

WESTON WATER SUPPLY CORPORATION

Frequently Asked Questions/Answers Related to City of Weston Takeover Proposition

The following Questions/Answers are intended to summarize some of the recurring questions that Weston WSC has received from its members related to the City of Weston proposal to acquire the Weston WSC water service area and infrastructure:

Question 1: What is the background on this takeover proposal?

Answer 1: The City of Weston approached Weston WSC in late 2018 regarding an immediate takeover based upon applications for new development that the City had received. After some initial discussions, the Weston WSC Board of Directors determined that the best course of action was to allow its members to vote on the matter.

Question 2: What is the background on the Draft Agreement Between Weston WSC and the City of Weston?

Answer 2: The Draft Agreement, available on the Weston WSC website, is the result of the negotiations between the WSC and City up to the point of when the ballots were mailed to WSC members. The City sent over a draft agreement in March 2019 and both parties' attorneys worked with the respective governing bodies and each other to put together a draft for review to show the proposal from the City and the extent of the negotiations before the vote on the matter that ends at the WSC Annual Meeting on May 20, 2019. The document does not include exhibits at this time because it is in draft form and represents the result of negotiations up to the point at which the ballot proposition was sent to the WSC members.

Question 3: What are the pros and cons of the takeover?

Answer 3: The WSC has been given legal advice not to advocate for or against the proposition as an entity, and therefore cannot subjectively label certain factors as "pros" and "cons," as what is considered a "pro" or a "con" may differ depending on personal opinion. The following list is considered to be a factual summary of some of the considerations in making a decision on voting that came up at the Town Hall Meeting on April 30th: whether you would be able to vote/are represented as a customer (in City or out of City); which entity you would like to provide your water service; each entity's ability to handle future water demands; each entity's funding authority; future of water rates; future of water service generally.

Question 4: Is the proposal for the City to assume the water service of all areas currently served by Weston WSC, even if outside City boundaries?

Answer 4: Yes, the City would assume the entire Certificate of Convenience and Necessity (state certified service area) of Weston WSC, which includes customers inside and outside the City's boundaries.

Question 5: Has Weston WSC considered any other options for the future of water service to its members?

Answer 5: No. Weston WSC received the takeover proposal from the City and decided to allow its membership the opportunity to vote on the issue at its Annual Meeting of Members.

Question 6: What are the options for Weston WSC with regard to future water sources?

Answer 6: Weston WSC is required by law to meet Texas Commission on Environmental Quality standards with regard to providing retail water service. As demand increases, Weston WSC would have to increase its water supply and capacity. Generally, it appears that a short term (up to 5 years from today) significant increase in demand based on request from developers would be met with additional groundwater supplies, but that future increases in demand beyond 5+ years will be met with additional surface water supplies that are projected to be available to the area, including to Weston WSC. The following information is an excerpt from the 2016 Region C Regional Water Plan (incorporated into the 2017 State Water Plan):

Weston is a city of about 2,000 people located in northwest Collin County and is anticipated to experience substantial growth over the planning period. Weston gets its current water supply from groundwater (Woodbine aquifer) through Weston Water Supply Corporation. Water management strategies for Weston are conservation, new wells in the Woodbine aquifer, establishing a connection to NTMWD, and purchasing water from NTMWD all through Weston WSC.

Question 7: Has Weston WSC received any formal requests for water service from developers?

Answer 7: Yes. Weston WSC entered into a Non-Standard Service agreement in late 2018 to provide water service to Van Buren Estates (approximately 96 homes). Weston WSC received a Non-Standard Service Application and Agreement from Weston Land, Ltd./D.R. Horton on May 8, 2019. According to the application, the first phase of construction indicates 381 homes with a total build out of 1230 homes. North Collin Special Utility District has also received a request from D.R. Horton to conduct a water supply review for the same property.

Question 8: What is the legal process for the vote on the takeover proposal?

Answer 8: The following statutes govern the process for the vote: Texas Water Code § 67.004, Texas Business Organizations Code § 22.252(d), Texas Business Organizations Code § 22.164, and Texas Business Organizations Code §11.051. The process generally requires that the WSC allow the members to vote on the matter through resolution of the Board, with the details of the acquisition and dissolution of the WSC being defined after an affirmative vote of the members.

Please let us know if you have any other questions/answers you would like to see addressed in this FAQ document. Thank you.