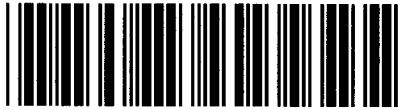




Control Number: 45231



Item Number: 17

Addendum StartPage: 0

DOCKET NO. 45231

RECEIVED


RATEPAYERS' APPEAL OF THE §
DECISION BY TROPHY CLUB §
MUNICIPAL UTILITY DISTRICT §
NO. 1 TO CHANGE RATES §

2015 DEC 31 AM 10:27
PUBLIC UTILITY COMMISSION
OF TEXAS
CLERK

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1'S
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION/REQUEST FOR ADMISSION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-18**

COMES NOW, Trophy Club Municipal Utility District No. 1 ("TCMUD1") and files its Response to Commission Staff's First Request for Information/Request for Admission – Question Nos. Staff 1-1 through Staff 1-18

Respectfully submitted,

By: 
John J. Carlton

John J. Carlton
The Carlton Law Firm P.L.L.C.
2705 Bee Cave Road, Suite 200
Austin, Texas 78746
(512) 614-0901
Fax (512) 900-2855
State Bar No. 03817600

ATTORNEY FOR TROPHY CLUB MUNICIPAL
UTILITY DISTRICT NO. 1

17
1

CERTIFICATE OF SERVICE

I hereby certify that I have served or will serve a true and correct copy of the foregoing document via hand delivery, facsimile, electronic mail, overnight mail, U.S. mail and/or Certified Mail Return Receipt Requested to all parties on this the 31st day of December, 2015.

A handwritten signature in black ink, appearing to read 'J. Carlton', is written over a horizontal line.

John Carlton

**REQUEST FOR INFORMATION/REQUEST FOR ADMISSION
QUESTION NOS. STAFF 1-1 THROUGH 1-18**

Staff - 1-1. Please provide the date of the rate action that is being appealed by the Trophy Club Municipal Utility District Ratepayers in this proceeding

Response: TCMUD1 took action on July 21, 2015, to adopt new water and wastewater rates to be effective on September 1, 2015, as reflected in the TCMUD1 Minutes attached to this response.

Staff - 1-2. Please provide:

- a. All documents relevant to determining whether Trophy Club Public Improvement District ratepayers have standing in this proceeding, and
- b. All legal and factual bases that support or oppose the standing of Trophy Club Public Improvement District ratepayers in this proceeding.

Response: The PID Petition is an appeal by individuals who are residents of the Trophy Club Public Improvement District ("PID"), which was created in 2007 by the Town of Trophy Club ("Town"). See the "Historical Information" related to the PID attached to this response, which is from the Town's website: <http://www.trophyclub.org/departments/finance/pid/pid-overview.html>.

The boundaries of the PID do not overlap the boundaries of the District, as shown on the map attached to this response. See also the following link: http://www.trophyclub.org/assets/tc/visitors/tcmud_pidmap.pdf.

TCMUD1 does not provide retail water or wastewater service to the residents of the PID. The TCMUD1 is authorized to operate PWS No. 0610018, as reflected in the TCEQ Drinking Water Watch Water System Summary Sheet attached to this response.

The Town provides retail water and wastewater service to the PID residents. Upon information and belief, the Town is authorized to operate PWS No. 0610273, as reflected in the TCEQ Drinking Water Watch Water System Summary Sheet attached to this response.

The District provides wholesale water and wastewater service to the Town for the area of the PID under an "Amended and Restated Contract for Wholesale Water Supply and Wastewater Treatment Services and Water and Wastewater Operational Services" dated April 15, 2014 ("Wholesale Contract"), which replaced previous agreements between the District and the Town related to wholesale water supply and wastewater treatment and water and wastewater system operations. A copy of the Wholesale Contract is attached to this response. Under the Wholesale Contract, the Town adopts

its own rate order to establish the water and wastewater charges to the Town's customers, and the District then bills the Town's customers for those services.

Upon information and belief, after the adoption of new water and wastewater rates by TCMUD1 on July 21, 2015, the Town of Trophy Club adopted revised rates to be effective on September 1, 2015, as reflected in item 13 of the Minutes of the Town of Trophy Club for August 25, 2015 and Ordinance No. 2015-24, both of which are attached to this response. TCMUD1 bills the rates adopted by the Town's Ordinance No. 2015-24 to the retail customers of the Town as required under the Wholesale Contract.

The District does not establish retail water or wastewater rates for the residents of the PID. The residents of the PID are ratepayers of the Town, not the District. Consequently, the residents of the PID do not have standing to appeal the District's retail rates under Section 13.043(b) of the Texas Water Code. Further, it is not appropriate to include the PID Petition in Docket No. 45231, and the PID Petition should be severed from this action on the Retail Petition.

Staff - 1-3. Please state whether all Trophy Club Public Improvement District ratepayers are located within the municipal limits of the town of Trophy Club.

Response: All PID ratepayers are located within the municipal limits of the Town of Trophy Club and none of those ratepayers are located within the boundaries of TCMUD1. The boundaries are shown on the map attached to this response.

Staff - 1-4. Please state the number of Trophy Club Public Improvement District ratepayers that are located within the municipal limits of the town of Trophy Club.

Response: Upon information and belief, there are 1,352 PID ratepayers within the municipal limits of the Town. None of those ratepayers are located within the boundaries of TCMUD1.

Staff - 1-5. Please state the number of Trophy Club Public Improvement District ratepayers that are located outside the municipal limits of the town of Trophy Club.

Response: Upon information and belief, none of the PID ratepayers are located outside the municipal limits of the Town.

Staff - 1-6. Please state the number of Trophy Club Public Improvement District ratepayers that signed the PID Petition to Appeal Rates Established by the Board of Directors that are located:

a. Within the municipal limits of the town of Trophy Club, and

b. Outside the municipal limits of the town of Trophy Club.

Response: TCMUD1 has not verified the signatures of the PID ratepayers that signed the petition and cannot provide a number. However, all PID ratepayers are within the municipal limits of the Town and none of those ratepayers are located within the boundaries of TCMUD1.

Staff - 1-7. Please provide all documents executed or issued by the town of Trophy Club to implement the rate change, consistent with Section 7.1(a) of the Amended and Restated Contract for Wholesale Water Supply and Wastewater Treatment Services and Water and Wastewater Operational Services (dated April 15, 2014), that resulted from the Trophy Club Municipal Utility District's rate change that is subject to appeal in this proceeding.

Response: See the Town Minutes of August 25, 2015, and Ordinance No. 2015-24, which were provided in response to Staff's Request for Information 1-2, above.

Staff - 1-8. Please admit that the Trophy Club Municipal Utility District is responsible for billing all Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: Admitted with the following qualification: TCMUD1 provides those water and wastewater billing and collection services to the Town's retail water and wastewater customers under the operations section of the Wholesale Contract between TCMUD1 and the Town solely because water and wastewater billing and collection services is a provision of the Wholesale Contract.

Staff - 1-9. Please admit that the Trophy Club Municipal Utility District is responsible for collecting payments from all Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: Admitted with the following qualification: TCMUD1 provides water and wastewater billing and collection services to the Town's retail water and wastewater customers under the operations section of the Wholesale Contract between TCMUD1 and the Town solely because water and wastewater billing and collection services is a provision of the Wholesale Contract.

Staff - 1-10. Please admit that the Trophy Club Municipal Utility District is responsible for reading the meters of all Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: **Admitted with the following qualification: TCMUD1 provides water meter reading services to the Town's retail water customers under the operations section of the Wholesale Contract between TCMUD1 and the Town solely because water meter reading services is a provision of the Wholesale Contract.**

Staff - 1-11. Please admit that the Trophy Club Municipal Utility District is responsible for receiving and responding to service calls from all Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: **Admitted with the following qualification: TCMUD1 provides system operation and maintenance services, including responses to service calls, to the Town's retail water customers under the operations section of the Wholesale Contract between TCMUD1 and the Town solely because system operation and maintenance services is a provision of the Wholesale Contract.**

Staff - 1-12. Please admit that the Trophy Club Municipal Utility District is responsible for operating and maintaining the water distribution system and wastewater collection system that serves all Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: **Admitted with the following qualification: TCMUD1 provides system operation and maintenance services to the Town's retail water customers under the operations section of the Wholesale Contract between TCMUD1 and the Town solely because system operation and maintenance services is a provision of the Wholesale Contract.**

Staff - 1-13. Please admit that the Trophy Club Municipal Utility District's retail rates are identical to the retail rates billed by the Trophy Club Municipal Utility District to the Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: Denied. TCMUD1's retail rates do not include a monthly surcharge that the Town charges the PID ratepayers. The Town sets the surcharge at any amount it deems necessary in accordance with section 7.1(d) of the Wholesale Contract. That surcharge is shown in Ordinance 2015-24, which has been provided in response to Staff Request for Information 1-2.

Staff - 1-14. Please admit that if the Trophy Club Municipal Utility District's retail rates were lowered as a result of this proceeding, the retail rates billed by the Trophy Club Municipal Utility District to the Trophy Club Public Improvement District ratepayers would be lowered an identical amount. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: TCMUD1 cannot neither admit nor deny that if the Trophy Club Municipal Utility District's retail rates were lowered as a result of this proceeding, the retail rates billed by the Trophy Club Municipal Utility District to the Trophy Club Public Improvement District ratepayers would be lowered an identical amount because TCMUD1 does not set the retail rates for the Town.

Staff - 1-15. Please identify the public water system serving the Trophy Club Public Improvement District ratepayers

Response: Upon information and belief, the PID ratepayers are served by PWS No. 0610273. The TCMUD1 ratepayers are served by PWS No. 0610018. Title to water provided under the Wholesale Contract passes from TCMUD1 to the Town at the point of connection.

Staff - 1-16. Please identify the owner of the public water system serving the Trophy Club Public Improvement District ratepayers.

Response: Upon information and belief, the Town owns the public water system serving the PID ratepayers.

Staff - 1-17. Please provide any lease or contract for the use of the public water system serving the Trophy Club Public Improvement District ratepayers.

Response: TCMUD1 has no responsive documents in its possession or control. TCMUD1 does not lease or contract for the use of the public water system serving the PID ratepayers.

