyance and dedication, the Distribution Improvements shall thereafter be owned and maintained by the District subject to the contractor's maintenance bond in an amount of not less than ten percent (10%) of the total construction cost of the Distribution Improvements and for a term of not less than two (2) years. Developer's maintenance bond must be issued by an insurer licensed by the State of Texas.

(f) Reimbursement of District Costs. Developer shall reimburse the District for all reasonable costs incurred in connection with the Distribution Improvements including costs for (i) engineering services, (ii) inspections, (iii) legal services, (iv) insurance and bond premiums, and (v) necessary governmental or regulatory approvals and permits. Developer shall indemnify the District and hold the District harmless from the foregoing costs.

(g) Service From the Distribution Improvements.

(i) After proper completion and acceptance of the Distribution Improvements for each phase to the District, the District will provide continuous and adequate water service to the Property in accordance with applicable regulations promulgated by the TCEQ or PUC, and all duly adopted service policies of the District.

(ii) The District's water system provides potable water primarily for domestic consumption and irrigation but it has sufficient capacity to provide fire-flows under normal conditions.

(iii) Without the District's prior written approval, which approval shall not be unreasonably withheld, Developer shall not: (i) construct or install additional water lines or facilities to provide service outside of the Property's boundaries, or (ii) add any additional land to the Property that is located within the District's certificated water service area.

9. Sewer Improvements. Developer agrees that the sewer gravity and force main collection system improvements described in this section are reasonable and necessary for the District to serve the Property at the level of service requested by Developer.

(a) General Description. Developer will install on-site sewer collection improvements consisting of (i) minimum 6-inch gravity sewer collection lines and (ii) a lift-station located at the northwest corner of the Property as shown on the Sewer Plan attached hereto as Exhibit "D". Developer will also install an off-site 12-inch sanitary sewer force main connecting the lift-station on the Property to a wastewater treatment plant that the City of Farmersville intends to construct on property located north of County Road 550 (the "Farmersville WWTP"). The on-site and off-site sewer collection improvements will hereinafter be referred to collectively as the "Sewer Improvements".

(b) Engineering.

(i) The Sewer Improvements will be engineered and designed by a Texas licensed professional engineer employed by Developer in accordance with the applicable rules and specifications of the District. Plans for the Sewer Improvements must be reviewed and approved by the District's engineer prior to construction. Three (3) sets of approved plans will be certified, stamped, or otherwise marked as "approved" by the District's engineer, including the engineer's signature and the approval date. The District and Developer will each receive a copy of the approved plans, and the District's engineer will retain the remaining copy. The approved plans for the Sewer Improvements will become part of this Contract by reference and shall more particularly define the Sewer Improvements. The District's engineer will retain one set of the approved plans and also deliver one set each to the District and to Developer.

(ii) In reviewing proposed plans for the Sewer Improvements, the District's engineer shall make certain that the Sewer Improvements meet the demand for service to the Property in accordance with the attached Preliminary Plat and the application for nonstandard service.

(c) Construction.

(i) Developer will select a qualified contractor to construct the Sewer Improvements subject to the District's reasonable right of refusal.

(ii) The Sewer Improvements must be constructed in strict accordance with the approved plans. Developer will notify the District in writing of construction commencement dates so the District may assign one or more inspectors. The District has the right to inspect and approve all phases of construction of the Sewer Improvements. The District may charge reasonable inspection fees based on the actual costs of labor, travel, and incidental expenses of the inspectors, plus ten percent (10%) overhead.

(iii) If District inspectors determine that Developer's contractor is not constructing the Sewer Improvements substantial conformance with the

approved plans, the District may stop all work on the Sewer Improvements until such time as the Developer or the Developer's contractor agrees to remove, replace, or remedy the substandard or nonconforming work or materials in a manner reasonably satisfactory to the District.

(iv) Developer's contractor shall obtain and tender payment and completion bonds from a state licensed insurer in the full amount of the contract price.

(v) Upon completing the Sewer Improvements, Developer shall deliver two sets of as-built plans (a/k/a record plans) and a TIFF or PDF file containing the same as-built plans.

(d) Right to Up-size. The District and Developer agree that the Sewer Improvements described in the Evaluation Letter are adequate to serve the Property at the level of service requested by Developer. However, the District, at its sole discretion, may up-size some or all of the Sewer Improvements provided the District pays the additional costs.

