

(a) Lessor may require Lessee to pay (and Lessee agrees that it shall pay) all amounts then currently due under all Leases and all remaining Rent Payments due under all Leases during the fiscal year in effect when the default occurs together with interest on such amounts at the highest lawful rate from the date of Lessor's demand for such payment.

(b) Lessor may require Lessee to promptly return all Equipment to Lessor in the manner set forth in Section 21 (and Lessee agrees that it shall so return the Equipment), or Lessor may, at its option, enter upon the premises where any Equipment is located and repossess such Equipment without demand or notice, without any court order or other process of law and without liability for any damage occasioned by such repossession;

(c) Lessor may sell, lease or otherwise dispose of any Equipment, in whole or in part, in one or more public or private transactions, and if Lessor so disposes of any Equipment, then Lessor shall retain the entire proceeds of such disposition free of any claims of Lessee, provided, that the net proceeds of any such disposition shall be applied to amounts payable by Lessee under clause (a) above of this Section only to the extent that such net proceeds exceed the applicable Termination Value set forth in the applicable Schedule A-1;

(d) Lessor may terminate, cancel or rescind any Lease as to any and all Equipment;

(e) Lessor may exercise any other right, remedy or privilege which may be available to Lessor under applicable law or, by appropriate court action at law or in equity, Lessor may enforce any of Lessee's obligations under any Lease; and/or

(f) Lessor may require Lessee to pay (and Lessee agrees that it shall pay) all out-of-pocket costs and expenses incurred by Lessor as a result (directly or indirectly) of the Event of Default and/or of Lessor's actions under this section, including, without limitation, any attorney fees and expenses and any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of any Equipment.

None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lessor. Lessor's exercise of one or more remedies shall not preclude its exercise of any other remedy. No delay or failure on the part of Lessor to exercise any remedy under any Lease shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any remedy preclude any other exercise thereof or the exercise of any other remedy.

21. RETURN OF EQUIPMENT. If Lessor is entitled under the provisions of any Lease, including any termination thereof pursuant to Sections 6 or 20 of this Master Lease, to obtain possession of any Equipment or if Lessee is obligated at any time to return any Equipment, then (a) title to the Equipment shall vest in Lessor immediately upon Lessors notice thereof to Lessee, and (b) Lessee shall, at its sole expense and risk, immediately de-install, disassemble, pack, crate, insure and return the Equipment to Lessor (all in accordance with applicable industry standards) at any location in the continental United States selected by Lessor. Such Equipment shall be in the same condition as when received by Lessee (reasonable wear, tear and depreciation resulting from normal and proper use excepted), shall be in good operating order and maintenance as required by the applicable Lease, shall be free and clear of any Liens (except Lessor's Lien) and shall comply with all applicable laws and regulations. Until Equipment is returned as required above, all terms of the applicable Lease shall remain in full force and effect including, without limitation, obligations to pay Rent Payments and to insure the Equipment. Lessee agrees to execute and deliver to Lessor all documents reasonably requested by Lessor to evidence the transfer of legal and beneficial title to such Equipment to Lessor and to evidence the termination of Lessee's interest in such Equipment.

22. LAW GOVERNING. Each Lease shall be governed by the laws of the state of the lessee (The "State").

23. NOTICES. All notices to be given under any Lease shall be made in writing and either personally delivered or mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notices shall be deemed to have been received five (5) days subsequent to mailing if sent by regular or certified mail, or on the next business

day if sent by overnight courier, or on the day of delivery if delivered personally.

24. FINANCIAL INFORMATION; INDEMNITY; POWER OF ATTORNEY. Within thirty (30) days of their completion in each fiscal year of Lessee during any Lease Term, Lessee will deliver to Lessor upon Lessor's request the publicly available annual financial information of Lessee. To the extent permitted by law, Lessee shall indemnify, hold harmless and, if Lessor requests, defend Lessor and its shareholders, affiliates, employees, dealers and agents against all Claims directly or indirectly arising out of or connected with (a) the manufacture, installation, use, lease, possession or delivery of the Equipment, (b) any defects in the Equipment, any wrongful act or omission of Lessee, or its employees and agents, or (c) any claims of alleged breach by Lessee of this Master Lease or any related document. "Claims" means all losses, liabilities, damages, penalties, expenses (including attorney's fees and costs), claims, actions and suits, whether in contract, tort or otherwise. Lessee hereby appoints Lessor its true and lawful attorney-in-fact (with full power of substitution) to prepare any instrument, certificate of title or financing statement covering the Equipment or otherwise protecting Lessor's interest in the Equipment, to sign Lessee's name with the same force and effect as if signed by Lessee, and to file same at the proper location(s); and make claims for, receive payment of, and execute and endorse all documents, checks or drafts for loss, theft, damage or destruction to the Equipment under any insurance.

25. ANTI-MONEY LAUNDERING/INTERNATIONAL TRADE LAW COMPLIANCE.

Lessee represents and warrants to Lessor, as of the date of this Master Lease, the date of each advance of proceeds pursuant to this Master Lease, the date of any renewal, extension or modification of this Master Lease or any Lease, and at all times until this Master Lease and each Lease has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the proceeds of any Lease will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (c) the funds used to repay any Lease are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws. Lessee covenants and agrees that it shall immediately notify Lessor in writing upon the occurrence of a Reportable Compliance Event.

As used herein: "Anti-Terrorism Laws" means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; "Compliance Authority" means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; "Covered Entity" means Lessee, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of Lessee acting in any capacity in connection with this Master Lease or any Lease; "Reportable Compliance Event" means that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; "Sanctioned Country" means a country subject to a sanctions program maintained by any Compliance Authority; and "Sanctioned Person" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

26. USA PATRIOT ACT NOTICE.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires

all financial institutions to obtain, verify and record information that identifies each lessee that opens an account. What this means: when Lessee opens an account, Lessor will ask for the business name, business address, taxpayer identifying number and other information that will allow Lessor to identify Lessee, such as organizational documents. For some businesses and organizations, Lessor may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

27. SECTION HEADINGS. All section headings contained herein or in any Schedule are for convenience of reference only and do not define or limit the scope of any provision of any Lease.

28. EXECUTION IN COUNTERPARTS. Each Schedule to this Master Lease may be executed in several counterparts, each of which shall be deemed an original, but all of which shall be deemed one instrument. Only one counterpart of each Schedule shall be marked "Lessor's Original" and all other counterparts shall be deemed duplicates. An assignment of or security interest in any Schedule may be created through transfer and possession only of the counterpart marked "Lessor's Original."

29. ENTIRE AGREEMENT; WRITTEN AMENDMENTS. Each Lease, together with the exhibits attached thereto and made a part hereof and other attachments thereto, and other documents or instruments executed by Lessee and Lessor in connection therewith, constitute the entire agreement between the parties with respect to the lease of the Equipment covered thereby, and such Lease shall not be modified, amended, altered, or changed except with the written consent of Lessee and Lessor. Any provision of any Lease found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of the Lease.

30. HEAVY-DUTY VEHICLE GREENHOUSE GAS EMISSION REDUCTION REGULATION.

(a) If the equipment leased pursuant to the Lease is a tractor, the Lessee of this heavy-duty tractor understands that when using a heavy-duty tractor to pull a 53-foot or longer box-type trailer on a highway within California, the heavy-duty tractor must be compliant with sections 95300-95312, title 17, California Code of Regulations, and that it is the responsibility of the Lessee to ensure this heavy-duty tractor is compliant. The regulations may require this heavy-duty tractor to have low-rolling-resistance tires that are U.S. Environmental Protection Agency (U.S. EPA) SmartWay Verified Technologies prior to current or future use in California, or may entirely prohibit use of this tractor in California if it is a model year 2011 or later tractor and is not a U.S. EPA SmartWay Certified Tractor.