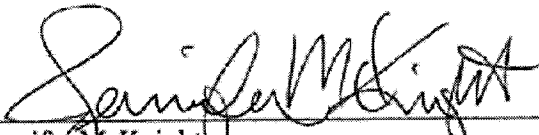
Staff - 1-18. Please admit that the Trophy Club Municipal Utility District currently keeps 100% of all retail rates collected from Trophy Club Public Improvement District ratepayers. If your response is other than an unqualified admit, please fully explain your response and provide all documents supporting your response.

Response: Denied. TCMUD1 is required to perform an annual “true-up” and submit payment to the Town for any overpayments in the previous calendar year (See section 7.2(d) of the Wholesale Contract).

VERIFICATION

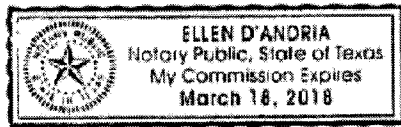
THE STATE OF TEXAS §
 §
COUNTY OF Denton §


BEFORE ME, the undersigned authority, on this day personally appeared Jennifer McKnight, who being by me duly sworn, on oath stated that she is an authorized representative of Trophy Club Municipal Utility District No. 1; that she has read the above and foregoing Response to Commission Staff's First Request for Information/Request for Admission and that the answers are true and correct.



Jennifer McKnight

SUBSCRIBED AND SWORN TO BEFORE ME on the 30th day of December, 2015 to certify which, witness my hand and official seal.





Notary Public, State of Texas

Drees expects to begin construction on or before July 2008 and to complete the projects by December 2009.

Absorption

The lot takedown schedules for Lennar, Centex and Drees start approximately 12 months after infrastructure construction begins. Infrastructure construction began in August 2007. As of October 15, 2007, Developer Property Owners have not sold and is not aware of any lots that have been sold to an end-buyer or have been developed and homesteaded. Developer's estimates for end-buyer closings on completed lots with homes are as follows:

Developer's Absorption Estimates
(Beginning in 2008)

Neighborhood(s)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total Lots
1,2,5,6,7	120	120	120	120	120	120	120	93	933
3,4	96	96	54	0	0	0	0	0	246
8	39	39	39	39	39	39	15	0	249
9	24	22	0	0	0	0	0	0	46
Total Lots	279	277	213	159	159	159	135	93	1474

Plan of Finance

As part of a larger roughly 800 acre assemblage, the District property was purchased by 831 Trophy, L.P. in late 2006 for approximately \$40 million.

The Developer estimates the cost of improvements required to complete the Development to be \$51,867,977. This total includes all bond, permit, inspection, engineering soft costs, administrative fees, construction costs and contingencies.

✓ Authorized Improvements, which total \$22,438,977, will be financed primarily with the proceeds of the Bonds to the extent such proceeds are available. Authorized Improvements not funded with the proceeds of the Bonds and all private improvements will be financed by private funding sources and internally generated cash flow from lot sales occurring within the District.

The approximately \$31,998,977 cost of improvements (which includes the portion of the Authorized Improvements not funded with the proceeds of the Bonds and a one-time payment to the MUDs of \$540,000) will be funded with private financing by the applicable Developer Property Owner; High Trophy Development, LLC in Neighborhoods 1, 2, 5, 6 and 7; and BDMR Development, LLC in Neighborhoods 8 and 9. Standard Pacific and K. Hovnanian will develop Neighborhoods 3 and 4. The balance of remaining improvements will be funded over time from working capital and land sales.

High Trophy Development, LLC has secured development loan funding from First National Bank Southwest for Neighborhoods 1, 2, 5 and 6 in the amount of \$41,250,000, which closed on April 5, 2007; of such amount, approximately \$11,400,000 was earmarked for lot development. As of October 1, 2007, there is approximately \$10,600,000 left to be drawn for development of such Neighborhoods. BDMR Development, LLC has secured funding from Colonial Bank for Neighborhood 9, as well as two additional neighborhoods outside of the District, in the amount of \$31,352,000, which closed on June 24, 2007; of such amount, approximately \$1,200,000 is earmarked for lot development in Neighborhood 9 as of October 1, 2007. Standard Pacific and K. Hovnanian will be developing Neighborhoods 3 and 4 at an estimated cost of \$6,804,000. Neighborhoods 7 and 8 are contemplated with future development. The bank loans are expected to be repaid with proceeds from residential building lots and are secured by a lien on real estate owned by High Trophy Development, LLC within the District and secured by a lien on real estate owned by BDMR Development, LLC within and outside of the District. The bank loan from First National Bank Southwest, if not extended, matures on October 5, 2008, and requires the principal of and interest on the loan be paid in full on such date. The bank loan from Colonial Bank, if not extended, matures on April 29, 2010, and requires payments to be made in installments. The first installment is due September

TABLE 8

Authorized Improvements

Authorized Improvement	Estimated Total Cost	Estimated Completion Date
Thoroughfare Improvements	\$7,603,000	September 2008
Water Distribution System	1,290,000	May 2008
Elevated Water Tank	1,200,000	September 2009
Wastewater Collection System	915,000	May 2008
Thoroughfare Landscaping	2,280,000	September 2008
Screening Walls & Neighborhood Entry Features	700,000	September 2008
Trail System & Open Space	1,064,540	July 2009
Public Parks	5,175,000	December 2009
Park Drainage Improvements	974,000	December 2008
Construction Administration/ Management	50,000	ongoing
Contingency	1,187,437	
Total Improvements	\$22,438,977	

For a detailed discussion of the Authorized Improvements, including the water tower, and the connector road, see APPENDIX C – SERVICE AND ASSESSMENT PLAN.

The Acquisition, Construction and Funding Agreement

The Acquisition, Construction and Funding Agreement, attached hereto as Exhibit H, dated as of December 10, 2007 (the “Funding Agreement”) by and between the Town and High Trophy Development, LLC and BDMR Development, LLC, sets forth certain undertakings by the applicable Developer Property Owner and the Town in connection with the construction and funding of (i) water and sewer facilities, road improvements and other public facilities which are to be procured by the Developer Property Owners and not the Town (the “Developer Procured Facilities”), and (ii) water and sewer facilities and parks which are to be procured by the Town (the “Town Procured Facilities”); and the disbursement of funds held in the Project Fund under the Indenture. For a detail description of the Funding Agreement see Appendix H attached hereto.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.

General

The Bonds, which are limited, special revenue obligations of the Town and are not the obligation of the State of Texas, Denton County, or any other political subdivision, are secured solely by Pledged Revenues. The Pledged Revenues are derived from the Special Assessments levied by the Town against benefited property within the District. The payment of the principal of and interest on the Bonds depends on the ability of the property owners within the District to pay the Special Assessments and the ability of the Town to collect Special Assessments within the District or, in the event Special Assessments are not collected and foreclosure proceedings are instituted on

After analyzing the public improvement projects authorized by the PID Act, the Town has determined that the Authorized Improvements should be undertaken by the Town.

The estimated total Costs to construct the Authorized Improvements are shown by Table III-A (and more fully shown in Appendix B-1).

Table III-A
Estimated Costs to Construct
the Authorized Improvements

Authorized Improvements	Estimated Cost
Northwest Parkway improvements, intersection improvements, and Trophy Club Drive improvements south of Northwest Parkway	\$3,808,516
Trophy Club Drive improvements other than south of Northwest Parkway	\$3,794,484
Water distribution system (not including elevated water tank)	\$1,290,000
Elevated water tank	\$1,200,000
Wastewater collection system	\$915,000
Trail system and open space	\$1,064,540
Thoroughfare streetscape, median landscaping, sidewalks, irrigation and irrigation well	\$2,280,000
Screening walls and neighborhood entry features	\$700,000
Northeast and Northwest parks	\$5,175,000
Park drainage improvements	\$974,000
Construction administration and management	\$50,000
Contingency	\$1,187,437
Total estimated cost of Authorized Improvements	\$22,438,977

The Authorized Improvements benefit property inside and outside the PID. Accordingly, the Costs of these improvements must be allocated between property inside the PID and the Town. This allocation is described in Section V of this Service and Assessment Plan.

Table III-B shows the portion of the PID Costs, being the actual or budgeted costs, as applicable, of all or any portion of the Authorized Improvements that provide a special benefit to the Assessed Property and are allocated to the PID, as shown in Table III-B. The Developer has agreed to pay the amount by which the total Costs shown in Table III-A exceed the total PID Costs shown in Table III-B (i.e., the Costs allocated to the Town).

Table III-B
PID Costs

Authorized Improvements	PID Costs
Northwest Parkway improvements, intersection improvements, and Trophy Club Drive improvements south of Northwest Parkway	\$3,046,144
Trophy Club Drive improvements other than south of Northwest Parkway	\$3,794,484
Water distribution system (not including elevated water tank)	\$1,148,100
Elevated water tank	\$960,000
Wastewater collection system	\$796,050
Trail system and open space	\$1,011,039
Thoroughfare streetscape, median landscaping, sidewalks, irrigation and irrigation well	\$1,916,746
Screening walls and neighborhood entry features	\$700,000
Northeast and Northwest parks	\$4,914,916
Park drainage improvements	\$925,049
Construction administration and management	\$50,000
Contingency	\$1,187,437
Estimated PID Costs	\$20,449,965

The Town anticipates that the improvements to the Northeast and Northwest parks could include the following: playgrounds, pavilions, restrooms, soccer fields, baseball fields, and aquatic facility. The improvements to be provided by the PID will meet the additional recreational needs of the Town related to the increase in population from the new housing units to be constructed within the PID. The Town also anticipates that the improvements to the trail system would include the construction of new access paths (including paving) to the Town's existing parks and green space.

A discussion of the bonded indebtedness expected to be incurred to fund the PID Costs set forth in Table III-B is included in Section IV of this Service and Assessment Plan.

✓ The costs shown in Table III-B are estimates and may be revised in Annual Service Plan Updates. Savings from one line item may be applied to a cost increase in another line item. These transfers, however, are limited to the portion of the savings related to the PID's share of the costs, and these savings may be applied only to the PID's share of the increase in the costs of another line item.