(e) Easements and Rights-of-Way.

(i) On-site. Developer will dedicate easements and rights-of-way on the Property necessary for the District to provide adequate service and to operate, maintain repair the Sewer Improvements. Dedication shall be accomplished by recording a plat in the Official Public Records of Collin County.

(ii) Off-site. At Developer's expense, the District will assist Developer to acquire any easements and rights-of-way across privately owned land necessary for construction or operation of the off-site Sewer Improvements, including the acquisition of a license agreement and permanent easement from USACE for the sanitary sewer force main. If Developer is unable to acquire a required easement on reasonable and satisfactory terms, the District agrees to obtain the easement using its power of eminent domain so long as Developer agrees to pay the amount of any condemnation award for the easement plus all reasonable related legal fees and other expenses incurred by the District. The District agrees that Developer may utilize existing District sewer utility easements and rights-of-way as shown on the attached Sewer Plan at no cost to Developer for construction and operation of the off-site component of the Sewer Improvements.

(f) Reimbursement of District Costs. Developer shall reimburse the District for all reasonable costs incurred in connection with the Sewer Improvements including costs for (i) engineering services, (ii) inspections, (iii) legal services, (iv) insurance and bond premiums, and (v) necessary governmental or regulatory approvals and permits.

Developer shall indemnify the District and hold the District harmless from the foregoing costs.

(g) Operation and Maintenance Equipment. Before conveying the Sewer Improvements to the District, Developer must contribute the sewer system operations and maintenance equipment listed on the attached **Exhibit "E"** in new condition. Alternatively, Developer may contribute a sum equivalent to the value of the foregoing equipment so the District may purchase the equipment.

(h) Conveyance of Sewer Improvements to the District. Within a reasonable time after District gives its final written approval of the Sewer Improvements, Developer will convey and dedicate the Sewer Improvements to the District by a legal instrument in recordable form prepared by Developer's legal counsel and acceptable to the District's legal counsel. Upon accepting said conveyance and dedication, the Sewer Improvements shall thereafter be owned and maintained by the District subject to the contractor's maintenance bond in an amount of not less than ten percent (10%) of the total construction cost of the Sewer Improvements and for a term of not less than two (2) years. Developer's maintenance bond must be issued by an insurer licensed by the State of Texas. Within 15 days of the District accepting the Sewer Improvements, the District will refund any remaining escrow funds to Developer.

(i) Service From the Sewer Improvements.

(i) After proper completion and acceptance of the Sewer Improvement, the District will provide continuous and adequate sewer service to the Property in accordance with applicable regulations promulgated by the TCEQ, PUC, and the duly adopted service policies of the District contained in the Rate Order.

(ii) Without the District's prior written approval, which approval shall not be unreasonably withheld, Developer shall not: (i) construct or install additional sewer collection lines to provide service outside of the Property's boundaries, or (ii) add any additional land to the Property.

10. **Connection Fees and Deposits.**

(a) Water Service. The District will install a standard 5/8" x 3/4" meter to measure water flow at each residential service connection. Developer shall pay the following amounts to establish water service to each residential service connection on the Property:

(i) First 250 Lots. Developer shall pay a connection fee of \$2,800.00 to the District for each residential water service connection at the time service of any kind is first requested for the first 250 lots on the Property. The foregoing

connection fee includes all District fees and charges required to establish new residential service, including the cost of a standard meter and meter installation.

(ii) Remaining Lots. Beginning with the 251st lot, and for each additional lot thereafter, Developer will receive a \$2,500.00 credit against the funds paid by Developer to the District for construction of the P/S Improvements until the cost of said improvements is paid in full, after which Developer will resume paying a \$2,800.00 connection fee for each remaining residential water service connection. For each lot that Developer receives a connection fee credit, Developer must pay a \$300.00 drop-in fee for a standard meter and meter installation.

(b) Sewer Service. Developer will pay no sewer connections fees. For every sewer service connection on the Property, Developer shall be responsible for all sewer usage charges prior to the establishment of permanent service to the ultimate purchaser.

(c) Deposits. Applicants requesting permanent service to each lot shall pay the water and sewer deposits.

11. **Notices.** Any notice to be given hereunder by either party to the other party shall be in writing and may be delivered by (i) email, (ii) by personal delivery, or (iii) by sending said notices by certified mail, return receipt requested, to the appropriate address set forth below. Notice by certified mail shall be deemed given when deposited with the United States Postal Service with sufficient postage affixed.

