

[DATE]

City of Seguin  
Attn: Steve Parker, City Manager  
205 N. River Street  
Seguin, Texas 78155

RE: Letter Agreement Concerning Consent to Retail Water Service to 68.101-Acre Property Located at Highway 123 and Timmerman Road

Dear Steve,

There is a 68.101-acre tract of land located at Highway 123 and Timmerman Road (Guadalupe Appraisal District Property ID 52343) that is currently owned by the Estate of Robert J. Morales ("**Morales Tract**"). A map of the Morales Tract is attached hereto as Attachment A. The Morales Tract is located partly in Springs Hill Special Utility District's ("**District**") water certificate of convenience and necessity ("**CCN**") No. 10666 and partly in the City of Seguin's ("**City**") water CCN No. 10698. A map of the District and City's water CCN boundaries across the Morales Tract is attached hereto as Attachment B.

The District and the City have previously discussed how it would be beneficial to the development of the Morales Tract if the City were to provide retail water service to the entire Morales Tract. Further, it is my understanding that the owner and/or developer of the Morales Tract would like to receive retail water service from the City. In an effort to accommodate the request of the owner and to work with the City in good faith, the District is willing to proceed as contemplated by this letter agreement. Therefore, below are the terms of the District's consent to the City's provision of retail water service to the Morales Tract, including the areas within the District's water CCN No. 10666.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties as set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged and agreed by the District and the City, the parties agree as follows:

#### LETTER AGREEMENT

1. The District consents to the City's provision of retail water service to the Morales Tract, including the areas located within the District's water CCN No. 10666, so long as such retail water service is provided on a continuous and adequate basis.
2. The District and City agree that, if either the City or the District receives written notice from the Public Utility Commission of Texas ("**PUC**") that this Letter Agreement inadequately addresses the provision of retail water service by the City to the retail water service customers within the Morales Tract, then the City, at its own sole cost, shall prepare and file an application at the PUC to amend its water CCN No. 10698 to be dually certificated with the District for the portions of the Morales Tract within the District's water

CCN No. 10666 (“*CCN Application*”). The District further agrees that if the CCN Application is filed at the PUC, then this Letter Agreement constitutes the District’s consent to dual water CCN certification to such land. The District agrees to cooperate with the City in advancing the CCN Application so long as the City compensates the District for its reasonable legal and engineering expenses related to advancing the CCN Application. If the PUC or any third party intervenor opposes the CCN Application, then the parties agree to negotiate in good faith a mutually agreeable alternative solution that accomplishes the goals and terms of this Agreement.

3. This Agreement shall be effective upon the date last signed.

If the City agrees with the terms of this Letter Agreement, then please have its duly authorized representative countersign this letter at the signature block below, indicating the City’s acceptance of the terms and conditions proposed herein.

Sincerely,

**Springs Hill Special Utility District**

By: \_\_\_\_\_  
Michael Andrews, General Manager

Date: \_\_\_\_\_

AGREED AND ACCEPTED:

**City of Seguin**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment A**

Map of Morales Tract

**Attachment B**

Map of Water CCN Boundaries