5. ESTIMATED PROJECT COSTS

Cost estimates were prepared based on preliminary designs of proposed Authorized Improvements known at the time of this Report. Actual costs may vary from the estimates due to changes in market prices for labor, materials and equipment, and/or due to differences in final designs compared with preliminary designs. The estimated cost of the Authorized Improvements are summarized below:

Trophy Club Public Improvement District No. 1 Engineer's Opinion of Cost for Authorized Improvements

	COST	% IN PID	ALLOCATED TO PID	EXCLUDED FROM PID
1. THOROUGHFARE IMPROVEMENTS				
NORTHWEST PARKWAY IMPROVEMENTS	\$800,000.00	80%	\$639,859.52	\$160,140.48
LAND ACQUISITION (APPROX. 2.612 ACRES)	<u>\$363,667.41</u>	80%	<u>\$290,870.07</u>	<u>\$72,797.34</u>
SUB-TOTAL NORTHWEST PARKWAY IMPROVEMENTS:	\$1,163,667.41	80%	\$930,729.58	\$232,937.83
 TROPHY CLUB DRIVE IMPROVEMENTS - SOUTH OF NORTHWEST PARKWAY	 \$1,514,000.00	 80%	 \$1,210,934.13	 \$303,065.87
LAND ACQUISITION (APPROX. 6.711 ACRES)	<u>\$610,849.00</u>	80%	<u>\$488,571.93</u>	<u>\$122,277.07</u>
SUB-TOTAL TROPHY CLUB DR. SOUTH IMPROVEMENTS:	\$2,124,849.00	80%	\$1,699,506.06	\$425,342.93
 INTERSECTION IMPROVEMENTS	 \$520,000.00	 80%	 \$415,908.69	 \$104,091.31
 SUB - TOTAL THOROUGHFARE IMPROVEMENTS:	 \$3,808,516.41		 \$3,046,144.33	 \$762,372.08
 2. THOROUGHFARE IMPROVEMENTS				
 TROPHY CLUB DRIVE IMPROVEMENTS	 \$1,500,000.00	 100%	 \$1,500,000.00	 \$0.00
LAND ACQUISITION (APPROX. 12.873 ACRES)	<u>\$1,079,896.37</u>	100%	<u>\$1,079,896.37</u>	<u>\$0.00</u>
SUB - TOTAL TROPHY CLUB DRIVE IMPROVEMENTS:	\$2,579,896.37	100%	\$2,579,896.37	\$0.00
 TROPHY CLUB PARK DRIVE IMPROVEMENTS	 \$874,000.00	 100%	 \$874,000.00	 \$0.00
LAND ACQUISITION (APPROX. 4.060 ACRES)	<u>\$340,587.22</u>	100%	<u>\$340,587.22</u>	<u>\$0.00</u>
SUB-TOTAL TROPHY CLUB PARK DR. IMPROVEMENTS:	\$1,214,587.22	100%	\$1,214,587.22	\$0.00
 SUB - TOTAL THOROUGHFARE IMPROVEMENTS:	 \$3,794,483.59		 \$3,794,483.59	 \$0.00
 3. WATER DISTRIBUTION SYSTEM				
12"/16" WATER LINE LOOP	\$960,000.00	89%	\$854,400.00	\$105,600.00
12" WATER LINE - ALONG MC ROAD WEST AND NORTH TO ELEV. TANK SITE	\$250,000.00	89%	\$222,500.00	\$27,500.00
12" WATER LINE - SCHOOL SITE OVER-SIZING PARTICIPATION	\$80,000.00	89%	\$71,200.00	\$8,800.00
SUB - TOTAL WATER DISTRIBUTION SYSTEM:	\$1,290,000.00		\$1,148,100.00	\$141,900.00
 4. ELEVATED WATER TANK (0.5 MGD)	 \$1,200,000.00	 80%	 \$960,000.00	 \$240,000.00

5. WASTEWATER COLLECTION SYSTEM

SANITARY SEWER LINE WITHIN TROPHY CLUB DRIVE	\$460,000.00	87%	\$400,200.00	\$59,800.00
SEWER LINE TO EXISTING SYSTEM	\$455,000.00	87%	\$395,850.00	\$59,150.00
SUB - TOTAL WASTEWATER COLLECTION SYSTEM:	\$915,000.00		\$796,050.00	\$118,950.00

6. TRAIL SYSTEM AND OPEN SPACE

TRAIL SYSTEM	\$560,000.00	95%	\$531,855.67	\$28,144.33
FLOWAGE EASEMENT LAND ACQUISITION (APPROX. 100.908 ACRES)	\$504,540.00	95%	\$479,182.96	\$25,357.04
SUB - TOTAL TRAIL IMPROVEMENTS AND OPEN SPACE:	\$1,064,540.00		\$1,011,038.63	\$53,501.37

7. THOROUGHFARE LANDSCAPING & IRRIGATION

TROPHY CLUB DRIVE LANDSCAPING	\$800,000.00	84%	\$672,542.37	\$127,457.63
TROPHY CLUB DRIVE SIDEWALK	\$400,000.00	84%	\$336,271.19	\$63,728.81
TROPHY CLUB DRIVE IRRIGATION	\$70,000.00	84%	\$58,847.46	\$11,152.54
IRRIGATION WELLS	\$500,000.00	84%	\$420,338.98	\$79,661.02
IRRIGATION PONDS	\$510,000.00	84%	\$428,745.76	\$81,254.24
SUB - TOTAL THOROUGHFARE LANDSCAPING & IRRIGATION:	\$2,280,000.00		\$1,916,745.76	\$363,254.24

8. SCREENING WALLS & ENTRY FEATURES

TROPHY CLUB DRIVE DECORATIVE SCREENING WALL	\$350,000.00	100%	\$350,000.00	\$0.00
MARSHALL CREEK ROAD EAST THIN SCREENING WALL	\$150,000.00	100%	\$150,000.00	\$0.00
NEIGHBORHOOD ENTRY FEATURES (10 ENTRIES)	\$200,000.00	100%	\$200,000.00	\$0.00
SUB - TOTAL SCREENING WALLS & ENTRY FEATURES:	\$700,000.00		\$700,000.00	\$700,000.00

9. PUBLIC PARKS

NORTHWEST PARK IMPROVEMENTS	\$2,300,000.00	95%	\$2,184,407.22	\$115,592.78
NORTHWEST PARK LAND ACQUISITION (APPROX. 12.900 ACRES)	\$1,700,000.00	95%	\$1,614,561.86	\$85,438.14
NORTHEAST PARK IMPROVEMENTS	\$175,000.00	95%	\$166,204.90	\$8,795.10
NORTHEAST PARK LAND ACQUISITION (APPROX. 16.100 ACRES)	\$1,000,000.00	95%	\$949,742.27	\$50,257.73
SUB - TOTAL PUBLIC PARKS:	\$5,175,000.00		\$4,914,916.24	\$260,083.76

10. PARK DRAINAGE IMPROVEMENTS

	\$974,000.00	95%	\$925,048.97	\$48,951.03
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11. CONSTRUCTION ADMINISTRATION / MANAGEMENT

	\$50,000.00	83%	\$50,000.00	\$0.00
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12. CONTINGENCY

	\$1,187,437.00		\$1,187,437.00	\$0.00
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COMPREHENSIVE TOTAL: \$22,438,977.00 \$20,449,964.53 \$1,989,012.47

**Section IV
SERVICE PLAN**

The PID Act requires a service plan cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the improvement projects undertaken within the PID. The estimated PID Costs plus costs related to the issuance of the Bonds and payment of expenses incurred in the establishment, administration, and operation of the PID is \$27,500,000, which PID Costs will be expended during the first five years. The Bonds will be issued on or before September 31, 2008, or the Service and Assessment Plan and the Assessment Roll shall terminate. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements. The annual update to this Service and Assessment Plan is herein referred to as the "Annual Service Plan Update."

Bonds are expected to be issued in 2007 or 2008 for all of the PID Costs. Table IV-A shows estimated sources and uses of the Bonds.

**Table IV-A
Sources and Uses of Funds**

<u>Sources of Funds:</u>	<u>Total</u>
Bond proceeds	\$27,500,000
Total sources of funds	\$27,500,000
<u>Uses of Funds:</u>	
Estimated PID Costs	\$20,449,966
Costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID	\$2,627,746
Capitalized interest	\$1,672,288
Reserve fund	\$2,750,000
Total uses of funds	\$27,500,000

✓ The aggregate principal amount of the Bonds issued shall not exceed \$27,500,000. This sources and uses of funds table is subject to revision and the actual sources and uses of funds for any line item may be different than shown above. The sources and uses of funds shown in Table IV-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and actual costs.

✓ The actual interest rate on the Bonds may require the amount of the Assessments to be reduced, as described in Section VI. E. 2. Developer funds will be paid to complete the Authorized Improvements if the amounts specified above are not sufficient to complete such improvements.

The annual projected costs and annual projected indebtedness is shown by Table IV-B. The annual projected costs and indebtedness is subject to revision and shall be updated each in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

the improvements, the Town Council has taken into consideration independent studies supporting the conclusion that larger, more expensive homes, on average, will create more vehicle trips and greater demands for water and wastewater consumption, and larger, more expensive homes are likely to be built on larger lots. For example, the Arizona Department of Transportation conducted a study (described in *Development and Application of Trip Generation Rates*) on the relationship between property values and trip generation rates of residential property. This study examined residential communities in Delaware, Wisconsin, Ohio, and several other states. The study demonstrated a relationship between property value and trip generation rates, with more expensive homes having higher trip generation rates than less expensive homes.

3. Having taken into consideration the matters described above, the Town Council has determined that allocating the PID Costs among Parcels based on value after constructing the Authorized Improvements is best accomplished (and most easily illustrated) by creating classifications of benefited Parcels based on the "Lot Types" defined in Section I.B of this Service and Assessment Plan. These classifications (from Lot Type 1 representing the highest value to Lot Type 5 representing the lowest value) is set forth in Table V-A below. This table illustrates that the Town Council has determined that a Lot Type 1 dwelling unit receives the greatest benefit from the Authorized Improvements, which benefit is given an "Equivalent Unit" value of 1.0 per dwelling unit. The Town Council has determined that a Lot Type 2 dwelling unit receives a smaller benefit; namely, 76% of the benefit received by a Type 1 Lot dwelling unit (hence the Equivalent Unit value of 0.76 per dwelling unit). This table illustrates that the Town Council has determined that a Lot Type 3 dwelling unit receives an even smaller benefit; namely, 62% of the benefit received by a Type 1 dwelling unit (hence the Equivalent Unit value of 0.62 per dwelling unit). The table further illustrates that the Town Council has made similar determinations with respect to all of the Lot Types.