To the District: Copeville Special Utility District

Mailing Address:

P.O. Box 135
Copeville, Texas 75121

Physical Address:

16120 FM1778
Nevada, Texas 75173

Email: dhurth@copevillewater.com

with a copy to: James W. Wilson
The Law Office of James W. Wilson
103 W. Main Street
Allen, Texas 75013
Email: jwilson@jww-law.com

To Developer: LGI Homes-Texas, LLC
Attn: Patrick Vedra
1450 Lake Robbins Drive, Suite 430

The Woodlands, Texas 77380
Email: pat.vedra@lgihomes.com

with a copy to: LGI Homes-Texas, LLC
Attn: Tyler Shoop
1450 Lake Robbins Drive, Suite 430
The Woodlands, Texas 77380
Email: tyler.shoop@lgihomes.com

with a copy to: SKLaw
Attn: Julianne Kugle
1980 Post Oak Blvd, Suite 1380
Houston, Texas 77056
Email: kugle@sklaw.us

Any party may change an address for notice to it by giving written notice of the new address or number to the other parties in accordance with the provisions of this section.

12. **Breach of Contract.**

(a) If any party to this Contract breaches any term or condition of this Contract, the non-breaching party may, at its sole option, provide the breaching party with notice of the breach within 30 days of discovery of the breach by the non-breaching party. Upon its receipt of a notice of breach, the breaching party shall have 60 days to cure the breach. If the breaching party does not cure the breach within the 60 days, the non-breaching party shall have all rights and remedies at law and in equity including, without limitation, the right to enforce specific performance of this Contract by the breaching party and the right to perform the obligation in question and to seek restitution for all damages incurred in connection therewith.

(b) Termination of this Contract shall not affect any previous conveyance. The rights and remedies granted in this Contract to the parties in the event of default are cumulative, and the exercise of such rights shall not prejudice the enforcement of any other right or remedy authorized by law or this Contract.

13. **Indemnity.** Developer shall indemnify and save harmless the District and its officers, agents, representatives and employees from all suits, actions, losses, damages, claims or liability of any character, type or description, including without limiting the generality of the foregoing all expenses of litigation, court costs and attorney's fees, for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, the acts or omissions of Developer or its agents, representatives or employees in connection with or related to construction of the Improvements described herein to the extent such act or omission giving rise to the claim occurred prior to the date that the District accepts conveyance and dedication of the Improvements from Developer.

14. **Effect of Force Majeure.**

(a) In the event any party to this Contract is rendered unable by force majeure to carry out any of its obligations under this Contract, in whole or in part, then the obligations of that party, to the extent affected by the force majeure shall be suspended during the continuance of the inability, provided however, that due diligence is exercised to resume performance at the earliest practical time. As soon as reasonably possible after the occurrence of the force majeure relied upon to suspend performance, the party whose contractual obligations are affected thereby shall give notice and full particulars of the force majeure to the other parties and the cause, to the extent possible, shall be remedied with all reasonable diligence.

(b) The term "force majeure" includes acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, restraints of government and civil disturbances, explosions, breakage, or accidents to equipment, pipelines, or canals, partial or complete failure of water supply, and any other 'inabilities' of either party, whether similar to those enumerated or otherwise, that are not within the control of the party claiming the inability and that could not have been avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party if the settlement is unfavorable to it in the judgment of the party having the difficulty.

15. **Context.** Whenever the context requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words shall include singular and plural.

16. **Intent.** The parties hereto covenant and agree that they shall execute and deliver such other and further instruments and documents as are, or may become, necessary or convenient to effectuate and carry out the intent of this Contract.

17. **Severability.** The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Contract to other persons or circumstances shall not be affected thereby and this Contract shall be construed as if such invalid or unconstitutional portion had never been contained therein.

18. **Entire Agreement.** This Contract, including any exhibits and/or addendums attached hereto and made a part hereof, constitutes the entire agreement between the parties relative to the subject matter of this Contract. All prior agreements, covenants, representations or warranties, whether oral or in writing, between the parties are merged herein.

19. **Amendment.** No amendment of this Contract shall be effective unless and until it is duly approved by each party and reduced to a writing signed by the authorized representatives of the parties, which amendment shall incorporate this Contract in every particular not otherwise changed by the amendment.