(b) If the equipment leased pursuant to the Lease is a trailer, the Lessee of this box-type trailer understands that when using a heavy-duty tractor to pull a 53-foot or longer box-type trailer on a highway within California, the box-type trailer must be compliant with sections 95300-95312, title 17, California Code of Regulations, and that it is the responsibility of the Lessee to ensure this box-type trailer is compliant. The regulations may require this trailer to have low-rolling-resistance tires and aerodynamic technologies that are U.S. Environmental Protection Agency SmartWay Verified Technologies prior to current or future use in California.

(c) Notwithstanding anything in the Lease to the contrary, the Lease does not prohibit the Lessee from modifying the trailer, at Lessee's cost, to be compliant with the requirements of the California Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation.

31. IMPORTANT INFORMATION ABOUT PHONE CALLS. By providing telephone number(s) to Lessor, now or at any later time, Lessee authorizes Lessor and its affiliates and designees to contact Lessee regarding Lessee account(s) with Lessor or its affiliates, whether such accounts are Lessee individual accounts or business accounts for which Lessee is a contact, at such numbers using any means, including but not limited to placing calls using an automated dialing system to cell, VoIP or other wireless phone number, or leaving prerecorded messages or sending text messages, even if charges may be incurred for the calls or text messages. Lessee consents that any phone call with Lessor may be monitored or recorded by Lessor.

Trophy Club Municipal Utility District No. 1
("Lessee")

By: _____

Title: General Manager

100 Municipal Drive
Trophy Club, TX 76262

Oshkosh Capital
("Lessor")

By: _____

Title: _____

155 East Broad Street, B4-B230-05-7
Columbus, OH 43215

LEASE SCHEDULE NO. 186070000

Dated As Of October 23, 2014

This Lease Schedule (this "Schedule") is attached and made a part of the Master Lease-Purchase Agreement referenced below, together with all exhibits, schedules, addenda, and other attachments thereto, executed by Lessee and Lessor (the "Lease"). Unless otherwise defined herein, capitalized terms will have the same meaning ascribed to them in the Master Lease. All terms and conditions of the Master Lease are incorporated herein by reference. To the extent that there is any conflict between the terms of the Lease and this Schedule, the terms of this Schedule shall control.

Master Lease-Purchase Agreement dated October 23, 2014

1. **EQUIPMENT DESCRIPTION.** As used in the Lease, "Equipment" means all of the property described in Schedule A-1 attached to this Schedule and all attachments, additions, accessions, parts, repairs, improvements, replacements and substitutions thereto.
2. **RENTAL PAYMENTS; LEASE TERM.** The Rental Payments to be paid by the Lessee to Lessor, the commencement date thereof and the lease term of this Lease Schedule are set forth on the Schedule A-1 attached to this Lease Schedule.
3. **ESSENTIAL USE; CURRENT INTENT OF LESSEE.** Lessee represents that the use of the Equipment is essential to Lessee's proper, efficient and economic functioning or to the services that Lessee provides to its citizens and the Equipment will be used by Lessee only for the purpose of performing its governmental or proprietary functions consistent with the permissible scope of its authority. Lessee currently intends for the full Lease Term: to use the Equipment; to continue this Lease; and (if applicable) to make Rent Payments if funds are appropriated in each fiscal year by its governing body.
4. **ACCEPTANCE OF EQUIPMENT. AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT (A) LESSEE HAS RECEIVED AND INSPECTED ALL EQUIPMENT; (B) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS, CONTRACTS AND SPECIFICATIONS; (C) LESSEE ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE IS"; AND (D) LESSEE WAIVES ANY RIGHT TO REVOKE SUCH ACCEPTANCE.**
5. **BANK QUALIFIED.** LESSEE CERTIFIES THAT IT HAS DESIGNATED THIS LEASE AS A QUALIFIED TAX-EXEMPT OBLIGATION IN ACCORDANCE WITH SECTION 285(b)(3) OF THE CODE, THAT IT HAS NOT DESIGNATED MORE THAN \$10,000,000 OF ITS OBLIGATIONS AS QUALIFIED TAX-EXEMPT OBLIGATIONS IN ACCORDANCE WITH SUCH SECTION FOR THE CURRENT CALENDAR YEAR AND THAT IT REASONABLY ANTICIPATES THAT THE TOTAL AMOUNT OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY LESSEE DURING THE CURRENT CALENDAR YEAR WILL NOT EXCEED \$10,000,000.
6. **RE-AFFIRMATION OF THE MASTER LEASE-PURCHASE AGREEMENT.** Lessee hereby re-affirms all of its representations, warranties and obligations under the Master Lease Purchase Agreement (including, without limitation, its obligation to pay all Rental Payments, its disclaimers in Section 7 thereof and its representations in Section 6.1 and 16 thereof).

Trophy Club Municipal Utility District No. 1
("Lessee")

By: _____

Title: General Manager

Oshkosh Capital
("Lessor")

By: _____

Title: _____

Schedule A-1

1. EQUIPMENT LOCATION & DESCRIPTION:

Trophy Club Municipal Utility District No.1

100 Municipal Drive
Trophy Club, TX 76262

Denton County

2015 Pierce 105' Heavy Duty Aerial and additional equipment listed on Exhibit A

VIN #

2. LEASE PAYMENT SCHEDULE.

(a) Accrual Date:

October 23, 2014

(b) Amount Financed:

i.	Equipment Purchase Price	<u>\$ 942,472.00</u>
i.	Additional Equipment	<u>\$154,136.45</u>
ii.	Purchase Price Deduction	<u>\$ 0.00</u>
	Prepay Discounts	<u>\$ 39,292.31</u>
	Trade In	<u>\$ 0.00</u>
iii.	Total Amount Financed (Cash Sale Price minus Purchase Price Deductions)	<u>\$ 1,057,316.14</u>

(c) Payment Schedule:

Accrual Date: October 23, 2014

Rent Payment Number	Rent Payment Date	Rent Payment Amount	Interest Portion	Principal Portion	Termination Value
1	10/23/2014	250,000.00	0.00	250,000.00	807,316.14
2	10/23/2015	127,148.60	20,182.90	106,965.70	721,360.95
3	10/23/2016	127,148.60	17,508.76	109,639.84	608,431.92
4	10/23/2017	127,148.60	14,767.76	112,380.84	492,679.65
5	10/23/2018	127,148.60	11,958.24	115,190.36	374,033.58
6	10/23/2019	127,148.60	9,078.48	118,070.12	252,421.36
7	10/23/2020	127,148.60	6,126.73	121,021.87	127,768.83
8	10/23/2021	127,148.60	3,101.19	124,047.41	1.00

Trophy Club Municipal Utility District No.1
 ("Lessee")

By: _____

Title: _____

Oshkosh Capital
 ("Lessor")

By: _____

Title: _____

FOUR PARTY AGREEMENT
(For Use in States Where a "Dealer" Must Supply Vehicles)

Dated as of October 23, 2014

Lessee means Trophy Club Municipal Utility District No.1

"Schedule" means Lease Schedule No. 186070000 dated October 23, 2014, together with its Schedule A-1.

"Pierce" means Pierce Manufacturing Inc., the manufacturer of the Equipment.

"Supplier" means: Siddons-Martin Emergency Group, LLC

Reference is made to the Lease Schedule ("Lease Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in said Lease Schedule, described above between Oshkosh Capital ("Lessor") and the Lessee identified above which relates to Equipment described in Schedule A-1 to the Lease Schedule attached thereto ("Equipment") to be manufactured by Pierce Manufacturing Inc. and supplied by Supplier, an authorized dealer of Pierce fire equipment. For good and valuable consideration, receipt of which is hereby acknowledged, Lessee, Lessor, Pierce and Supplier hereby agree as follows:

1. Notwithstanding anything to the contrary in the Lease Schedule, Lessee hereby notifies Lessor that the Equipment has not yet been delivered to Lessee and the Equipment has not yet been accepted by Lessee for purposes of the Lease Schedule. Lessee agrees to execute and deliver to Lessor a Delivery and Acceptance Certificate in the form attached hereto as Exhibit A upon the circumstances set forth in said Certificate.