TABLE V-A
Equivalent Unit Factors

Lot Type	Average Estimated Unit Value ¹	Equivalent Unit Value ¹
Lot Type 1 (single-family residential)	\$425,000	1.00 per dwelling
Lot Type 2 (single-family residential)	\$325,000	0.76 per dwelling unit
Lot Type 3 (single-family residential)	\$265,000	0.62 per dwelling unit
Lot Type 4 (single-family residential)	\$225,000	0.53 per dwelling unit
Lot Type 5 (attached residential)	\$185,000	0.44 per dwelling unit

¹ Rounded

4. The following table (Table V-B) shows the calculation of the Assessment per Equivalent Unit. There are a total of 986.19 Equivalent Units in the PID. The total Assessments are equal to \$27,500,000, resulting in an Assessment per Equivalent Unit of \$27,885.08.

TABLE V-B
Assessment Per Equivalent Unit

Lot Type	Equivalent Units	Total Number of Dwelling Units	Total Equivalent Units
Lot Type 1	1.00 per dwelling	163 dwelling units	163.00
Lot Type 2	0.76 per dwelling unit	508 dwelling units	386.08
Lot Type 3	0.62 per dwelling unit	377 dwelling units	233.74
Lot Type 4	0.53 per dwelling unit	177 dwelling units	93.81
Lot Type 5	0.44 per dwelling unit	249 dwelling units	109.56
Total Equivalent Units			986.19
Total Assessments			\$27,500,000
Assessment Per Equivalent Unit			\$27,885.08

5. The Assessment per dwelling unit is calculated as the product of (i) \$27,885.08 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 dwelling unit is \$27,885.08 (\$27,885.08 x 1.0). The Assessment for a Lot Type 2 dwelling unit is \$21,192.68 (\$27,885.08 x 0.76). Table V-C sets forth the Assessment per dwelling unit for each of the five Lot Types.

TABLE V-C
Estimated Assessment Per Lot Type

Lot Type	Equivalent Units	Assessment per Dwelling Unit
Lot Type 1	1.0 per dwelling unit	\$27,885.08 per dwelling unit
Lot Type 2	0.76 per dwelling unit	\$21,192.68 per dwelling unit
Lot Type 3	0.62 per dwelling unit	\$17,288.75 per dwelling unit
Lot Type 4	0.53 per dwelling unit	\$14,779.09 per dwelling unit
Lot Type 5	0.44 per dwelling unit	\$12,269.45 per dwelling unit

Assessment Roll
The Highlands at Trophy Club Public Improvement District
Town of Trophy Club, Texas

Tax Parcel	Assessment
R305643	\$1,646,614.00
R73937	\$1,150,817.00
R133131	\$21,193.00
R171502	\$21,193.00
R312617	\$254,312.00
R312619	\$932,478.00
R312675	\$197,427.00
R313701	\$21,193.00
R313702	\$0.00
R313706	\$63,578.00
R313711	\$84,771.00
R313720	\$63,578.00
R68393	\$0.00
R171480	\$722,782.00
R171482	\$0.00
R171484	\$0.00
R171503	\$1,206,867.00
R312605	\$1,370,831.00
R312606	\$645,819.00
R312607	\$0.00
R84843	\$55,770.00
R98641	\$713,858.00
R171483	\$665,896.00
R67687	\$0.00
R98639	\$3,796,833.00
R307362	\$2,902,002.00
R307365	\$3,647,928.00
R171478	\$7,314,260.00
R313722	\$0.00
R313723	\$0.00
Total	\$27,500,000.00

TCMUD000010

Assessment Roll
The Highlands at Trophy Club Public Improvement District
Town of Trophy Club, Texas

Tax Parcel R133131
Assessment \$21,193.00

Year (Due in January of following year)	Annual Installment Per Lot		
	Principal and Interest	Annual Collection Costs	Total
2008	\$1,642.46	\$31.76	\$1,674.22
2009	\$1,642.46	\$32.24	\$1,674.69
2010	\$1,654.02	\$32.72	\$1,686.74 ✓
2011	\$1,680.09	\$33.21	\$1,713.30
2012	\$1,704.08	\$33.71	\$1,737.79
2013	\$1,729.83	\$34.21	\$1,764.04
2014	\$1,757.04	\$34.73	\$1,791.77
2015	\$1,781.57	\$35.25	\$1,816.82
2016	\$1,807.26	\$35.78	\$1,843.04
2017	\$1,833.82	\$36.31	\$1,870.13
2018	\$1,860.95	\$36.86	\$1,897.81
2019	\$1,892.20	\$37.41	\$1,929.61
2020	\$1,919.27	\$37.97	\$1,957.24
2021	\$1,949.86	\$38.54	\$1,988.40
2022	\$1,979.53	\$39.12	\$2,018.65
2023	\$2,007.98	\$39.71	\$2,047.69
2024	\$2,038.76	\$40.30	\$2,079.06
2025	\$2,067.42	\$40.91	\$2,108.32
2026	\$2,097.51	\$41.52	\$2,139.03
2027	\$2,128.44	\$42.14	\$2,170.59
2028	\$2,163.47	\$42.78	\$2,206.24
2029	\$2,193.99	\$43.42	\$2,237.40
2030	\$2,227.40	\$44.07	\$2,271.47
2031	\$2,258.97	\$44.73	\$2,303.70
2032	\$2,295.80	\$45.40	\$2,341.20
2033	\$2,328.99	\$46.08	\$2,375.07
2034	\$2,365.64	\$46.77	\$2,412.41
2035	\$2,400.71	\$47.47	\$2,448.19
2036	\$2,437.17	\$48.19	\$2,485.35
2037	\$0.00	\$48.91	\$48.91
Total	\$57,846.67	\$1,192.23	\$59,038.91

TCMUD000011

EXHIBIT A

TOWN OF TROPHY CLUB PUBLIC IMPROVEMENT DISTRICT NO. 1

2010 ASSESSMENT ROLL

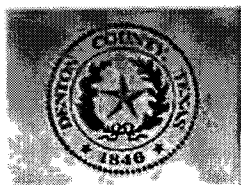
TAX PARCEL	LAND USE	ASSESSMENT	OUTSTANDING ASSESSMENT	2010 ANNUAL INSTALLMENT	LOT TYPE	UNITS
534878	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534879	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534880	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534881	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534882	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534883	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534884	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534885	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534886	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534887	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534888	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534889	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534890	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534891	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534892	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534893	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534894	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534895	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534896	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534897	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
534898	RES	\$27,885.08	\$27,885.08	\$2,219.51	1	1
533255	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533256	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533257	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533258	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533259	RES	\$21,192.68	\$0.00	\$0.00	2P	1
533262	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533264	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533265	NONRES	\$0.00	\$0.00	\$0.00		
533286	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533287	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533289	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533290	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533291	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533292	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533293	RES	\$21,192.68	\$0.00	\$0.00	2P	1
533294	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1
533295	RES	\$21,192.68	\$21,192.68	\$1,686.83	2	1

9/9/2010

5:03 PM

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TCMUD000012



STEVE MOSSMAN
DENTON COUNTY TAX A/C
P O BOX 90223
DENTON, TX 76202
(940) 349-3500

Property Account Number: 533257

Lot Type: 2

Owner: MOON, KEVIN & DEBBIE

Mailing Address: 2222 MONTGOMERIE AVE

ROANOKE TX 76262 - 5487

Taxing Entity	Tax Rate Per \$100	Taxable Value	Tax Amount
Denton County	0.27390	514,916.00	\$1,410.35
Town of Trophy Club	0.51500	514,916.00	\$2,651.82
Northwest ISD	1.37500	514,916.00	\$7,080.10
Trophy Club PID #1 Emergency Services	0.10925	514,916.00	\$562.55
Trophy Club PID #1 Annual Installment	N/A	N/A	\$1,686.83

Total Amount Due \$13,391.65

TCMUD000013

Texas Commission on Environmental Quality	Office of Water	Public Drinking Water Section
County Map of TX	Water System Search	Office of Compliance and Enforcement

12/30/2015
09:12:00

Texas Commission on Environmental Quality
DWW Water System Summary Sheet

PWS ID	PWS Name	Central Registry RN
TX0610018	TROPHY CLUB MUD 1 <i>Support</i>	RN102689296

Organization/Customer *	Central Registry CN
TROPHY CLUB MUD 1	CN600678536

*Regulatory mail will be addressed to this organization/person

All Water System Contacts				
Type	Contact	Communication		
AC - Administrative Contact - PRESIDENT	MOSS, JIM 100 MUNICIPAL DR TROPHY CLUB, TX 76262-5420	Phone Type	Value	
		BUS - Business	682-831-4610	
		Electronic Type	Value	
ECS - Emergency Contact - Secondary	WOMACK, ADRIAN 100 MUNICIPAL DR TROPHY CLUB, TX 76262-5420	Phone Type	Value	
		BUS - Business	817-491-9312	
		BUS - Business	682-831-4689	
		MOB - Mobile	817-538-1918	
OW - Owner	TROPHY CLUB MUD 1 100 MUNICIPAL DR TROPHY CLUB, TX 76262-5420	EMERG - Emergency	817-491-9402	

TCMUD000014

PWS - Public Water System Contact - GENERAL MANAGER		MCKNIGHT, JENNIFER 100 MUNICIPAL DR TROPHY CLUB, TX 76262- 5420		Electronic Type	Value
				Phone Type	Value
				BUS - Business	682-831-4610
				MOB - Mobile	817-403-2376

Operator Grade	Number
GROUND WATER TREATMENT OPERATOR Grade C	2
GROUND WATER TREATMENT OPERATOR Grade B	2

Water Operator Licenses			
License Holder:	WOMACK, ADRIAN R JR		
CURRENT	Class: B - GROUND WATER TREATMENT OPERATOR	WG0011286	
License Holder:	RICHEY, JEFFREY L		
CURRENT	Class: B - GROUND WATER TREATMENT OPERATOR	WG0001562	
License Holder:	GREENWOOD, RODNEY C		
CURRENT	Class: C - GROUND WATER TREATMENT OPERATOR	WG0001964	
License Holder:	ROBERTS, DEWAYNE T		
CURRENT	Class: C - GROUND WATER TREATMENT OPERATOR	WG0004257	
License Holder:	SCOTT, ROBERT L		
EXPIRED	Class: B - GROUND WATER TREATMENT OPERATOR	WG0007244	
License Holder:	HAMBROOK, WESLEY M		
EXPIRED	Class: C - GROUND WATER TREATMENT OPERATOR	WG0002095	
License Holder:	HAMBROOK, WESLEY M		

