

APPENDIX D

POLICIES AND PROCEDURES FOR COMMERCIAL AND RESIDENTIAL DEVELOPMENT AND APPLICATIONS FOR WATER AND SEWER SERVICE, ANNEXATIONS, UTILITY COMMITMENTS AND OTHER REQUESTS

The Board of Directors of Faulkey Gully Municipal Utility District (the "District") has adopted the following policies and procedures for the purpose of providing water and sewer service to all undeveloped residential and commercial property within the District in a uniform and nondiscriminatory manner. These policies and procedures shall apply uniformly throughout the District for any new or additional development.

The policies and procedures set forth below supplement the provisions set forth in the District's Amended and Restated Rules and Regulations Governing Water and Sanitary Sewer Facilities, Service Lines, and Connections regarding applications for service.

1. Any party requesting water and/or sewer service from the District shall be required to submit an Application For Utility Service ("Application") to the Board of Directors for consideration, a copy of which is attached. The Application shall be completed and submitted to the District along with a check payable to Faulkey Gully Municipal Utility District which will be used to cover the expenses incurred by the District for the preliminary evaluation as to whether the District's facilities can accommodate the proposed project. Upon receipt of the completed Application and deposit, the District shall authorize its consultants to begin the evaluation of the proposed project and requested utility service. The District reserves the right to request additional funds be deposited should the initial deposit not be sufficient to cover the anticipated consultant costs during the review. If the additional funds are not received, the Application will be returned to the applicant and further review of the project stopped. Upon completion of the review, any remaining funds deposited will be returned to the applicant.

The deposit applicable to each type of request is as follows:

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| (a) | <u>Annexation Requests:</u> | \$10,000 |
| (b) | <u>Utility Commitment Requests:</u> | \$ 1,000 |
| (c) | <u>All Other Requests:</u> | |
| | Developer (direct connection to water and sewer systems) | \$ 3,000 |
| | Tenant (part of an existing project, if the District's Operator requests an Engineering review or if the District's Engineer requires a review) | \$ 1,000 |

Any party wishing to receive a letter of utility availability from the District shall pay the District a nonrefundable fee of \$500 for the letter. The letter shall not be prepared and delivered until the fee has been paid.

2. It shall be incumbent upon the applicant to make a complete Application and to provide all pertinent information requested by the District's consultants during the review period. Failure to provide the necessary information shall result in the rejection of the Application. All Applications shall comply fully with the provisions of the Amended Order Establishing Rates for Water and Sewer Service (the "Rate Order") and the Amended Order Establishing Rules and Regulations Concerning Domestic and Industrial Waste (the "Industrial Waste Order"), copies of which are attached hereto.

3. Commitments for utility service shall not be issued for more than one (1) year from the date of issuance. Utility commitments are non-transferrable and non-assignable; provided, however, prospective buyers may jointly apply for service with the owner of the property.

4. Applications shall not be considered for service to property with delinquent taxes or standby fees owing to the District.

5. No construction may begin on any improvements until all fees required by the District have been paid. Construction must begin prior to the expiration date contained in the commitment and diligently pursued thereafter. The landowner/developer is required to provide the District with periodic written progress reports (at thirty (30) day intervals) advising the Board of Directors as to the status of planning up to commencement of construction.

6. All tracts receiving service must be platted through the City of Houston, Harris County and other appropriate agencies prior to the time utility service is initiated by the District.

7. The applicant shall make arrangements to extend the necessary trunk water, sanitary sewer and drainage facilities to serve its property in areas where such facilities do not exist within the District. All temporary and permanent arrangements for sewer and water service must be resolved in advance of construction with the District's engineer.

8. The applicant shall convey all necessary easements and rights-of-way to the District with all lienholder subordinations. All utility lines constructed that are not in permanent acceptable easements, or which lie within private developments (apartments, condominiums, etc.) shall remain the permanent property of the landowner and shall remain such owner's permanent maintenance responsibility.

9. The applicant shall furnish a statement of the projected value of the proposed project as a part of the initial application, broken down by land value and improvements, together with a projected build-out schedule.

10. Any change of utilization to the previously approved use of the property covered by the Application is subject to the prior approval of the Board of Directors.

11. All civil engineering work on facilities that are to become a part of the District's utility systems shall be performed by Century Engineering, Inc., the District's engineer. Any other engineering work, and the company or individual performing such work, shall be subject to the review and approval of the Board of Directors.

12. It is the District's policy not to extend water or sanitary sewer services to an area outside the District's boundaries unless and until such area is annexed into the District. Therefore, in addition to the foregoing requirements, an Application for service to a tract located outside the boundaries of the District shall be subject to the following policies and procedures:

- a) The Application shall be accompanied by a deposit of \$10,000 to cover the costs of an engineering and financial feasibility study of the proposed annexation. If the engineering and financial feasibility study is acceptable, in the Board of Directors' absolute and sole discretion, the Board may vote to proceed with the annexation, whereupon the District may require a further deposit for the costs of the annexation. All costs of annexation, including attorney's fees, engineering fees, and any and all other fees relating to said annexation, including publication and election costs, if required, shall be paid by the Applicant.
- b) Following the initial review of the Application, the Board of Directors may elect to proceed with the feasibility study or reject the Application and refund the balance of the deposit.
- c) The applicant shall submit to the District a current title policy or commitment, as well as a deed and current survey of the property referenced in the Application.
- d) The petition to the City of Houston for its consent to the annexation and the annexation petition to the District shall be prepared by the District's attorney and executed by all owners and lienholders to the property sought to be annexed.
- e) The annexation of land may be made subject to an annexation or bond election or both, within the sole discretion of the Board of Directors.

13. In the event a reimbursement agreement is negotiated and executed between the District and the applicant, the following minimum conditions for development of the property shall apply:

- a) The project shall comply with all city, state, and federal permitting and licensing requirements.
- b) It is the policy of the District not to make reimbursement for on-site detention costs or impact fees.

- c) Any developer of commercial property shall demonstrate to the Board of Directors satisfaction that the project will meet the following minimum criteria:
- (i) no more than 50% of the total land area shall be covered with buildings;
 - (ii) at least 75% of the overall exterior of all buildings shall be brick;
 - (iii) all signage shall be in harmony with the surrounding subdivision and is subject to the approval of the Board of Directors; and
 - (iv) all open-space areas shall be extensively landscaped and plans approved by the Board of Directors. All efforts shall be made to preserve as many trees as possible
 - (v) All major thoroughfares shall have additional landscaping within the rights-of-way.
 - (vi) All grass shall be matt-sod, St. Augustine laid so that there shall be 100% coverage on all non-paved areas, not including mulched beds, at the time of building construction.

Attachments:

Application For Utility Service (Note: See revised Application posted online)