20. **Governing Law.** This Contract shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties are expressly deemed performable in Collin County.

21. **Successors and Assigns.**

(a) Developer may not assign its rights and obligations under this Contract without the District's prior written consent, which consent shall not be unreasonably withheld, except that any assignment to the MUD or an affiliate of Developer shall not require the consent of the District.

(b) Every reference to Developer in this Contract includes any and all assignees of Developer unless context clearly indicates otherwise.

(c) All assignment instruments must be in recordable form and submitted for review and approval by the District's attorney prior to execution, which approval shall not be unreasonably withheld. Immediately following the execution of an assignment instrument by Developer and assignee(s), Developer must deliver the executed assignment instrument to the District, which will be responsible for recording it in the official public records of Collin County, Texas. The District may assign its rights and obligations under this Contract. This Contract shall be binding on and shall inure to the benefit of the successors and assigns of the parties.

22. **No Third Party Beneficiaries.** This Contract is solely for the benefit of the parties hereto and their successors and assigns, and no other person has any right, interest or claim under this Contract.

23. **No Waiver of Immunity.** Nothing in this Contract shall be construed as a waiver of governmental immunity by the District or as a waiver of official immunity by District officials and representatives.

24. **Exhibits.** The attached Exhibits "A" - "E" are incorporated herein by reference for all purposes.

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

26. **Effective Date.** This Contract shall be effective from and after the date of its execution by all parties hereto (the "Effective Date").

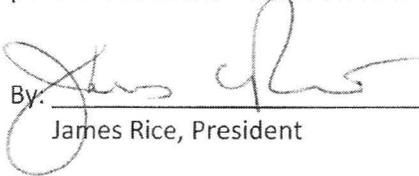
IN WITNESS WHEREOF each of the parties has caused this Contract to be executed by its duly authorized representative in multiple original copies, each of equal dignity, on the date or dates indicated below.

[SIGNATURE PAGES TO FOLLOW]



EXECUTED by the DISTRICT on this the 19 day of AUGUST, 2021.

COPEVILLE SPECIAL UTILITY DISTRICT, a political subdivision of the State of Texas

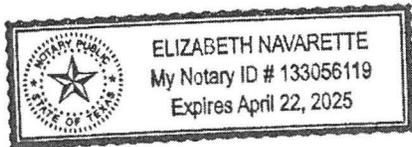
By: 
James Rice, President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared James Rice, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of Copeville Special Utility District, a political subdivision of the State of Texas, as its President, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 19 day of AUGUST, 2021.



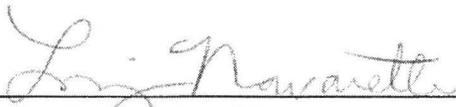

Notary Public, State of Texas

EXHIBIT "A"

Legal Description Montgomery Farms

BEING 211.83 acres of land situated in the H. Walters Survey, Abstract No. 958, Collin County, Texas and being all of a 183.753 acre tract of land described in a Deed of Trust executed by Carl Raymond Montgomery and wife, Rheda Beth Montgomery to Paul Bennett or James Blakey, trustees, recorded in Volume 2292, Page 279, of the Deed Records of Collin County, Texas (DRCCT) and being all of a 43.635 acre tract of land described in a Deed to Raymon Webb Montgomery and Christa Carol Montgomery, recorded as Instrument No. 20131125001578440 (DRCCT), and also being all of that called 2.00 acre tract described in an Owelty Deed to Raymon W. Montgomery, recorded in Volume 2990, Page 495, (DRCCT) and this tract being more particularly described as follows:

BEGINNING at a point for corner in a Bois D'Arc tree in the south line of a 73.279 acre tract described in a Deed to Marilyn Rice, recorded in Volume 1732, Page 369 (DRCCT), at the northwest corner of said 183.753 acre tract common to the northeast corner of said 43.635 acre tract, from which a steel fence post found for reference bears South 02°54'15" East a distance of 3.23 feet;

THENCE South 89°54'18" East, along the north line of said 183.753 acre tract common to the south line of said 73.279 acre tract, a distance of 372.95 feet, to a 5/8" iron rod with a yellow cap, stamped "RPLS 3963", set at an angle point thereof;