TCMUD000015

EXPIRED	Class: NONE - CUSTOMER SERVICE INSPECTOR	CI0001166
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Owner Type	Owner Type Options: COUNTY, DISTRICT, FEDERAL GOVERNMENT, INVESTOR OWNED, MUNICIPALITY, NATIVE AMERICAN, PRIVATE, STATE GOVERNMENT, WATER SUPPLY CORPORATION
District	

System Type	System Type Options: COMMUNITY, TRANSIENT/NON-COMMUNITY, C - Community
C - Community	NON-PUBLIC, NON-TRANSIENT/NON-COMMUNITY

Population Type	Population Served	# of Connect	# I/C w/other PWS
Wholesale	4038	1361	1
Residential	9411	3137	0
Total	13449	4498	0

Total Product (MGD)	Average Daily Consump.	Max Daily Demand (MGD)	Total Storage (MG)	Elev. Storage (MG)	Service Pump Cap.	Max. Purchase Cap. (MGD/GPM)	Pressure Tank Cap. (MG)
4.1190 MGD	2.7870 MGD	6.5560 MGD Occurred on 08/05/2012	4.9 MG		17.712 MGD		

Activity Status	Inactivation Date
A - ACTIVE	

Last Survey Date	Surveyor	Survey Type	Region	County
06/14/2013	ROBERT, E FERRY	Sanitary Survey	ARLINGTON	DENTON
07/20/2010	MERISSA LUDWIG	Sanitary Survey	ARLINGTON	DENTON
02/08/2008	BRANDON COOPER	Sanitary Survey	ARLINGTON	DENTON

(Treatment Plant)							
Entry Point	EP Name/Source Summation (Activity Status)	Plant Name (Activity Status)	Plant Num	Chemical Mon Type	Chem Sample Point	Distribution Mon Type	Dist Sample Point
EP001	TRI-TAP / Purchased Surface Water(A)	CHLORINATOR - WELL 1(A)	TP18967		NO		NO

Train: Unnamed				
(Treatments)				
Disinfection Zone	Treatment Sequence	Objective	Process	Treatment
null	null	D	403	GASEOUS CHLORINATION, PRE

(Active Sources)							
Source Number	Source Name (Activity Status)	Operational Status	Source Type	Depth	Tested GPM	Rated GPM	
G0610018A	1 - 100 MUNICIPAL DR (A)	P	G	1391	458 GPM		N/A
Source Summary							
Drill Date	05/16/1974						
GPS Latitude (decimal)	GPS Longitude (decimal)	GPS Elevation	GPS Date	TWIN MOUNTAIN -			
				Seller			

TCMUD000017

32.997303	-97.188864	0	05/12/2014	Not Purchasing
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(Inactive/Offline Sources)			
Source Number	Name	Status	Depth

(Treatment Plant)							
Entry Point	EP Name/Source Summation (Activity Status)	Plant Name (Activity Status)	Plant Num	Chemical Mon Type	Chem Sample Point	Distribution Mon Type	Dist Sample Point
EP001	TRT-TAP / Purchased Surface Water(A)	CHLORINATOR - WELLS 2, 3, 4(A)	TP2931		NO		NO

Train: Unnamed					
(Treatments)					
Disinfection Zone	Treatment Sequence	Objective	Process	Treatment	
null	null	D	403	GASEOUS CHLORINATION, PRE	

(Active Sources)									
Source Number	Source Name (Activity Status)			Operational Status	Source Type	Depth	Tested GPM	Rated GPM	
G0610018C	3 - 100 MUNICIPAL DR (A)			P	G	768	33 GPM	110 GPM	
Drill Date				Source Summary					
01/01/1913				PALUXY					
GPS Latitude	GPS Longitude (decimal)			GPS Elevation		GPS Date		Seller	

TCMUD000018

(Inactive/Offline Sources)			
SourceNumber	Name	Status	Depth

Code	Explanations
Monitoring Type Codes: (GW) GROUNDWATER, (GUP) GROUNDWATER UNDER THE INFLUENCE - PURCHASED, (SWP) SURFACE WATER - PURCHASED, (GU) GROUNDWATER UNDER THE INFLUENCE OF SURFACE WATER, (N) NO SOURCES,	

(SW) SURFACE WATER

Activity Status Codes: (A) ACTIVE, (D) DELETED/DISSOLVED, (I) INACTIVE, (P) PROPOSED,

Operational Status Codes: (E) EMERGENCY, (I) INTERIM/PEAK (O) OTHER, (P) PERMANENT, (S) SEASONAL.

Source Types: (G) GROUND WATER, (S) SURFACE WATER, (U) GROUND WATER UNDER THE INFLUENCE

- End of Report -

At the time of your query this data was the most current information available from our database, which is in real time. Every effort was made to retrieve it according to your query. Thank-you for using DWW.

TCMUD000020

Texas Commission on Environmental Quality	Office of Water	Public Drinking Water Section
County Map of TX	Water System Search	Office of Compliance and Enforcement

12/30/2015
09:12:47

Texas Commission on Environmental Quality
DWW Water System Summary Sheet

PWS ID	PWS Name	Central Registry RN
TX0610273	TOWN OF TROPHY CLUB PUBLIC IMPROVEMENT D	RN106855323

Organization/Customer *	Central Registry CN
TOWN OF TROPHY CLUB	CN603340332

*Regulatory mail will be addressed to this organization/person

All Water System Contacts			
Type	Contact	Communication	
AC - Administrative Contact - MAYOR	WHITE, CONNIE 100 MUNICIPAL DR TROPHY CLUB, TX 76262- 5420	Phone Type	Value
		BUS - Business	682-831-4600
		Electronic Type	Value
LCC - Lead and Copper Program Contact	WOMACK, ADRIAN 100 MUNICIPAL DR TROPHY CLUB, TX 76262- 5420	Phone Type	Value
		BUS - Business	817-491-9312
		BUS - Business	682-831-4689
		MOB - Mobile	817-538-1918
OW - Owner	TOWN OF TROPHY CLUB 100 MUNICIPAL DR TROPHY CLUB, TX 76262- 5420	EMERG - Emergency	817-491-9402

TCMUD000021

PWS - Public Water System Contact - TOWN MANAGER	SL YE, MIKE		Electronic Type	Value
			Phone Type	Value
			BUS - Business	682-831-4607
			BUS - Business	682-831-4600
			FAX - Facsimile	817-491-9312

Operator Grade	Number
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Water Operator Licenses	
No Licensing Data for this PWS	

Owner Type	Owner Type Options: COUNTY, DISTRICT, FEDERAL GOVERNMENT, INVESTOR OWNED, MUNICIPALITY, NATIVE AMERICAN,
Municipality	PRIVATE, STATE GOVERNMENT, WATER SUPPLY CORPORATION

System Type	System Type Options: COMMUNITY, TRANSIENT/NON-COMMUNITY, C - Community
	NON-PUBLIC, NON-TRANSIENT/NON-COMMUNITY

Population Type	Population Served	# of Connect	# I/C w/other PWS
Residential	4083	1361	0

Total Product (MGD)	Average Daily Consump. (MGD)	Max Daily Demand (MGD)	Total Storage (MG)	Elev. Storage (MG)	Service Pump Cap.	Max. Purchase Cap. (MGD/GPM)	Pressure Tank Cap.
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P0610273A	SW FROM TROPHY CLUB MUD 1 (A)	P	P	TX0610018
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Code Explanations
Monitoring Type Codes: (GW) GROUNDWATER, (GUP) GROUNDWATER UNDER THE INFLUENCE - PURCHASED, (SWP) SURFACE WATER - PURCHASED, (GU) GROUNDWATER UNDER THE INFLUENCE OF SURFACE WATER, (N) NO SOURCES, (SW) SURFACE WATER
Activity Status Codes: (A) ACTIVE, (D) DELETED/DISSOLVED, (I) INACTIVE, (P) PROPOSED.
Operational Status Codes: (E) EMERGENCY, (I) INTERIM/PEAK (O) OTHER, (P) PERMANENT, (S) SEASONAL
Source Types: (G) GROUND WATER, (S) SURFACE WATER, (U) GROUND WATER UNDER THE INFLUENCE

- End of Report -

At the time of your query this data was the most current information available from our database, which is in real time. Every effort was made to retrieve it according to your query. Thank-you for using DWW.

TCMUD000024

**AMENDED AND RESTATED CONTRACT FOR WHOLESALE WATER
SUPPLY AND WASTEWATER TREATMENT SERVICES AND WATER AND
WASTEWATER OPERATIONAL SERVICES**

This Amended and Restated Contract for Wholesale Water Supply and Wastewater Treatment Services and Water and Wastewater Operations Services ("Contract") is entered into as of APRIL 15, 2014 (the "Effective Date") between THE TOWN OF TROPHY CLUB, TEXAS, a home rule municipality located in Denton and Tarrant Counties (hereinafter "Town") and TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1, a conservation and reclamation District of the State of Texas in Denton and Tarrant Counties created and operating pursuant to Chapters 49 and 54 of the Texas Water Code (hereinafter "MUD").

Recitals

WHEREAS, MUD currently supplies retail water and wastewater services to those customers located within the corporate boundaries of MUD; and

WHEREAS, Town currently provides water and wastewater services to a certain portion of property located within the territorial boundaries of Town which property is not located within the boundaries of MUD nor is provided retail water or wastewater services therefrom, hereinafter referred to as the "Property" and more fully described in Exhibit "A"; and

WHEREAS, Town and MUD previously entered into the following contracts providing for the provision of wholesale water and wastewater services, and contract operation services, by MUD to Town: (i) "Contract for Water Supply and Wastewater Treatment" dated November 20, 2007, as amended by that certain "First Modification of Contract for Water Supply and Wastewater Treatment" dated July 7, 2008 (hereafter, the "2007 Wholesale Contract"); and (ii) "Contract for Water and Wastewater Operational Services" dated November 12, 2007 as subsequently amended on July 7, 2008 and November 19, 2013 (hereafter, the "2007 Operations Contract");

WHEREAS, Town and MUD desire to amend and restate the 2007 Wholesale Contract and to terminate the 2007 Operations Contract;

WHEREAS, the Interlocal Cooperation Act, Texas Government Code, Chapter 791, et seq., as amended (the "Act") provides authority for governmental entities of the State of Texas to enter into interlocal contracts with each other regarding governmental functions and services as set forth in the Act; and

WHEREAS, the provision of wholesale water and wastewater services by MUD to Town, and the provision of operational services by MUD to Town, are

valid governmental functions necessary for the public health, safety and welfare for which an interlocal contract is allowed pursuant to the Act; and

WHEREAS, each Party hereto paying for the performance of governmental functions or services shall make such payments from current revenues legally available to the paying Party and each Party hereby finds and agrees that it is fairly compensated for the services or functions performed under the terms of this Contract.