2. All parties hereto agree that the Purchase Price of the Equipment shall be as set forth below if said Purchase Price is paid on or before the Advance Payment Date set forth below:

Purchase Price:	\$942,472.00
Additional Equipment	\$154,136.45
Vendor Discounts:	\$39,292.31
Advance Payment Date:	<u>October 23, 2014</u>

3. Upon execution of the Lease Schedule and delivery of all documents relating thereto required by Lessor, Lessee agrees that it shall pay the Lessee Down Payment stated below and Lessor agrees that it shall pay the balance of the Purchase Price (the "Amount Financed") stated below. Lessee agrees that the Lease Term and Lessee's obligation to pay Rent Payments shall commence on the date set forth in the Lease Schedule notwithstanding the delivery of the Equipment at a later date.

Lessee Down Payment:	\$0.00
Trade In:	\$0.00
Amount Financed:	\$1,057,316.14

4. (a) Supplier anticipates that it shall deliver the Equipment to Lessee by the **Anticipated Delivery Date** set forth below:

Anticipated Delivery Date: July 23, 2015

(b) Supplier anticipates that it shall deliver the Equipment to Lessee no later than the **Outside Delivery Date** set forth below and that such Equipment shall comply with all specifications and requirements of Lessee and with the terms and conditions of any purchase order/purchase agreement relating thereto.

Outside Delivery Date: September 23, 2015

5. If for any reason whatsoever Supplier fails to deliver the Equipment to Lessee as set forth in

subparagraph 4(b) of this Agreement by the Outside Delivery Date for any piece of Equipment (the "Delayed Equipment"), and the Lessee has not agreed to revise the Outside Delivery Date with respect to such Delayed Equipment, then Pierce hereby agrees as follows only for the Delayed Equipment:

- (a) On the first business day after the Outside Delivery Date, Pierce shall pay to Lessee the Lessee Down Payment for the Delayed Equipment plus interest at the Prime Rate plus one percent (1%) per annum from the Advance Payment Date to the date of such payment;
- (b) On the first business day after the Outside Delivery Date, Pierce shall pay to Lessor for the Delayed Equipment the Amount Financed plus interest at the Prime Rate plus one percent (1%) per annum from the Advance Payment Date to the date of such payment; and
- (c) "Prime Rate" means the prime rate of interest as published from time to time in the Wall Street Journal.

If there is more than one piece of Equipment subject to the Lease, and some of the Equipment is delivered in accordance with subparagraph 4(b) of this Agreement, the payments owed pursuant to the Lease shall be modified to reflect only the obligations due on the Equipment that was delivered pursuant to subparagraph 4(b) of this Agreement. The new payment obligation will be determined based on the amount financed for the Equipment delivered to the Lessee, and based on the interest rate in effect as of the date of Lease commencement.

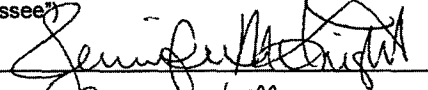
6. If Pierce makes the payments described in paragraph 5 above for the Delayed Equipment under the circumstances set forth above and if Lessee has otherwise paid and performed its obligations under the Lease Schedule as of such payment date for the Delayed Equipment, then Lessee and Lessor agree that the Lease Schedule shall terminate as of the date of such payments by Supplier as to the Delayed Equipment only. Lessee's obligations shall continue unabated for the Equipment that was delivered pursuant to subparagraph 4(b) of this Agreement. Pierce expressly agrees that the Lease Schedule identified herein shall be a "Lease" as such term is used in the Program Agreement, as amended, between Pierce and Lessor.

7. Pierce agrees that a Performance Bond will be issued which names Pierce as Principal, the Lessee as Obligor and the Lessor as Additional Obligor. This Performance Bond will apply solely to the terms and conditions of the purchase order/purchase agreement, including related equipment specifications and warranties, as issued by the lessee and accepted by the Pierce. The "Contract Date" referred to in the Performance Bond shall be the date of the Four Party Agreement. Except as expressly set forth herein, the Lease Schedule and the terms and conditions of the purchase order/purchase agreement for the equipment remain unchanged and in full force and effect.

8. Except as expressly set forth herein, the Lease Schedule and terms and conditions of the purchase order/purchase agreement for the Equipment remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the duly authorized officers of the parties set forth below hereby execute and deliver this Agreement as of the date first written above.

Trophy Club Municipal Utility District No. 1
("Lessee")

By: 
Title: General Manager

Oshkosh Capital
("Lessor")

By: _____

Title: _____

Siddons-Martin Emergency Group, LLC
("Manufacturer")

By: _____

Title: _____

Pierce Manufacturing Inc.
("Supplier")

By: _____

Title: _____

RESOLUTION

Municipality/Lessee: Trophy Club Municipal Utility District No.1

Principal Amount Expected To Be Financed: \$1,057,316.14

WHEREAS, the Municipality is a political subdivision of the State in which Municipality is located (the "State") and is duly organized and existing pursuant to the Constitution and laws of the State.

WHEREAS, pursuant to applicable law, the governing body of the Municipality ("Governing Body") is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights and interest in property, leases and easements necessary to the functions or operations of the Municipality.

WHEREAS, the Governing Body hereby finds and determines that the execution of one or more Master Lease-Purchase Agreements ("Leases") in the principal amount not exceeding the amount stated above for the purpose of acquiring the property ("Equipment") to be described in the Leases is appropriate and necessary to the functions and operations of the Municipality.

WHEREAS, Oshkosh Capital ("Lessor") shall act as Lessor under said Leases.

NOW, THEREFORE, Be It Ordained by the Governing Body of the Municipality:

Section 1. Either one of the General Manager OR N/A (each an "Authorized Representative") acting on behalf of the Municipality, is hereby authorized to negotiate, enter into, execute, and deliver one or more Leases in substantially the form set forth in the document presently before the Governing Body, which document is available for public inspection at the office of the Municipality. Each Authorized Representative acting on behalf of the Municipality is hereby authorized to negotiate, enter into, execute, and deliver such other documents relating to the Lease as the Authorized Representative deems necessary and appropriate. All other related contracts and agreements necessary and incidental to the Leases are hereby authorized.

Section 2. By a written instrument signed by any Authorized Representative, said Authorized Representative may designate specifically identified officers or employees of the Municipality to execute and deliver agreements and documents relating to the Leases on behalf of the Municipality.

Section 3. The aggregate original principal amount of the Leases shall not exceed the amount stated above and shall bear interest as set forth in the Leases and the Leases shall contain such options to purchase by the Municipality as set forth therein.

Section 4. The Municipality's obligations under the Leases shall be subject to annual appropriation or renewal by the Governing Body as set forth in each Lease and the Municipality's obligations under the Leases shall not constitute general obligations of the Municipality or indebtedness under the Constitution or laws of the State.

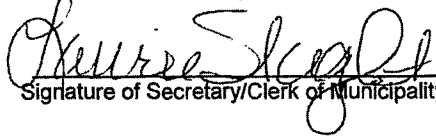
Section 5. As to each Lease, the Municipality reasonably anticipates to issue not more than \$10,000,000 of tax-exempt obligations (other than "private activity bonds" which are not "qualified 501(c)(3) bonds") during the current calendar year in which each such Lease is issued and hereby designates each Lease as a qualified tax-exempt obligation for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Section 6. This resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED on this October 21, 2014.

The undersigned Secretary/Clerk of the above-named Municipality hereby certifies and attests that the undersigned has access to the official records of the Governing Body of the Municipality, that the foregoing resolutions were duly adopted by said Governing Body of the Municipality at a meeting of said Governing Body and that such resolutions have not been amended or altered and are in full force and effect on the date stated below.