THENCE South 89°57'56" East, along the north line of said 183.753 acre tract common to the south lines of said 73.279 acre tract and the south line of a 33.279 acre tract of land described in a Deed to Amy Warren, recorded as Instrument No. 20080812000981780 (DRCCT), a distance of 1003.73 feet, to a 5/8" iron rod found for corner near the center of a creek at an exterior ell corner of said 183.753 acre tract common to an interior ell corner of said 33.279 acre tract;

THENCE Southeasterly, along the common lines of said 183.753 acre tract and 33.279 acre tract, the following courses:

South 00°09'50" West, a distance of 65.91 feet, to a 5/8" iron rod found for corner;

South 75°09'08" East, a distance of 718.73 feet, to a point for corner in a west line of a 36.1891 acre tract described in a Deed to Gene Doc Sohn and Sun Young Choi, husband and wife, and Kyoungjoon Cho and Eun Young Choi, husband and wife, recorded as Instrument No. 20141113001243240 (DRCCT) at the northeast corner of said 183.753 acre tract common to a south corner of said 33.279 acre tract, from which a 60D Nail, set for reference bears South 15°38'28" East a distance of 26.03 feet;

THENCE along the common lines of said 183.753 acre tract and said 36.1891 acre tract, the following courses:

South 00°53'07" West, a distance of 32.60 feet, to a 5/8" iron rod found for corner;

South 82°38'52" West, a distance of 22.40 feet, to a 5/8" iron rod found for corner;

THENCE South 00°12'03" West, along an east line of said 183.753 acre tract common to the west lines of said 36.1891 acre tract, a 50.001 acre tract described in a Deed to David Reeder and wife, Becky Reeder, recorded as Instrument No. 92-0071701 (DRCCT), and partly with Spencers Estates Addition, an Addition to Collin County, Texas, recorded in Cabinet H, Slide 622 of the Plat Records of Collin County, Texas (PRCCT), respectively, for a total distance of 2571.88 feet, to a 5/8" iron rod with a yellow cap, stamped "RPLS 3963", set for corner;

THENCE North 89°47'57" West, a distance of 784.88 feet to a 5/8" iron rod with a yellow cap, stamped "RPLS 3963", set for corner;

THENCE South 00°12'03" West, a distance of 1013.93 feet to a 5/8" iron rod with a yellow cap, stamped "RPLS 3963", set for corner in the south line of said 183.753 acre tract common to the north right-of-way line of FM 1778, (a 90' right-of-way at this point);

THENCE continuing along the common lines of said 183.753 acre tract and north right-of-way lines of said FM 1778, the following courses:

South 85°09'47" West, a distance of 164.66 feet, to a 5/8" iron rod found for corner at the beginning of a curve to the right, having a radius of 2819.79 feet, and a chord which bears South 87°45'46" West a distance of 255.85 feet;

Southwesterly, along said curve to the right, having a central angle of 05°12' 02", an arc distance of 255.94 feet, to a 5/8" iron rod with a yellow cap, stamped "RPLS 3963", set for corner;

North 89°38'11" West, a distance of 76.11 feet, to a 5/8" iron rod found for corner at the southeast corner of a tract of land described in a Deed to First Baptist Church of Copeville, recorded in Volume 900, Page 353 (DRCCT);

THENCE along the common lines of said 183.753 acre tract and said First Baptist Church of Copeville tract, the following courses:

North 02°55'02" East, a distance of 307.96 feet, to a 5/8" iron rod with a yellow plastic cap, stamped "RPLS 3963", set for corner;

North 89°45'11" West, a distance of 517.40 feet, to a wooden fence post found for corner at the most eastern southeast corner of said 43.635 acre tract common to the northwest corner of said First Baptist Church of Copeville tract;

THENCE South 02°37'47" West, along an east line of said 43.635 acre tract common to the west line of said First Baptist Church of Copeville tract, a distance of 321.86 feet, to a point for corner near the base of a wood highway marker in the north right-of-way line of FM 1778 (a 60' right-of-way at this point going west), at the most southern southeast corner of said 43.635 acre tract;

THENCE North 89°38'13" West, along a south line of said 43.635 acre tract common to the north right-of-way line of said FM 1778, a distance of 282.00 feet, to a point for corner at a south corner of said 43.635 acre tract common to the southeast corner of a 8.22 acre tract of land described in a Deed to Susan Annie Potter and Jon Trace Hailey, recorded as Instrument No. 20101102001194000 (DRCCT), from which a 1/2" iron rod found for reference bears North 20°20'21" West a distance of 1.42 feet;