NOW, THEREFORE, Town and MUD, for and in consideration of the recitals set forth above and terms and conditions below, agree as follows:

**ARTICLE I.
INCORPORATION / DEFINITIONS / EXHIBITS**

1.1 Incorporation of Recitals. The foregoing recitals are agreed upon and incorporated herein as a part of this Contract.

1.2 Definitions. Unless the content indicates others, the following words used in this Contract shall have the following meanings:

2007 Operations Contract means that certain "Contract for Water and Wastewater Operational Services" dated November 12, 2007 entered into by MUD and Town, as subsequently amended on July 7, 2008 and November 19, 2013.

2007 Wholesale Contract means that certain "Contract for Water Supply and Wastewater Treatment" dated November 20, 2007", as amended by that certain "First Modification of Contract for Water Supply and Wastewater Treatment" dated July 7, 2008 entered into by Town and MUD, as amended.

Annual Capital Improvements and Maintenance Charge has the meaning set out in Section 7.2.

Annual Debt Service Requirement has the meaning set out in Section 7.2.

Certified Assessed Valuation means the most current certified assessed valuation from the County Tax-Assessor collector as of August 1 of a calendar year.

Commission or *TCEQ* means the Texas Commission on Environmental Quality and any successor or successors exercising any of its duties and functions.

Emergency means a sudden unexpected happening; an unforeseen occurrence or condition; exigency; pressing necessity; or a relatively permanent

condition or insufficiency of service or of facilities resulting from causes outside of the reasonable control of MUD. The term includes Force Majeure and acts of third parties that cause the MUD Water System or MUD Wastewater System to be unable to provide the Wholesale Water Services or Wholesale Wastewater services agreed to be provided herein.

EPA means the Environmental Protection Agency and any successor or successors exercising any of its duties and functions.

Fort Worth Impact Fee means the charge imposed by Fort Worth pursuant to Chapter 395 of the Local Government Code under the Fort Worth Water Contract.

Fort Worth Water Contract means the Contract for Water Service Between the City of Fort Worth, Texas, and Trophy Club Municipal Utility MUD No. 1, dated November 16, 2010, as amended.

Infiltration and Inflow means water that enters a wastewater collection system through physical defects in the system or from other point sources.

MUD means Trophy Club Municipal Utility District No. 1.

MUD Wastewater System means the wastewater collection lines, lift stations, pipes, valves, meters, pumps, motors, treatment plant, effluent discharge lines, and other facilities, equipment and appurtenances thereto owned or controlled by the MUD, and any expansions, improvements, enlargements, additions and replacements thereto.

MUD Water System means the water supply, treatment, storage, transmission, pumping and distribution system of the MUD and appurtenances thereto, and any expansions, improvements, enlargements, additions and replacements thereto.

Operations Services has the meaning set out in Section 5.2.

Parties or Party shall mean either one or more of MUD or Town or both, as the context provides.

Permit means Permit No. WQ0011593-001 held by MUD authorizing the treatment and disposal of treated wastewater effluent.

Person(s) means an individual, corporation, partnership, association, joint venture or any other third party legal entity.

Points of Connection of Wastewater means that point or points where Town Wastewater Collection System connects to MUD's Wastewater System.

Points of Connection of Water means that point or points where Town Water System connects to MUD's Water System.

Property means the approximately 609-acre tract of land located within the corporate boundaries of Town shown in the attached **Exhibit "A"**.

Retail Customer Charge has the meaning set forth in Section 7.1.

Town means the Town of Trophy Club, Texas, a home-rule municipality located in Denton and Tarrant Counties, Texas, and all land included within the territorial limits and extraterritorial jurisdiction of Town, at Town's creation and thereafter annexed from time to time.

Town Customers means any Person(s) residing within the Property and who have the right to receive, who contract to receive or otherwise are receiving Water and/or Wastewater Services from Town Water Distribution System and/or Town Wastewater Collection System.

Town Rate Order means an order adopted by Town setting out the rates and fees for retail water and wastewater services for Town Customers, including without limitation administrative fees, customer deposits, usage rates, late charges, returned check fees, disconnect fees, meter re-read fees, and after-hours service fees, and any Town Surcharge.

Town Surcharge has the meaning set forth in Section 7.1(d).

Town Wastewater Collection System means the Wastewater system constructed and owned by Town for the collection of Wastewater received from Town Customers, ending at the Points of Connection of Wastewater.

Town Water Distribution System means the water distribution system constructed and owned by Town for the distribution of potable water received from MUD to Town Customers, beginning at the Points of Connection of Water, including any elevated storage tanks and pumping facilities. The Town Water Distribution System shall not include any Wells.

Utility Fee has the meaning set out in Section 7.4.

Utility Fee Remainder has the meaning set out in Section 7.4.

Wastewater means the water-carried wastes, exclusive of ground, surface, and storm waters, normally discharged from the sanitary conveniences of dwellings, including apartment houses, hotels, offices buildings and institutions, of a domestic, not industrial, nature, and that meets the requirements of this Contract.

Water or Water Supply means potable water that meets federal and state standards for consumption by humans.

Wells means any and all potable water wells that may be constructed within the Property or for the benefit of the Property by Town or its designee.

Wholesale Wastewater Services means the wholesale wastewater treatment and disposal services provided by MUD in accordance with the terms and conditions of this Contract in receiving, treating, testing, and disposing of Wastewater from Town Wastewater Collection System in accordance with this Contract.

Wholesale Water Services means the wholesale services provided by MUD in furnishing a wholesale supply of Water to Town at the Points of Connection of Water.

1.3 Exhibits. The following Exhibits attached to this Contract are hereby made a part of the Contract as though fully incorporated herein:

Exhibit "A"

- The Property

Exhibit "B"

- Points of Connection of Water and Wastewater

**ARTICLE II.
EFFECT ON PRIOR CONTRACTS**

2.1 2007 Operations Contract. As of the Effective Date, the 2007 Operations Contract shall terminate for all purposes; provided, however, the terms and conditions set forth therein relating to payment by Town to MUD for services shall remain in effect until such time as MUD commences collection of the Retail Customer Charge under this Contract.

2.2 2007 Wholesale Contract. As of the Effective Date, the 2007 Wholesale Contract shall be amended and restated by this Contract.

2.3 Prior Revenues. MUD shall be entitled to collect and retain all revenues for any and all water and wastewater services rendered to Town Customers prior to the Effective Date pursuant to the 2007 Operations Contract and 2007 Wholesale Contract, including any such revenues received after the Effective Date. The Parties agree that it is their mutual intent that the MUD shall continue to receive all payments under the 2007 Operations Contract and 2007 Wholesale Contract until such time as any payments under this Contract can be collected in lieu thereof.

**ARTICLE III.
WHOLESALE WATER SERVICES**

3.1 Points of Connection of Water. MUD shall deliver a wholesale supply of Water to Town Water Distribution System at the existing Points of Connection of Water. Any additional Points of Connection of Water must be at locations mutually agreed upon in writing by the Parties.

3.2 Quantity of Wholesale Water Services. Subject to the terms of this Contract, MUD agrees to purchase and transport to Town a supply of Water: (i) in a quantity that meets all regulatory requirements for public water systems applicable to the provision of retail water service by Town to Town Customers located within the Property; and (ii) to be made available according to the same terms, conditions and limitations that MUD furnishes a supply of Water to its retail customers. MUD agrees that, for purposes of compliance with 30 Texas Administrative Code Sec. 290.45(f), the maximum authorized daily purchase rate shall be not less than 0.6 gallons per minute, and the maximum hourly purchase rate plus actual service pump capacity shall be at least 2.0 gpm per connection or provide at least 1,000 gpm and be able to meet peak hourly demands, whichever is less.

3.3 Resale Prohibited. Town shall not provide or sell Water received under this Contract to any person entity, private or public, other than Town's retail customers located within the Property, without MUD's prior written consent. The Parties agree that as of the Effective Date, MUD has not provided any such consent and Town does not provide retail water or wastewater service to any customers located outside the Property.

3.4 Sole Provider. MUD will be the sole source of Wholesale Water Services to Town for the Property unless MUD consents in writing to Town's conversion to another wholesale provider. Under the terms and conditions set forth herein, MUD shall be entitled to provide Wholesale Water Services to Town for the Property from any source available to MUD.

3.5 Title to Water. Title to the water purchased by MUD and transported to Town under this Contract shall remain with MUD at all times until it reaches the Points of Connection of Water. At the Points of Connection of Water, title to the Water shall pass to the Town.

3.6 Conservation and Drought Planning. Town will adopt a water conservation plan and a drought contingency plan in compliance with TCEQ rules, 30 Texas Administrative Code, Chapter 288, with provisions at least as stringent as the provisions of the existing MUD Water Conservation and Drought Contingency Plan. MUD shall provide Town with any amended or revised MUD Water Conservation and Drought Contingency Plan upon adoption, and Town will adopt a water conservation plan and a drought contingency plan in compliance with TCEQ rules, 30 Texas Administrative Code, Chapter 288, with provisions at

least as stringent as the provisions of the amended or revised MUD Water Conservation and Drought Contingency Plan within sixty (60) days of Town's receipt of the amended or revised MUD Water Conservation and Drought Contingency Plan. Town specifically agrees that upon institution of any mandatory water conservation or drought contingency restrictions by MUD upon its customers, MUD shall impose identical restrictions upon Town Customers as part of the Operational Services until and unless Town has adopted more stringent restrictions, in which event MUD shall enforce Town's more stringent restrictions upon Town Customers.

3.7 Plumbing Regulations. MUD and Town both covenant and agree to adopt and enforce adequate plumbing regulations with provisions for the proper enforcement thereof, to ensure that neither cross-connection nor other undesirable plumbing practices are permitted. Plumbing regulations adopted by Town shall be not less stringent than those adopted by MUD.