LESSEE: Trophy Club Municipal Utility District No.1


Signature of Secretary/Clerk of Municipality

Print Name: Laurie Slaght

Official Title: District Secretary

Date: October 21, 2014



CERTIFICATE OF INCUMBENCY

Lessee: Trophy Club Municipal Utility District No. 1

Lease Schedule No.: 186070000

Dated: October 23, 2014

I, the undersigned Secretary/Clerk identified below, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the above Lessee (the "Lessee"), a political subdivision duly organized and existing under the laws of the State where Lessee is located, that I have the title stated below, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of the Lessee holding the offices set forth opposite their respective names.

[NOTE: Use same titles as Authorized Representatives stated in Resolutions.]

Jennifer McKnight

Name

General Manager

Title

Jennifer McKnight

Signature

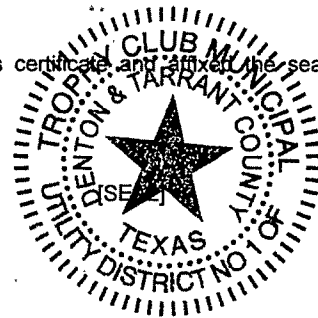
Name

Title

Signature

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal of such Lessee as of the date set forth below.

Laurie Slaght
Signature of Secretary/Clerk of Lessee



Print Name: Laurie Slaght

Official Title: District Secretary

Date: October 21, 2014

INSURANCE COVERAGE DISCLOSUREOshkosh Capital, LESSORTrophy Club Municipal Utility District No.1, LESSEE**RE: INSURANCE COVERAGE REQUIREMENTS**

1. In accordance with the Lease Schedule ("Schedule") to the Master Lease-Purchase Agreement identified in the Lease Schedule ("Master Lease"), Lessee certifies that it has instructed the insurance agent named below (please fill in name, address, and telephone number):

TMLIRPPO BOX 149194AUSTIN TX 78714-9194

to issue: (check to indicate coverage)

- a. All Risk Physical Damage Insurance on the leased Equipment evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming Oshkosh Capital and/or its assigns as Loss Payee.

Coverage Required: Termination Value Specified

- b. Public Liability Insurance evidenced by a Certificate of Insurance naming Oshkosh Capital and/or its assigns as an Additional Insured.

Minimum Coverage Required:

\$1,000,000.00 per person
 \$2,000,000.00 aggregate bodily injury liability
 \$1,000,000.00 property damage liability

Proof of insurance coverage will be provided to Oshkosh Capital, 155 East Broad Street, B4-B230-05-7, Columbus, OH 43215, prior to the time that the property is delivered to Lessee.

OR

2. Pursuant to the Master Lease, Lessee represents and warrants, in addition to other matters under the Agreement, that it is lawfully self-insured for: (check to indicate coverage)

- a. All risk, physical damage in the amount specified in 1(a) above.
 b. Public liability for not less than the amounts specified in 1(b) above.

Lessee has attached a signed letter describing self-insurance.

LESSEE: Trophy Club Municipal Utility District No.1

By: 

Title: General Manager

*To be provided @ delivery.

INSURANCE INFORMATION

Please provide the following information to your insurance company to help expedite receipt of the necessary coverage:

ITEMS WHICH NEED TO BE REFLECTED ON INSURANCE CERTIFICATE:

- Oshkosh Capital must be named Loss Payee and Additional Insured
- 30 Days Notice of Cancellation
- Not Less than \$2,000,000.00 limits on liability
- Certificate must reflect a short equipment description
- Certificate must reflect an expiration date

Certificate Holder Information:

Oshkosh Capital, its successors and/or all assigns
155 East Broad Street, B4-B230-05-7
Columbus, OH 43215

Please send a FAX copy of certificate to Cheryl Kennedy at 1-800-678-0602.

The original should be mailed to the same at:

Oshkosh Capital
155 East Broad Street, B4-B230-05-7
Columbus, OH 43215

Please call Cheryl Kennedy at 1-800-820-9041, ext. 4, if you have any questions.

FOUR PARTY AGREEMENT
(For Use in States Where a "Dealer" Must Supply Vehicles)

Dated as of October 23, 2014

Lessee means Trophy Club Municipal Utility District No.1

"Schedule" means Lease Schedule No. 186070000 dated October 23, 2014, together with its Schedule A-1.

"Pierce" means Pierce Manufacturing Inc., the manufacturer of the Equipment.

"Supplier" means: Siddons-Martin Emergency Group, LLC

Reference is made to the Lease Schedule ("Lease Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in said Lease Schedule, described above between Oshkosh Capital ("Lessor") and the Lessee identified above which relates to Equipment described in Schedule A-1 to the Lease Schedule attached thereto ("Equipment") to be manufactured by «Manufacturer» and supplied by Supplier, an authorized dealer of Pierce fire equipment. For good and valuable consideration, receipt of which is hereby acknowledged, Lessee, Lessor, Pierce and Supplier hereby agree as follows:

1. Notwithstanding anything to the contrary in the Lease Schedule, Lessee hereby notifies Lessor that the Equipment has not yet been delivered to Lessee and the Equipment has not yet been accepted by Lessee for purposes of the Lease Schedule. Lessee agrees to execute and deliver to Lessor a Delivery and Acceptance Certificate in the form attached hereto as Exhibit A upon the circumstances set forth in said Certificate.

2. All parties hereto agree that the Purchase Price of the Equipment shall be as set forth below if said Purchase Price is paid on or before the Advance Payment Date set forth below:

Purchase Price:	\$942,472.00
Vendor Discounts:	\$39,292.31
Advance Payment Date:	<u>October 23, 2014</u>

3. Upon execution of the Lease Schedule and delivery of all documents relating thereto required by Lessor, Lessee agrees that it shall pay the Lessee Down Payment stated below and Lessor agrees that it shall pay the balance of the Purchase Price (the "Amount Financed") stated below. Lessee agrees that the Lease Term and Lessee's obligation to pay Rent Payments shall commence on the date set forth in the Lease Schedule notwithstanding the delivery of the Equipment at a later date.

Lessee Down Payment:	\$0.00
Trade In:	\$0.00
Amount Financed:	\$1,057,316.14

4. (a) Supplier anticipates that it shall deliver the Equipment to Lessee by the **Anticipated Delivery Date** set forth below.

Anticipated Delivery Date: July 23, 2015

(b) Supplier anticipates that it shall deliver the Equipment to Lessee no later than the Outside Delivery Date set forth below and that such Equipment shall comply with all specifications and requirements of Lessee and with the terms and conditions of any purchase order/purchase agreement relating thereto.

Outside Delivery Date: September 23, 2015

5. If for any reason whatsoever Supplier fails to deliver the Equipment to Lessee as set forth in **subparagraph 4(b)** of this Agreement by the Outside Delivery Date for any piece of Equipment (the "Delayed Equipment"), and the Lessee has not agreed to revise the Outside Delivery Date with respect to such Delayed Equipment, then Pierce hereby agrees as follows only for the Delayed Equipment:

- (a) On the first business day after the Outside Delivery Date, Pierce shall pay to Lessee the Lessee Down Payment for the Delayed Equipment plus interest at the Prime Rate plus one percent (1%) per annum from the Advance Payment Date to the date of such payment;
- (b) On the first business day after the Outside Delivery Date, Pierce shall pay to Lessor for the Delayed Equipment the Amount Financed plus interest at the Prime Rate plus one percent (1%) per annum from the Advance Payment Date to the date of such payment; and
- (c) "Prime Rate" means the prime rate of interest as published from time to time in the Wall Street Journal.

If there is more than one piece of Equipment subject to the Lease, and some of the Equipment is delivered in accordance with subparagraph 4(b) of this Agreement, the payments owed pursuant to the Lease shall be modified to reflect only the obligations due on the Equipment that was delivered pursuant to subparagraph 4(b) of this Agreement. The new payment obligation will be determined based on the amount financed for the Equipment delivered to the Lessee, and based on the interest rate in effect as of the date of Lease commencement.

