



June 19, 2013

Mike Slye
Town Manager
Town of Trophy Club
100 Municipal Drive
Trophy Club, TX 76262

RE: Strategic Interlocal Agreement Proposal

Dear Mike:

At their meeting last night, the Board of Directors considered the proposed Strategic Interlocal Agreement submitted to them by the Town on May 22, 2013. After a careful review of the provisions included in the Agreement, the Board did not find it economically feasible or in the best interest of District customers. The Board took action to reject the proposal.

The current contract for water and sewer supply between the District and the Town will expire in May 2018. When planning for future needs, the District has included the Town's service area to ensure both water and wastewater capacity is available. The District appreciates providing these services to the Town and would like to continue through a long-term agreement. The District is in the process of designing an expansion to the wastewater treatment facilities and needs to determine the capacity to include in the expansion. In order to maintain capacity in the District's water and wastewater systems for the Public Improvement District after May 2018, a new agreement will need to be executed within the next ninety (90) days that will allow for fair payment of future capital improvements by the Town. Without a long-term agreement the District cannot guarantee capacity will be available after the expiration of the current agreement.

Sincerely,

Jennifer McKnight
District Manager

Cc: Mayor Connie White
Trophy Club Town Council
TCMUD Board of Directors