3.8 Curtailment of Service. If water service is curtailed by MUD to other customers of the MUD Water System, MUD may impose a like curtailment on Wholesale Water Services delivered to Town under this Contract. MUD will impose such curtailments in a nondiscriminatory fashion. The Parties agree that they will not construe this Contract to prohibit MUD from curtailing service completely in the event of a maintenance, operation or Emergency for a reasonable period necessary to complete such maintenance operations or repairs or respond to an Emergency circumstance. Town acknowledges and agrees that the MUD's provision of Wholesale Water Services under this Contract is subject to applicable provisions of the MUD Water Conservation and Drought Contingency Plan.

3.9 Water Service Rules, Regulations and Policies. Within sixty (60) days of the Effective Date, Town agrees to adopt retail water service rules, regulations and policies with provisions at least as stringent as, and not inconsistent with, the provisions of the existing MUD water service rules, regulations and policies (the "MUD Service Rules and Policies"). MUD shall provide Town with any amended or revised water service rules, regulations and policies upon adoption, and Town will adopt provisions at least as stringent as the provisions of the amended or revised MUD service rules, regulations or policies within sixty (60) days of Town's receipt of the amended or revised MUD service rules, regulations and policies.

3.10 Consumer Confidence Report. Town shall timely adopt a consumer confidence report in accordance with all regulatory requirements, and to conduct any public hearing relating thereto. MUD agrees to furnish all required data and information required for Town to prepare the report and a draft of the report to Town for Town's approval, and further agrees to distribute the approved report to all Town customers upon receipt from Town as part of the Operations Services to be provided hereunder.

**ARTICLE IV.
WHOLESALE WASTEWATER SERVICES**

4.1 Points of Connection of Wastewater. MUD shall receive Wastewater from Town Wastewater Collection System at the existing Points of Connection of Wastewater. Any additional Points of Connection of Wastewater must be at locations mutually agreed upon in writing by the Parties.

4.2 Wholesale Wastewater Service.

(a) Subject to the terms and conditions of this Contract and the requirements of applicable law, MUD agrees to provide Wholesale Wastewater Services to Town: (i) in a quantity that meets all regulatory requirements applicable to the provision of retail wastewater service by Town to Town Customers located within the Property; and (ii) according to the same terms, conditions and limitations that MUD furnishes wastewater service to its retail customers.

(b) Town agrees that it shall adopt and enforce: (1) wastewater service rules and policies at least as stringent as, and not inconsistent with, the MUD Service Rules and Policies; and (ii) any pretreatment requirements for its retail customers as may be necessary to cause the quality of Wastewater Town delivers to the MUD Wastewater System pursuant to this Contract to meet the requirements of this Contract and the MUD Service Rules and Policies. MUD shall be responsible for the quality of any Wastewater collected from MUD customers and passed through the Town Wastewater Collection System to the MUD Wastewater System.

(c) MUD shall be entitled to collect samples of Wastewater at or near the Point(s) of Connection into the MUD Wastewater System or from any point within the Town Wastewater Collection System and cause the same to be analyzed in accordance with accepted methods in the industry to determine if such Wastewater complies with the MUD Service Rules and Policies and any pretreatment requirements. If analysis discloses that the Wastewater does not comply with the MUD Service Rules and Policies and any pretreatment requirements, Town shall be obligated to require the offending originator to immediately cease discharging such Wastewater into the Town Wastewater Collection System or to pretreat such Wastewater such that the discharge of prohibited Wastewater ceases immediately.

4.3 Sole Provider. MUD will be the sole source of Wholesale Wastewater Service to Town for the Property unless MUD consents in writing to Town's conversion to another wholesale provider. Under the terms and conditions set forth herein, MUD shall be entitled to provide Wholesale Wastewater Service to Town for the Property from any source of treatment capacity available to MUD.

4.4 Wholesale Service Commitment Not Transferable. MUD's commitment to provide Wholesale Wastewater Service is solely to Town and solely for the Property. Town may not assign or transfer in whole or in part its right to receive Wholesale Wastewater Service without MUD's prior written consent.

4.5 Curtailment of Service. The Parties agree that, if Wastewater service is curtailed by MUD to other customers of the MUD Wastewater System, MUD may impose a like curtailment on Wholesale Wastewater Service delivered to Town under this Contract. The MUD will impose such curtailments in a nondiscriminatory fashion. The Parties agree that they will not construe this Contract to prohibit MUD from curtailing service completely in the event of a maintenance operation or Emergency for a reasonable period necessary to complete such maintenance operations or repairs or respond to an Emergency circumstance.

4.6 Town Prevention of Infiltration and Inflow. Town will adopt and enforce such ordinances as are reasonably necessary or prudent to minimize Infiltration and Inflow to the Town Wastewater Collection System, and such ordinances shall be at least as stringent as, and not inconsistent with, the MUD's Service Rules and Policies. Town will prohibit the discharge of drainage water and stormwater run-off into the Town Wastewater Collection System.

4.7 Liability of Town. As between the Parties, liability for damages to third persons arising from the reception, transportation, delivery, treatment and disposal of all Wastewater will remain with Town to each Point of Connection of Wastewater; provided, however, that if any such liability to third parties arises directly out of an act or omission of MUD in the provision of Operations Services, then the MUD will pay all costs and expenses arising out of such liability as part of the Operations Services provided hereunder. Town agrees that any sewer backups caused by force majeure, intrusion of roots into the Town Wastewater Collection System, defects in construction of the Town Wastewater Collection System or other circumstances that are not under the direct control of MUD do not arise out of the act or omission of MUD, and MUD shall have no liability in connection therewith. As between the Parties, liability for damages to third persons will pass to MUD at the Points of Connection of Wastewater to the MUD Wastewater System.

4.8 Liability of MUD. Subject to the foregoing, MUD will bear the responsibility as between the Parties for the proper reception, transportation, treatment, and disposal of such Wastewater received by it at each Point of Connection of Wastewater in accordance with the Contract. However, the Parties agree that they will not construe this Contract to cause MUD to have liability for damages to the MUD Wastewater System or to third persons arising from the delivery by Town of any Wastewater that is prohibited under this Agreement. Similarly, this Contract shall not be construed as a waiver of any governmental immunity that MUD or Town may enjoy with respect to any claims brought by third party persons or entities.

4.9 MUD Treatment and Use of Wastewater. MUD may treat the Wastewater delivered by the Town pursuant to this Contract and dispose of the effluent generated thereby in such manner as may be provided in the Permit or other TCEQ authorization in its sole discretion; provided, however, that if MUD has effluent available, as determined in MUD's discretion, then MUD will make available all or part of such effluent to Town at Town's request in accordance with all terms and conditions of the MUD Service Rules and Policies relating to the use of wastewater effluent for irrigation customers, as modified from time to time. To the extent allowed by law, MUD will make effluent available to Town at no charge. Town shall be responsible for the acquisition or construction of all facilities and improvements required to transport effluent from the MUD Wastewater System to the place of use, and any modifications to the MUD's Wastewater System, at Town's sole expense. The design of all such improvements and modifications shall be subject to MUD's prior approval. Town shall also be responsible for securing at its sole cost and expense all regulatory approvals required for the delivery and use of effluent. Notwithstanding any provision herein to the contrary, the Town acknowledges and agrees as follows: (i) that Trophy Club Country Club shall have an opportunity to purchase any excess Wastewater effluent prior to such effluent being made available to Town and (ii) Town may not furnish or resell to third parties any Wastewater effluent.

4.10 Wastewater Service Rules, Regulations and Policies. Within sixty (60) days of the Effective Date, Town agrees to adopt wastewater service rules, regulations and policies with provisions at least as stringent as, and not inconsistent with, the provisions of the existing MUD wastewater service rules, regulations and policies ("MUD Service Rules and Policies"). MUD shall provide Town with any amended or revised wastewater service rules, regulations and policies upon adoption, and Town will adopt provisions at least as stringent as the provisions of the amended or revised MUD service rules, regulations or policies within sixty (60) days of Town's receipt of the amended or revised MUD service rules, regulations and policies.

**ARTICLE V.
OPERATIONS SERVICES RELATED TO TOWN WATER DISTRIBUTION
SYSTEM, TOWN WASTEWATER COLLECTION SYSTEM,
AND TOWN WELLS**

5.1 Town's Obligation to Construct Town Water Distribution System and Town Wastewater Collection System. Town shall continue to design and construct, at its sole cost and expense, the Town Water Distribution System and a Town Wastewater Collection System to provide retail water and wastewater service to Town Customers. The Town Water Distribution System shall include all facilities necessary to store Water and to convey Water from the Points of Connection of Water to Town Customers. The Town Wastewater Collection System shall include all facilities necessary to transport Wastewater from Town Customers to the Points of Connection of Wastewater. The Parties specifically agree that the MUD shall have no obligation whatsoever to construct new

improvements within, or as part of, the Town Water Distribution System or the Town Wastewater Collection System to serve new development or new land uses within the Property.

5.2 Provision of MUD Operations Services.

(a) MUD agrees to provide the following contract operation, maintenance, meter reading, billing and reporting functions (collectively, the "Operations Services") to Town in connection with the Town Water Distribution System and Town Wastewater Collection System:

- 1) Operating and maintaining the Town Water Distribution System and Town Wastewater Collection System in the same manner as the MUD operates and maintains the MUD Water System and the MUD Wastewater System;
- 2) Repairing and replacing the Town Water Distribution System and Town Wastewater Collection System (but excluding any expansions) in the same manner as the MUD repairs and replaces the MUD Water System and the MUD Wastewater System as necessary to provide continuous and adequate service in accordance with all regulatory requirements;
- 3) Reading individual meters of Town retail customers on behalf of Town;
- 4) Billing, collecting from, and responding to service calls from Town Customers;
- 5) Dead-end water flushes;
- 6) Prepare and filing certain operational and compliance reports required by law, including those required by the Commission or EPA relating to operation of the Town Wastewater Collection System or Town Water Distribution System, as more particularly described in Section 5.2(e) below;
- 7) Preparing and furnishing to Town a monthly operational report including the same detail and information prepared by the MUD for its own system;
- 8) Providing a representative, upon prior request of Town, to present reports at regular Town Council meetings regarding service matters; and
- 9) Cooperating with respect to any inspection of the Town Wastewater Collection System or Town Water Distribution System by TCEQ, EPA or any other regulatory entity.