6. If Pierce makes the payments described in **paragraph 5** above for the Delayed Equipment under the circumstances set forth above and if Lessee has otherwise paid and performed its obligations under the Lease Schedule as of such payment date for the Delayed Equipment, then Lessee and Lessor agree that the Lease Schedule shall terminate as of the date of such payments by Supplier as to the Delayed Equipment only. Lessee's obligations shall continue unabated for the Equipment that was delivered pursuant to subparagraph 4(b) of this Agreement. Pierce expressly agrees that the Lease Schedule identified herein shall be a "Lease" as such term is used in the Program Agreement, as amended, between Pierce and Lessor.

7. Pierce agrees that a Performance Bond will be issued which names Pierce as Principal, the Lessee as Obligor and the Lessor as Additional Obligor. This Performance Bond will apply solely to the terms and conditions of the purchase order/purchase agreement, including related equipment specifications and warranties, as issued by the lessee and accepted by the Pierce. The "Contract Date" referred to in the Performance Bond shall be the date of the Four Party Agreement. Except as expressly set forth herein, the Lease Schedule and the terms and conditions of the purchase order/purchase agreement for the equipment remain unchanged and in full force and effect.

8. Except as expressly set forth herein, the Lease Schedule and terms and conditions of the purchase order/purchase agreement for the Equipment remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the duly authorized officers of the parties set forth below hereby execute and deliver this Agreement as of the date first written above.

Trophy Club Municipal Utility District No. 1

("Lessee")

By: 

Title: General Manager

Oshkosh Capital

("Lessor")

By: _____

Title: _____

Siddons-Martin Emergency Group, LLC

("Manufacturer")

By: _____

Title: _____

Pierce Manufacturing Inc.

("Supplier")

By: _____

Title: _____

Exhibit A

DELIVERY & ACCEPTANCE CERTIFICATELease Schedule No. 186070000

Reference is made to the above Lease Schedule ("Schedule"), which has been executed and delivered by the undersigned Lessee ("Lessee") and Oshkosh Capital ("Lessor"). This Certificate amends and supplements the terms and conditions of the Lease Schedule and is hereby made a part of the Lease Schedule. Unless otherwise defined herein, capitalized terms defined in the Master Lease-Purchase Agreement and the Lease Schedule shall have the same meaning when used herein; provided, that "Equipment" shall mean the Equipment described in the Schedule A-1 and in any attachment or exhibit to this Certificate.

Notwithstanding anything to the contrary, expressed or implied, in the Lease Schedule or its Schedule A-1, Lessee agrees as follows:

1. ACCEPTANCE OF EQUIPMENT. As of the Acceptance Date stated below and as between Lessee and Lessor, Lessee hereby agrees that: (a) Lessee has received and inspected all Equipment; (b) all Equipment is in good working order and complies with all purchase orders, contracts and specifications; (c) Lessee accepts all Equipment for purposes of the Lease "as-is, where-is"; and (d) Lessee waives any right to revoke such acceptance.

ACCEPTANCE DATE: ~~October 21, 2014~~

2. RENT PAYMENTS. Lessee hereby agrees that Lessee will pay the Rent Payments for the Equipment in the amounts and on the dates specified in Schedule A-1 to the Lease Schedule.

Trophy Club Municipal Utility District No.1
("Lessee")

By: _____

Title: General Manager

FEDERAL TAX I.D. # 75-1502727

PHYSICAL ADDRESS (IF DIFFERENT):

City, State and Zip _____

Board Meeting Date? N/A

Require signed vouchers for payments? _____ Yes x No

We typically mail our invoices 30 days in advance. Taking into account a 7-day mail period, do you foresee any problem that would prevent the payment from being received on or before the due date?

Yes X No

Please list any special instructions below:

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	

TEXAS LEASE SCHEDULE ADDENDUM

Dated As Of October 23, 2014

Lease Schedule No. 186070000 dated October 23, 2014

Lessee: Trophy club Municipal Utility District No.1

Reference is made to the above Lease Schedule ("Schedule") and to the Master Lease-Purchase Agreement ("Master Lease") identified in the Schedule by and between Oshkosh Capital ("Lessor") and the above lessee ("Lessee"). As used herein, "Lease" shall mean the Schedule and the Master Lease, but only to the extent that the Master Lease relates to the Schedule. This Addendum amends and modifies the terms and conditions of the Lease and is hereby made a part of the Lease. Unless otherwise defined herein, capitalized terms defined in the Master Lease shall have the same meaning when used herein.

NOW, THEREFORE, solely for purposes of the Lease, Lessor and Lessee hereby agree as follows:

1. NON-APPROPRIATION AND NON-SUBSTITUTION AMENDMENTS. All of subsections 6.1 and 6.2 of the Master Lease are deleted and replaced with the following:

"6. TERMINATION FOR GOVERNMENTAL NON-APPROPRIATIONS.

"6.1 For the Lease, Lessee represents and warrants: that it has appropriated and budgeted the necessary funds to make all Rent Payments required pursuant to such Lease for the remainder of the fiscal year in which the Lease Term commences; and that it currently intends to make Rent Payments for the full Lease Term as scheduled in the applicable Payment Schedule if funds are appropriated for the Rent Payments in each succeeding fiscal year by its governing body. Without contractually committing itself to do so, Lessee reasonably believes that moneys in an amount sufficient to make all Rent Payments can and will lawfully be appropriated and made available therefor. All Rent Payments shall be payable out of the general funds of Lessee or out of other funds legally available therefor. Lessor agrees that the Lease will not be a general obligation of Lessee and the Lease shall not constitute a pledge of either the full faith and credit of Lessee or the taxing power of Lessee.

"6.2 If Lessee's governing body fails to appropriate sufficient funds in any fiscal year for Rent Payments or other payments due under the Lease and if other funds are not legally available for such payments, then a "Non-Appropriation Event" shall be deemed to have occurred. If a Non-Appropriation Event occurs, then: (a) Lessee shall give Lessor immediate notice of such Non-Appropriation Event and provide written evidence of such failure by Lessee's governing body; (b) on the Return Date, Lessee shall return to Lessor all, but not less than all, of the Equipment covered by the Lease, at Lessee's sole expense, in accordance with Section 21 hereof (provided, that if under applicable State law Lessee's obligation to pay the expenses of returning the Equipment would render the Lease void or unenforceable under State law, then Lessee shall not be obligated to pay the expenses of returning the Equipment under section 21 hereof, but Lessee shall be required to cooperate with Lessor in Lessor's taking possession of the Equipment); and (c) the Lease shall terminate on the Return Date without penalty to Lessee, provided, that Lessee shall pay all Rent Payments and other amounts payable under the Lease for which funds shall have been appropriated or are otherwise legally available, provided further, that Lessee shall pay month-to-month rent at the rate set forth in the Lease for each month or part thereof that Lessee fails to return the Equipment under this Section 6.2. "Return Date" means the last day of the fiscal year for which appropriations were made for the Rent Payments due under the Lease."

2. DECLARATION OF PERSONAL PROPERTY FINANCING.

(a) **LESSEE AND LESSOR EXPRESSLY DECLARE AND AGREE THAT THE EQUIPMENT SHALL CONSTITUTE PERSONAL PROPERTY AND THAT THE EQUIPMENT SHALL NOT BE DEEMED, OR IDENTIFIED AS, ANY OF THE FOLLOWING: REAL PROPERTY; AN IMPROVEMENT ON ANY REAL PROPERTY; A PERMANENT BUILDING OR STRUCTURE ON ANY REAL PROPERTY; OR A FIXTURE ON ANY REAL PROPERTY.**

(b) Lessee represents and warrants to Lessor that the Equipment is personal property and that the Equipment is not any of the following: real property; an improvement on any real property; a permanent building or structure on any real property; or a fixture on any real property. Upon Lessor's written request, Lessee shall furnish to Lessor a certificate executed by an independent engineer or architect who is reasonably satisfactory to Lessor wherein said engineer or architect certifies that the Equipment is relocatable or transportable and will remain personal property.