THENCE North 20°20'21" West, along a southwest line of said 43.635 acre tract common to the northeast line of said 8.22 acre tract, a distance of 860.95 feet, to a wood fence post found at a common corner thereof;

THENCE South 89°34'33" West, along a south line of said 43.635 acre tract common to the north line of said 8.22 acre tract, a distance of 617.61 feet, to a 5/8" iron rod found for corner at a common west corner thereof and being in the east right-of-way line of said Burlington Northern & SF Rail Road, said point being in a curve to the left, having a radius of 1960.08 feet and a chord which bears North 15°08'31" East a distance of 671.75 feet;

THENCE Northeasterly, along the west lines of said 43.635 acre tract common to the east right-of-way lines of said Burlington Northern & SF Railroad, the following courses:

Northeasterly with said curve to the left, having a central angle of 19°44'01", an arc distance of 675.09 feet, to the point of tangent;

North 05°16'30" East, a distance of 2468.30 feet to a 3/8" iron rod found at the northwest corner of said 43.635 acre tract common to the southwest corner of said 73.279 acre tract;

THENCE South 89°23'59" East, along the north line of said 43.635 acre tract common to the south line of said 73.279 acre tract, a distance of 557.73 feet, to a **THE POINT OF BEGINNING** and containing 9,227,310 square feet, or 211.830 acres of land.

July 20, 2021

Mr. Terry Strickland, General Manager & Board of Directors
Copeville Special Utility District
P.O. Box 135
Copeville, Texas 75121

RE: Montgomery Farms – Proposed Water System Improvements

Dear Terry & Board of Directors:

I have reviewed the request from Pape-Dawson Engineers regarding retail water and sewer service from Copeville Special Utility District (Copeville SUD) to the proposed Montgomery Farms development. The Concept Plan has indicated that there will be an ultimate build-out of approximately 1,100 single family equivalent lots. The proposed development is located north of FM 1778 and east of Business Highway 78. There has also been a reference to the possibility of an additional 500 lots to be added in the vicinity.

Retail sewer service will be provided to the proposed development in accordance with Copeville SUD's Rate Order and Standard Details. The developer will be required to install required sewer gravity and force main collection system improvements to provide retail sewer service to the development. A force main will be installed from the proposed development to the proposed wastewater treatment plant to be constructed by the City of Farmersville located north of CR 550. Consideration should be given to the sizing of the sewer collection system and force main to accommodate the possible addition of the 500 additional lots as well as the proposed 1,100 lots shown on the concept plan. The installation of the force main will necessitate Copeville SUD to obtain an easement from the US Army Corps of Engineers (USACE). Additionally, retail sewer service will be provided to the Copeville SUD proposed new office location adjacent to the proposed development. All sewer system improvements will be required to be constructed prior to the provision of service to the first lot within the development. All costs associated with the installation of the sewer system, obtaining the USACE easement and capital cost for construction of the wastewater treatment plant will be by the developer.

Retail water service will be provided to the proposed development in accordance with the Copeville SUD's Rate Order and Standard Details. Upon analyzing the current and required future capacities of Copeville SUD and performing a hydraulic analysis to provide retail water utility service and fire flows capacity to the development, the proposed improvements have been identified and placed into phases as indicated below. As indicated above, the waterline improvements should take into consideration the possible additional 500 lots. (Note the phases are identified for the purpose of improvements construction and do not necessarily correlate to the development's phasing.):

Construction Phase 1 (initial 250 lots): Copeville SUD will require an upgrade to the existing distribution system in order to provide adequate domestic and fire flows to the initial 250 lots. The improvements include a 12-inch waterline to be installed along the proposed development entrance from FM 1778 to the interior of the development. It will be connected to the existing 12-inch waterline located on FM 1778. There will be 8-inch on-site internal waterlines (see Montgomery Farms exhibit attached). Phase 1 improvements will need to be completed prior to the addition of the 1st lot to the water system. Zone meters and vaults will be required to be installed on the connecting waterlines at the entrance of the development to monitor system flows and identify possible leaks.