(b) MUD will provide Operations Services to Town under this Contract in compliance with all applicable, federal, state, and local laws, rules and regulations, and in the same manner that it provides those services to retail water and wastewater customers within the MUD. If MUD's failure to comply with all applicable, federal, state, and local laws, rules and regulations for which it is responsible under this Contract results in fines or penalties against Town of any kind or any requirement that Town take corrective action by any governmental agency having jurisdiction, then MUD shall pay such fines and penalties, and shall undertake such correction, as part of the Operations Services provided hereunder; provided, however, that notwithstanding any provision in this Contract to the contrary, MUD shall have absolutely no responsibility to pay any costs, fines or penalties that arise out of any of the following: (i) the design or construction of the Town Wastewater Collection System or Town Water Distribution System; (ii) the introduction of prohibited Wastewater by any customer of the Town into the Town Wastewater Collection System for which the Town has not taken immediate enforcement action; (iii) any action, decision, inaction or delay of the Town that contributes to the circumstance or condition that results in the violation, fine or penalty; (iv) matters which are outside the scope of Operations Services to be provided by MUD; and (v) matters that are outside the reasonable control of the MUD, including acts of force majeure and acts of third parties.

(c) As an independent contractor, MUD shall work independently and exercise its own judgment in providing the Operations Services. Town shall have no control over the means or methods of the MUD's work, except that MUD shall provide Operations Services in a professional and workmanlike manner consistent with the standards by which it furnishes services to its own retail water and wastewater customers, and shall comply with all applicable local, state and federal laws, rules and regulations.

(d) Town acknowledges that the Operations Services do not include any services or obligations not specifically set forth in this Contract. By way of example and without limitation, the Operations Services do not include design or construction of extensions to the Town Wastewater Collection System or Town Distribution System; plumbing inspections; construction inspections; records retention; filing of plans for new infrastructure improvements with regulatory authorities; legislative functions such as adoption of policies, rates and service rules; or enforcement of Town ordinances, rules, regulations or policies.

(e) As part of the Operations Services, MUD shall prepare, execute and file on behalf of Town those operations and sampling reports and filings that may legally be executed by an operator of a public water or wastewater system on behalf of the owner. With respect to those reports, plans and filings that must be executed or filed directly by the owner of the public water or wastewater system, MUD shall prepare a draft report, plan and/or filing for Town, but Town shall be solely responsible for final approval, execution and filing thereof. The

Parties agree that the data to be furnished by MUD for purposes of preparing reports, filings and plans on behalf of Town shall be operational and sampling data obtained by MUD in connection with providing the Operations Services, and Town shall be responsible for gathering and furnishing other data not generated as a result of operating the Town Water Distribution System and Town Wastewater Collection System, such as Town population data.

5.3 Wells. Town has sole discretion regarding the specifications for, number and location of Wells that may be constructed by Town. Any and all Wells constructed by or at the direction of Town or dedicated to Town shall be owned and operated by Town, and are outside the scope of Operations Services to be furnished by MUD. No Wells shall be connected to the Town Water Distribution System without the prior consent and approval of the MUD. MUD has sole discretion regarding the specifications for, number and location of Wells that may be constructed by MUD.

5.4 Cooperation.

(a) Town agrees to fully cooperate with MUD in connection with the provision of Operations Services by MUD. By way of example and without limitation, Town shall not prevent, hinder or impair MUD's access to the Town Wastewater Collection System or Town Water Distribution System. Similarly, in the event Town receives any notices, correspondence, notices of enforcement action, inspection reports, customer correspondence or other information relating to water or wastewater services, operations or water or wastewater facilities, it shall provide a copy thereof to MUD as soon as reasonably practical. Town shall also timely execute any operations reports or filings that must be executed by an authorized representative of Town, and shall fully cooperate as necessary to allow MUD to file any regulatory reports or filings that MUD files on behalf of Town as part of the Operations Services.

(b) The Parties agree to fully cooperate and provide notice to each other as soon as practicable regarding emergencies and events that materially impact water and wastewater service.

(c) The Parties will fully cooperate to respond to alleged violations or enforcement action pertaining to water and wastewater services.

5.5 Approvals for MUD Bonds Relating to Town Infrastructure. The Parties acknowledge and agree that the Operations Services to be provided by MUD include necessary repairs or replacement of the Town Wastewater Collection System or the Town Water Distribution System. In the event that MUD seeks to issue bonds for funding any such repairs or replacements and TCEQ withholds approval for the issuance of such bonds, or the Attorney General of the State of Texas refuses to render an opinion approving the validity of bonds issued by MUD for such purposes, then the Parties agree to fully cooperate as necessary to cause such repair or replacement to proceed without delay at no

additional cost to Town. MUD shall have no obligation to undertake any such repair or replacement until an alternative funding source is identified and agreed upon by the Parties.

5.6 Elevated Storage Tank. The Parties acknowledge that the Town Water Distribution System includes an elevated storage tank to which both Parties contributed funding. As part of the Operations Services, MUD shall operate the elevated storage tank to provide and maintain pressure to customers of both the Town Water Distribution System and the MUD Water System in accordance with all applicable regulatory requirements applicable to both systems.

5.7 Insurance. MUD agrees to secure and maintain insurance for the Town Water Distribution System and Town Wastewater Collection System at MUD's sole cost and expense. The Parties mutually agree that any payments of insurance under any such policies should go to MUD for purposes of repair or replacement of Town infrastructure. In the event that the insurance company tenders payment of the insurance proceeds to Town for any reason, Town agrees to immediately remit all such insurance proceeds to MUD, which shall utilize the proceeds for repair or replacement of Town infrastructure, or if the amount of the proceeds exceeds the cost of the repair or replacement, MUD shall credit such excess proceeds to the Annual Capital Improvements and Maintenance Charge due from Town.

ARTICLE VI. CHARGES TO TOWN

6.1 Charges to Town for Wholesale Water Service, Wholesale Wastewater Services and Operational Services. The MUD charges to Town for Wholesale Water Services, Wholesale Wastewater Services, and Operational Services shall consist of the following:

- (a) The Retail Customer Charge;
- (b) The Annual Capital Improvements and Maintenance Charge;
- (c) Fort Worth Impact Fees; and
- (d) Utility Fees.

ARTICLE VII. BILLING AND PAYMENT

7.1 Retail Customer Charge.

(a) Within thirty (30) days of the Effective Date, Town shall adopt the Town Rate Order. Except as provided in Section 7.1(d) below, the Town Rate Order shall be identical to the existing MUD Rate Order. MUD shall provide to

Town any amended or revised MUD Rate Order adopted by MUD not later than sixty (60) days before the effective date of any new rates and charges, and Town shall adopt a Town Rate Order identical to the amended or revised MUD Rate Order within sixty (60) days of Town's receipt of the amended or revised MUD Rate Order, such that the effective date of any changes to the Town Rate Order and MUD Rate Order shall be identical. In the event that in connection with any rate proceeding TCEQ (or the Public Utility Commission of Texas) changes any MUD rates, fees or charges, MUD shall provide immediate notice thereof to Town and Town shall use its best efforts to change the Town Rate Order immediately, including by calling a special meeting if necessary.

(b) As part of the Operations Services provided to Town, MUD shall bill and collect amounts due from Town Customers under the Town Rate Order for the provision of retail water and wastewater services. Such billing and collection shall be conducted by MUD in the same manner of billing and collections performed by MUD for retail water and wastewater service furnished by MUD to its retail customers in the MUD boundaries.

(c) Town hereby authorizes MUD to collect all monthly payments from Town Customers under the Town Rate Order and to directly deposit such payments into the MUD bank accounts. MUD shall keep one hundred percent (100%) of all collections from Town Customers, except as provided in Section 7.1(d) below. All such payments collected by MUD from Town Customers under the Town Rate Order identical to the rates, fees and charges of MUD are collectively referred to herein as the "Retail Customer Charge."

(d) Town shall have the right at any time to modify its rate order to include separate fees and charges in addition to those billed and charged by MUD. Any such additional Town fees or charges (a "Town Surcharge") shall be separately identified on the MUD's bill to Town Customers. Town shall give MUD not less than 60 days prior written notice of any such additional Town charge. Except as provided in Section 7.2(d) below with respect to the levy and collection of a Town Surcharge for payment of the Annual Capital Improvements and Maintenance Charge, MUD shall remit payment of any such additional Town fees and charges that it collects to Town within fifteen (15) days after receipt of a written invoice for payment from Town. Notwithstanding any provision herein to the contrary, Town agrees that the volumetric rates for water and wastewater service to Town Customers under the Town Rate Order must be identical to the MUD volumetric rates for water and wastewater services under the MUD Rate Order, and the Town Surcharge shall not be a gallonage charge (and instead shall be a fixed sum).

7.2 Annual Capital Improvements and Maintenance Charge.

(a) The Annual Capital Improvements and Maintenance Charge shall be calculated in accordance with the following methodology:

- 1) Town shall furnish its most current certified assessed valuation from the County Tax-Assessor (the "Certified Assessed Valuation") for the Property to the MUD on or before August 1 of each year that this Contract remains in effect.
- 2) No later than September 1 of the same year, MUD will furnish Town with an annual debt service, maintenance and operations budget that contains the following items:
 - a. The total debt service requirements for new money ad valorem tax bonds issued by MUD after the Effective Date in the next calendar year ("Annual Debt Service Requirement");
 - b. The total expenses to be funded with maintenance taxes in the next fiscal year ("Annual Maintenance and Repair Requirement"), save and except budgeted costs of MUD director fees and director elections, the costs of which MUD agrees shall not be funded by the Annual Capital Improvements and Maintenance Charge;
 - c. The cumulative total of the Certified Assessed Valuation for the MUD and the Property;
 - d. Town's percentage share of the Annual Debt Service Requirement and Annual Maintenance and Repair Requirement calculated by dividing the Certified Assessed Valuation for the Property by the cumulative total of the Certified Assessed Valuation for the MUD and the Property; and
 - e. The amount of the next year's Annual Debt Service Requirement and Annual Maintenance and Repair Requirement for which the Town is responsible for payment during the subsequent calendar year (the "Annual Capital Improvements and Maintenance Charge") shall be equal to the product of the Town's percentage share of the Annual Debt Service Requirement and Annual Maintenance and Repair Requirement multiplied by the Annual Debt Service Requirement and Annual Maintenance and Repair Requirement.

(b) If for any reason the timing of issuance of ad valorem tax debt by MUD does not allow the Annual Capital Improvements and Maintenance Charge to be calculated in accordance with the foregoing schedule, then Town's share of any such ad valorem debt service payments shall be added to the next subsequent calendar year Annual Debt Service Requirement.