

# TOWN OF TROPHY CLUB

October 25, 2013

Jennifer McKnight  
MUD Manager  
Trophy Club MUD #1  
100 Municipal Drive  
Trophy Club, Texas 76262

RE: TC MUD #1 Letter, dated October 1, 2013

In your letter referenced above you asked the Town Council to provide their intent to have TC MUD #1 provide capacity for the PID customers in the design of your Waste Water Treatment Plant expansion project. Below is the motion that was unanimously approved October 23, 2013.

**The Town of Trophy Club desires that the portion of the Town that is outside the TC MUD #1 boundaries continue to receive water and wastewater service from MUD on a wholesale basis but a condition precedent to the receipt of such service is a mutually acceptable agreement between the Town and TC MUD #1 setting out the terms on which the services will be provided. That mutually acceptable agreement must be approved by the Town and TC MUD1, and among other negotiated terms, it must include:**

- 1. A reservation of capacity in the wastewater plant and water system to serve the PID based upon the prior payment of \$3.8 million of access fees and to provide credit for all additional future contributions for capital improvements and for capacity necessary to service the PID and other portions of the Town outside the MUD1 boundaries**
- 2. The rates on which the PID would be served will be equal to the rates charged to MUD1 customers.**
- 3. Restrictions on rates and impact fees intended to ensure that customers in the PID do not subsidize expansions to serve Solana and/or MUD1.**
- 4. 5% of annual gross receipts received by MUD1 from water and wastewater services to the PID and other customers outside of the boundaries of MUD1 during the term of the agreement will be paid to the Town.**

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The Town looks forward to working with TC MUD #1 to develop a long-term operations and maintenance agreement that is beneficial to all citizens of Trophy Club.

Respectfully,

A handwritten signature in black ink that reads "Mike Slye". The signature is written in a cursive, flowing style.

Mike Slye  
Town Manager

Cc: TC MUD #1 President Jim Moss  
TC MUD #1 Board of Directors (email)  
Trophy Club Town Council (email)