(c) Without limiting the generality of the representations in the Master Lease as it applies to the Lease, Lessee represents and warrants to Lessor that the Lease complies with all applicable provisions of the laws of the State of Texas, including, without limitation, all applicable public finance laws of the State of Texas.

3. NO SALE OF FRACTIONAL INTERESTS IN THE LEASE. Lessor agrees that: (a) unless otherwise agreed by Lessee in writing, Lessor will not create or sell fractional interests in the Lease or participation interests in the Lease; (b) if Lessor sells or assigns its rights in the Lease, then, unless otherwise agreed by Lessee in writing, such sale or assignment shall be of an undivided interest in all of Lessor's right, title and interest in the Lease to a single purchaser or assignee; and (c) if Lessee consents to the creation or sale of any fractional interests in the Lease or any participation interests in the Lease, Lessor agrees that such transaction shall comply with applicable State and federal law.

4. GENERAL. Except as expressly amended by this Addendum and other modifications signed by Lessor, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first referenced above.

Trophy Club Municipal Utility District NO. 1
(Lessee)

By: 

Title: General Manager

Oshkosh Capital
(Lessor)

By: _____

Title: _____

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.


OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name Trophy Club Municipal Utility District NO.1		2 Issuer's employer identification number (EIN) 75 1502727
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) 100 Municipal Drive	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Trophy Club, TX 76262		7 Date of issue 10/23/2014
8 Name of issue Lease #186070000		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Danny Thomas		10b Telephone number of officer or other employee shown on 10a

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14	1,057,316	14
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input checked="" type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/23/2021	\$ 1,057,316.14	\$ 1,057,316.14	7 years	2.500 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,057,316	14
24 Proceeds used for bond issuance costs (including underwriters' discount)	24		
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,057,316	14

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	_____

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box	<input checked="" type="checkbox"/>	
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box	<input type="checkbox"/>	
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box	<input type="checkbox"/>	
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box	<input type="checkbox"/>	
44	If the issuer has established written procedures to monitor the requirements of section 148, check box	<input type="checkbox"/>	
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	Signature of issuer's authorized representative		Date	Type or print name and title
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no. ▶		

NR 000512

Purchase Order

Trophy Club Municipal Utility District No. 1
 100 Municipal Drive
 Trophy Club, TX 76262
 Phone (817) 831-4600
 Fax (817) 491-9312

Vendor	Date
<i>Siddan Martin Inc</i>	<i>10-23-14</i>
Address	Vendor Phone
<i>3500 Shelby Lane</i>	
City, State, Zip	
<i>Dallas, TX 76207</i>	

Qty	Description	Price Each	Total Price
1			
2	<i>1 Pierce Arrow</i>	<i>942,472.00</i>	
3	<i>XT 185 HD</i>		
4	<i>Arrow Truck</i>		
5			
6	<i>Equipment</i>	<i>154,136.40</i>	
7			
8			
9	<i>- Prepay Discount</i>	<i>- 37,242.31</i>	
10			
11			
12			
		Subtotal	<i>1,057,366.10</i>
		Sales Tax*	\$ 0.00
		Shipping	
		Total	<i>1,057,366.10</i>

*Trophy Club M.U.D. No. 1 is exempt from state and local sales and use taxes.	Purchaser <i>Danny Thomas</i>
Expense Code/Dept. <i>136--15035</i>	Approved by <i>[Signature]</i>

TCMUD002065

NEW ISSUE-BOOK-ENTRY-ONLY

Ratings: S&P: "AAA" (Negative Outlook) (Insured)
"AA-" (Underlying)
Moody's: "Aa3" (Negative Outlook) (Insured)
"A2" (Underlying)
(See "RATINGS" and "BOND INSURANCE" herein)

OFFICIAL STATEMENT
Dated March 16, 2010

In the opinion of bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, subject to the matters described under "TAX MATTERS" herein.

*THE DISTRICT HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS".
(See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.)*

\$2,000,000
TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
(A Political Subdivision of the State of Texas Located in Denton and Tarrant Counties)
UNLIMITED TAX BONDS, SERIES 2010

Dated Date: April 1, 2010

Due: September 1, as shown on Page ii

The Trophy Club Municipal Utility District No. 1 (the "District" or "Issuer") \$2,000,000 Unlimited Tax Bonds, Series 2010 (the "Bonds") are being issued pursuant to the terms and provisions of an order (the "Order") of the Board of Directors of the District (the "Board") and in accordance with the Constitution and general laws of the State of Texas (the "State"), including particularly Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and an order of the Texas Commission on Environmental Quality. The Bonds were authorized by the voters of the District at an election held on May 10, 2008. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds, when issued, will constitute direct and general obligations of the District, payable from the proceeds of an annual ad valorem tax levied against all taxable property located therein, without limitation as to rate or amount. Neither the State of Texas, Denton or Tarrant Counties, Texas nor any political subdivision or municipality, other than the District shall be obligated to pay the principal of or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas or Denton or Tarrant Counties, Texas or any political subdivision or municipality thereof, other than the District, is pledged to the payment of the principal of or interest on or the redemption price of the Bonds. (See "THE BONDS - Security for Payment" herein.) THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. (See "INVESTMENT CONSIDERATIONS" herein.) Bond purchasers are encouraged to read this entire Official Statement prior to making an investment decision.

Interest on the Bonds will accrue from April 1, 2010 (the "Dated Date") and is payable March 1, 2011, and each September 1 and March 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the paying agent to DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrars for the Bonds shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent").

Proceeds from the sale of the Bonds are being used to (i) construct and equip a new fire station and (ii) pay the costs related to the issuance of the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)

The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2021, in whole or from time to time in part, on September 1, 2020, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. In addition, the Bonds maturing September 1, 2027, September 1, 2029 and September 1, 2031 are subject to mandatory sinking fund redemption, as further described herein. (See "THE BONDS - Redemption Provisions" herein.)

After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of 100% of par plus accrued interest to the date of delivery, resulting in a net interest cost rate to the District of 4.156986%.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("Assured Guaranty Municipal" or "AGM"). (See "BOND INSURANCE" herein.)



STATED MATURITY SCHEDULE
(See Page ii)

The Bonds are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Delivery of the Bonds through DTC in Dallas, Texas is expected on or about April 15, 2010.

TCMUD002066

STATED MATURITY SCHEDULE
(Due September 1)
Base CUSIP – 897059 ^(a)

<u>Stated Maturity Due 9-1</u>	<u>Principal Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP Suffix^(a)</u>
2012	\$ 65,000	3.50	1.00	DU 2
2013	65,000	3.50	1.20	DV 0
2014	70,000	3.50	1.50	DW 8
2015	70,000	3.50	1.90	DX 6
2016	75,000	3.50	2.40	DY 4
2017	80,000	3.50	2.75	DZ 1
2018	85,000	3.50	3.00	EA 5
2019	85,000	3.50	3.20	EB 3
2020	90,000	3.50	3.35	EC 1
2021	95,000	3.50	3.50	ED 9
2022	100,000	5.00	3.60	EE 7
2023	105,000	5.00	3.70	EF 4
2024	110,000	5.00	3.80	EG 2
2025	115,000	4.00	3.90	EH 0

\$240,000 4.10% Term Bond due September 1, 2027 Price to Yield 4.15% EK 3 ^(a)

\$265,000 4.20% Term Bond due September 1, 2029 Price to Yield 4.25% EM 9 ^(a)

\$285,000 4.25% Term Bond due September 1, 2031 Price to Yield 4.35% EP 2 ^(a)

^(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Financial Advisor is responsible for the selection or the correctness of the CUSIP numbers set forth herein.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>	<u>Two-Year Term*</u> <u>Expires, May</u>	<u>Occupation</u>
Jim Budarf	Joint President	2010	Retired
Dean Henry	Joint President	2010	Retired
Gary Cantrell	Joint Vice President	2010	Retired
Kevin Carr	Joint Vice President	2010	Self Employed
Jim Hase	Joint Secretary	2010	Retired
James C. Thomas	Joint Secretary	2010	Retired
Joseph Bocclair	Director	2010	Alcon Research
Robert Fair	Director	2010	Retired
Steven Kohs	Director	2010	Retired
Neil Twomey	Director	2010	Retired

* Due to the May 2009 consolidation of Trophy Club Municipal Utility District No. 1 and Trophy Club Municipal Utility District No. 2, all officers of each District continue to act jointly as officers of the consolidated Trophy Club Municipal Utility District No. 1 until the next general election. At the May 8, 2010 election, all five director positions shall be subject to election, and the terms of such seats shall be staggered, as provided by law for a confirmation and direction election.