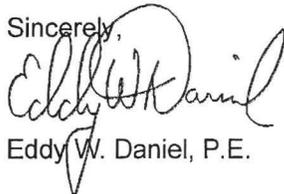
Construction Phase 2 (Lots 251-500): Copeville SUD will require the construction of an elevated storage tank. The tank is proposed to be located on the district's pump station site located across from the proposed development instead of within the development as would typically be required (see exhibit attached). The elevated storage facilities include the construction of a proposed 300,000 gallon elevated water storage tank with appurtenances. The elevated tank improvements will need to be completed prior to the addition of the 251st lot to the water system. Additionally, applicable 8-inch on-site internal waterlines will be installed to applicable lots within the phase.

Construction Phase 3 (Lots 501-1069): Copeville SUD will require booster pump upgrade at the existing pump station site located across from the development. The booster pump upgrade will include 1,000 GPM booster pumps with associated piping, electrical, controls and appurtenances. The booster pump improvements will need to be completed prior to the addition of the 501st lot to the water system. Additionally, applicable 8-inch on-site internal waterlines will be installed to applicable lots within the phase.

Note: The proposed improvement items and schedule may be modified depending upon the final development plans and lot counts. All proposed improvements will be funded by the developer. This evaluation will be valid for 6 months after which a re-evaluation may be required.

If you should have any questions or require additional information, please feel free to contact me.

Sincerely,



Eddy W. Daniel, P.E.





EXHIBIT "C"
MONTGOMERY FARMS
WATER PLAN
FOR
COPEVILLE SUD

CONNECT TO
EXISTING 12"
WATERLINE

CONNECT TO
EXISTING 12"
WATERLINE

EXISTING
COPEVILLE SUD
OFFICE &
PUMP STATION #3

PROPOSED
300,000 GALLON
ELEVATED TANK

PROPOSED 12"
FORCE MAIN

FORCE MAIN ROUTE IS APPROXIMATE. ACTUAL FORCE MAIN ROUTE WILL BE DETERMINED BY FINAL DESIGN PLANS AND APPROVED USACE EASEMENT LOCATION

PROPOSED 12"
FORCE MAIN

PROPOSED LIFT STATION

ON-SITE SEWER MAINS WILL BE INSTALLED FOR EACH PHASE PER FINAL APPROVED DESIGN PLANS.