DISTRICT PERSONNEL AND ADVISORS

General Manager	Robert Scott Trophy Club, Texas
Director of Finance	Kathy DuBose Trophy Club, Texas
Attorneys for the District	Bob West Whitaker Chalk Swindle & Sawyer, LLP Fort Worth, Texas Pamela Harrell Liston The Liston Law Firm, P.C. Rowlett, Texas
Financial Advisor	Southwest Securities Dallas, Texas
Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Independent Auditors	Weaver & Tidwell, LLP Dallas, Texas
Professional Engineers	TMBP Engineering Dallas, Texas
Tax Assessor - Collector	Denton County Texas Tarrant County Texas
Chief Appraiser	Denton County Texas Tarrant County Texas

For Additional Information Please Contact:

Mr. Robert Scott
District Manager

100 Municipal Drive
Trophy Club, Texas 76262
(682) 831-4610

Mr. Dan A. Almon
Senior Vice President
Southwest Securities, Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 859-9452

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The cover page, subsequent pages hereof and the schedules and appendices attached hereto, are part of this Official Statement.

USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor, upon the payment of reasonable duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof. However, the District has agreed to keep this "Official Statement" current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the "Official Statement" until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT -Updating the Official Statement During Underwriting Period" and "CONTINUING DISCLOSURE OF INFORMATION."

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM OR ANY INFORMATION UNDER THE CAPTION "BOND INSURANCE" REGARDING ASSURED GUARANTY MUNICIPAL CORP. ("ASSURED GUARANTY MUNICIPAL" OR "AGM") OR ITS POLICY, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC AND AGM, RESPECTIVELY.

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" (but excluding the information under the heading "BOND INSURANCE - Introduction") and "APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by Southwest Securities (the "Initial Purchaser") bearing the lowest interest rates shown on the cover page hereof, at a price of 100% of the par value thereof plus accrued interest to the date of delivery which resulted in a net interest cost of 4.156986% as calculated pursuant to Texas Government Code Chapter 1204, as amended. The initial reoffering yields were supplied to the District by the Purchaser. The initial reoffering yields shown on the cover page will produce compensation to the Initial Purchaser of approximately \$15,237.00, after the payment of the insurance premium.

Issue Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS", with respect to the investment security of the Bonds.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The Trophy Club Municipal Utility District No. 1 (the "District" or "Issuer") is a political subdivision of the State of Texas located in Denton and Tarrant Counties, Texas. The District was created as a municipal utility district pursuant to Chapter 54 of the Texas Water Code and is a conservation and reclamation district in accordance with Article XVI, Section 59 of the Texas Water Code. The District has also adopted a fire protection plan under Section 50.055 of the Texas Water Code, now codified as Subchapter L of Chapter 49 of the Texas Water Code, pursuant to the Order of the Texas Water Commission of August 22, 1983. In July of 2009, documentation was submitted to the Texas Commission on Environmental Quality ("TCEQ") regarding the consolidation of Trophy Club Municipal Utility District Nos. 1 and 2 as of a May 9, 2009 election. (See "THE DISTRICT" and "APPENDIX B - GENERAL INFORMATION REGARDING THE DISTRICT" herein.)
The Bonds	The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including particularly Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality, and an order (the "Order") adopted by the Board of Directors (the "Board") of the District. The Bonds were authorized by the voters of the District at an election held May 10, 2008. (See "THE BONDS - Authority for Issuance" herein.)
Security for Payment	The Bonds, when issued, will constitute direct and general obligations of the District, payable from the proceeds of an annual ad valorem tax levied against all taxable property located therein, without limitation as to rate or amount. Neither the State of Texas, Denton or Tarrant Counties, Texas nor any political subdivision or municipality, other than the District shall be obligated to pay the principal of or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas or Denton or Tarrant Counties, Texas or any political subdivisions or municipality thereof, other than the District, is pledged to the payment of the principal of or interest on or the redemption price of the Bonds. (See "THE BONDS - Security for Payment" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Description	The Bonds in the aggregate principal amount of \$2,000,000 mature on September 1 of each year in the amounts as set forth on page ii of this Official Statement. Interest accrues from April 1, 2010 (the "Dated Date") at the rates per annum set forth page ii hereof and is payable March 1, 2011 and each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. (See "THE BONDS - General Description" herein.)
Redemption Provisions	Bonds maturing on and after September 1, 2021 are subject to redemption in whole or from time to time in part at the option of the District on September 1, 2020, and on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date of redemption. In addition, the Bonds maturing September 1, 2027, September 1, 2029 and September 1, 2031 are subject to mandatory sinking fund redemption, as further described herein.
Tax Matters	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing law subject to matters discussed herein under "TAX MATTERS". (See "TAX MATTERS" and Appendix C - "Form of Legal Opinion of Bond Counsel" herein.)
Use of Proceeds	Proceeds from the sale of the Bonds are being used to (i) construct and equip a new fire station and (ii) pay the costs related to the issuance of the Bonds. (See "THE BONDS - Use of Bond Proceeds" herein.)
Bond Insurance	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("Assured Guaranty Municipal" or "AGM") (See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.)
Ratings	Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") are expected to assign ratings of "Aa3" (Negative Outlook) and "AAA" (Negative Outlook), respectively, to the Bonds with the understanding that, concurrently with the delivery of the Bonds, a municipal bond insurance policy will be issued by Assured Guaranty Municipal. Moody's and S&P have assigned underlying ratings of "A2" and "AA-", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the rating agency. (See "RATINGS" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment and the method and transfer relating to the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Future Bond Issues	The Bonds were authorized at an election held in the District on May 10, 2008. After the sale of the Bonds, the District will have no authorized but unissued bonds for fire protection remaining. (See "APPENDIX A - TABLE 16" herein.) The District has no plans to issue additional bonds within the next twelve months.
Payment Record	The Issuer has never defaulted in the timely payment of principal of or interest on its general obligation indebtedness.
Delivery	When issued, anticipated on or about April 15, 2010.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

SELECTED FINANCIAL INFORMATION

2009 Estimated Net Taxable Assessed Valuation		\$1,023,493,111	(a)
Gross Debt Principal Outstanding (after issuance of the Bonds)		\$9,290,000	
Ratio of Gross Debt Principal to 2009 Taxable Assessed Valuation		0.83%	
Debt Service Fund Balance as of January 31, 2010 (unaudited)		\$979,124	
2009-2010 Tax Rate			
Operations	\$0.02714		
Fire Protection	0.10914		
Debt Service	<u>0.06872</u>		
	Total	\$0.20500	
Average Percentage of Total Tax Collections – Tax Years 2004-2008		99.72%	(b)
Projected Average Annual Debt Service Requirement (2011-2031) Of the Bonds and the Outstanding Bonds ("Projected Average Requirement")		\$567,820	
Tax Rate Required to Pay Projected Average Annual Requirement Based Upon Current Net Taxable Assessed Valuations at 99% Collections		\$0.05604/\$100	A.V.
Projected Maximum Annual Debt Service Requirement (2011) of the Bonds and The Outstanding Bonds ("Projected Maximum Requirement")		\$1,494,559	
Tax Rate Required to Pay Projected Maximum Annual Requirement Based Upon Current Net Taxable Assessed Valuations at 99% collections		\$0.1475/\$100	A.V.
Estimated 2009 population		7,441	

^(a) 2009 Net Taxable Valuation does not include property under protest or values for incomplete accounts. (See "TAXING PROCEDURES" herein.)