CITY OF FARMERSVILLE PROPOSED WWTP

EXHIBIT "D"
MONTGOMERY FARMS
SEWER PLAN
FOR
COPEVILLE SUD

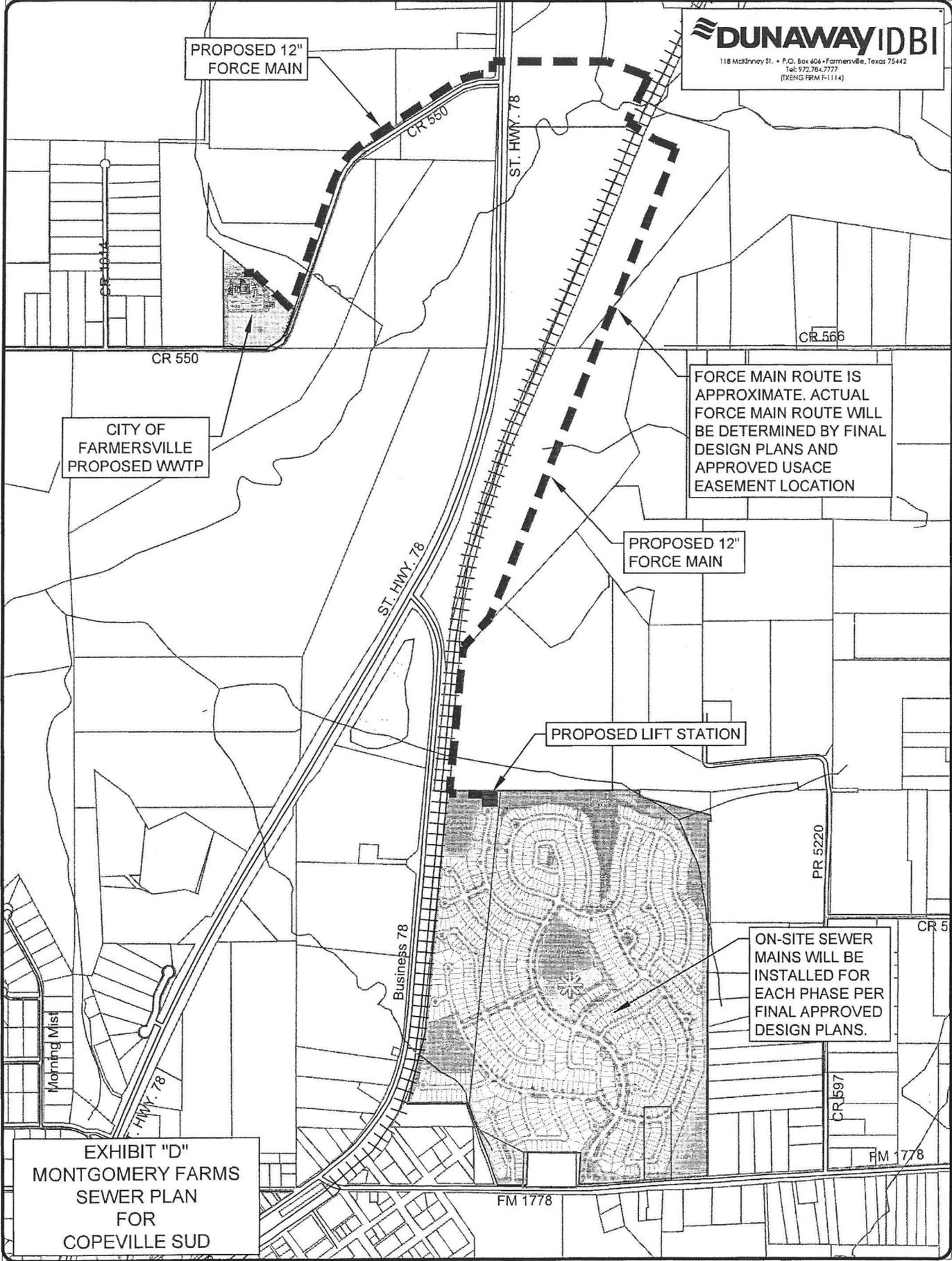


EXHIBIT "E"

Montgomery Farms Sewer Operation and Maintenance Equipment List

Event	Effective Date	Grading and Offsites	Onsite Water	Onsite Sewer
Start	9/1/2021	10/1/2022	1/1/2023	4/1/2023
Duration	0	3	3	2
Cumulative Time (Months)		13	16	19

Homes Occupied

Item	Overall Amount				
4- Sewer hard steel cable snakes.	\$ 1,400.00				
Sewer camera. Viztrac.	\$ 2,500.00				
Saftey equipment.	\$ 2,700.00				
Jetter/vac combo trailer (Vermeer)	\$ 116,492.00				
4 Manhole Lid lifter. PK safety	\$ 700.00				
1/2 ton truck	\$ 40,000.00		40,000.00		
Vactor Impact truck.	\$ 250,000.00				
Vehicle expenses and overhead for 1.5 years	\$ 30,000.00		15,000.00		
1 Sewer employee (x1.5 years)	\$ 100,000.00		50,000.00		
Training	\$ 7,500.00		7,500.00		
Managerial and clerical support 1.5 years	\$ 20,000.00		10,000.00		
Install emergency shower room	\$ 25,000.00		25,000.00		
Total	\$ 596,292.00	\$ -	\$ 147,500.00	\$ -	\$ -

Onsite Drainage	Paving	Dry Utilities	Home Construction	Homes Occupied	Homes Occupied	Homes Occupied	Homes Occupied
6/1/2023	9/1/2023	10/1/2023	1/1/2024	7/1/2024	1/1/2025	7/1/2025	1/1/2026
3	4	2					
21	24	25	28	34	40	46	52
			0	60	105	195	285

								Total							
			1,400.00					\$ 1,400.00							
			2,500.00					\$ 2,500.00							
			2,700.00					\$ 2,700.00							
			116,492.00					\$ 116,492.00							
			700.00					\$ 700.00							
								\$ 40,000.00							
						250,000.00		\$ 250,000.00							
			15,000.00					\$ 30,000.00							
		50,000.00						\$ 100,000.00							
								\$ 7,500.00							
		10,000.00						\$ 20,000.00							
								\$ 25,000.00							
\$	-	\$	60,000.00	\$	138,792.00	\$	-	\$	-	\$	-	\$	250,000.00	\$	596,292.00

Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
08/26/2021 09:58:40 AM
\$138.00 DKITZMILLER
20210826001728840



Stacey Kemp