^(a) Historical tax collection information for Tax Years 2004-2008 represents the combined totals from two separate entities (Trophy Club MUD No. 1 and Trophy Club MUD No. 2).

**OFFICIAL STATEMENT
relating to**

\$2,000,000

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
(A Political Subdivision of the State of Texas Located in Dallas County, Texas)**

UNLIMITED TAX BONDS, SERIES 2010

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Trophy Club Municipal Utility District No. 1 (the "District" or "Issuer") of its \$2,000,000 Unlimited Tax Bonds, Series 2010 (the "Bonds").

The Bonds are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality, and an order (the "Order") adopted by the Board of Directors (the "Board") of the District, and will constitute direct and general obligations of the District, payable from the proceeds of an ad valorem tax levied against all taxable property located therein, without limitation as to rate or amount.

Unless otherwise indicated, capitalized terms used in this Preliminary Official Statement have the same meaning assigned to such terms in the Order.

Included in this Preliminary Official Statement are descriptions of the Bonds, the Order, and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District or Financial Advisor.

THE BONDS

General Description

The \$2,000,000 Trophy Club Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2010 will bear interest from April 1, 2010 (the "Dated Date") and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on page ii hereof.

Interest on the Bonds will accrue from the Dated Date and is payable March 1, 2011, and each September 1 and March 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof. The initial paying agent for the Bonds shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas ("Paying Agent"). The principal of and interest on the Bonds shall be payable without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debt due the United States of America.

If the specified date for any payment of principal (or Redemption Price) or of interest on the Bonds is a Saturday, Sunday, or legal holiday or equivalent for banking institutions generally in the city in which Designated Payment / Transfer Office of the Paying Agent is located, such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners. Principal of and interest on the Bonds will be payable by the Paying Agent to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" HEREIN.)

Use of Bond Proceeds

Proceeds from the sale of the Bonds are being used to (i) construct and equip a new fire station and (ii) pay the costs related to the issuance of the Bonds. (See "THE PROJECT" herein.)

Authority for Issuance

The Bonds were authorized at an election held on May 10, 2008.

The Bonds are issued by the District pursuant to the terms and provisions of the Order, Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and an order of the Texas Commission on Environmental Quality.

Texas Commission on Environmental Quality Approval

On January 28, 2010, the Texas Commission on Environmental Quality ("TCEQ") issued a Commission Order ("TCEQ Order") approving the project and the issuance of the Bonds. The approval order included the following information:

"...Pursuant to TEX. WATER CODE Section 49.181, the engineering project for Trophy Club Municipal Utility District No. 1 of Denton and Tarrant Counties is hereby approved together with the issuance of \$2,000,000 of bonds at a maximum net effective interest rate of 5.72%. The District is directed not to expend \$1,830,809 (\$1,664,372 construction plus \$116,437 contingencies) of the bond issue proceeds approved herein for Trophy Club Fire Station No. 1 pending District Board receipt of plans and specifications approved by all entities with jurisdiction and construction documents.... The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the Commission staff...."

The TCEQ further ordered, to enable the Commission to carry out the responsibilities imposed by Texas Water Code Sections 49.181-182, that the District shall: (1) furnish the TCEQ copies of all bond issue project construction documentation outlined under Title 30 of the Texas Administrative Code, Section 293.62, including detailed progress reports and as-built plans required by Texas Water code Section 49.277(b), to the extent not already been submitted; (2) notify the Utilities and Districts Section of the TCEQ and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by Texas Water Code Section 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

Security for Payment

The Bonds will constitute valid and legally binding direct obligations of the District payable from the proceeds of a continuing direct annual ad valorem tax levied by the District against all taxable property located therein, without legal limit as to rate or amount. The Order irrevocably pledges such ad valorem taxes to the payment of the principal of and interest on the bonds while the same remain outstanding. **Neither the State of Texas, Denton or Tarrant Counties, Texas nor any political subdivision or municipality, other than the District shall be obligated to pay the principal of or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas or Denton or Tarrant Counties, Texas or any political subdivision or municipality thereof, other than the District, is pledged to the payment of the principal of or interest on or the redemption price of the Bonds.**

Tax Pledge: The Board covenants in the Order that, while any of the Bonds are outstanding and the District is in existence, it will levy and assess a continuing ad valorem tax upon each \$100 valuation of taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The Board additionally covenants in the Order to timely assess and collect such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Interest and Sinking Fund" for the Bonds.

Abolition: Under Texas law, If a district is located wholly in two or more municipalities and in unincorporated area, the district may be abolished by agreement among the district and all of the municipalities in which parts of the district are located. The abolition agreement must provide for the distribution of assets and liabilities (including the Bonds) of the abolished district. The agreement must also provide for the distribution among one or more of the municipalities the pro rata assets and liabilities located in the unincorporated area and must provide for service to customers in unincorporated areas in the service area of the abolished district. The municipality that provides the service in the unincorporated area may charge its usual and customary fees and assessments to the customers in that area. No representation is made concerning the likelihood of abolition or the ability of the municipalities which contain parts of the District to make debt service payments on the Bonds should abolition occur.

Consolidation: A district (such as the District) has the legal authority to consolidate with other municipal utility districts and in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). The District is the resulting entity from a consolidation in May 2009 of Trophy Club Municipal Utility District No. 1 and Trophy Club Municipal Utility district No. 2 (see "THE DISTRICT").

Payment Record

The District has never defaulted on the timely payment of principal of and interest on its general obligation indebtedness.

Flow of Funds and Investment of Funds

The Bond Order creates an Interest and Sinking Fund and a Construction Fund.

Each fund shall be kept separate and apart from all other funds of the District. Any cash balance in any fund must be continuously secured, to the extent that the United States or an instrumentality of the United States does not insure the cash balance, by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Interest and Sinking Fund: The Bond Order establishes the Interest and Sinking Fund to be used to pay principal and interest on the Bonds. The Bond Order requires that the District deposit to the credit of the Interest and Sinking Fund (i) from the delivery of the Bonds to the initial purchaser, the amount received from proceeds of the Bonds representing accrued interest, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Interest and Sinking Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to the Paying Agent when due.

Construction Fund: The Construction Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Construction Fund the balance of the proceeds of the Bonds remaining after the deposits to the Interest and Sinking Fund. The Construction Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to construct and equip the fire station as approved by the TCEQ, then in the discretion of the District to transfer such unexpended proceeds or income to the Interest and Sinking Fund.

Redemption Provisions

Optional Redemption: The Bonds maturing on or after September 1, 2021, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2020, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Mandatory Sinking Fund Redemption: The Bonds maturing September 1, 2027, September 1, 2029 and September 1, 2031 (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to their stated maturities, and will be redeemed by the Issuer at the redemption prices equal to the principal amounts thereof plus interest accrued thereon to the redemption dates, on the dates and in the principal amounts shown in the following schedule:

Term Bond Due September 1, 2027			
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2026	\$115,000		
September 1, 2027*	125,000		

Term Bond Due September 1, 2029		Term Bond Due September 1, 2031	
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2028	\$130,000	September 1, 2030	\$140,000
September 1, 2029*	135,000	September 1, 2031*	145,000

* Represents Maturity

Approximately forty-five (45) days prior to the mandatory redemption date, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds to be redeemed. Any Term Bond not selected for prior redemption shall be paid on the date of its Stated Maturity.

The principal amount of the Term Bonds for a given Stated Maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of Term Bonds of like Stated Maturity which, at least 45 days prior to the mandatory redemption date, (1) shall have been defeased or acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption.

Notice of Redemption: Not less than thirty (30) days prior to a redemption date for the Bonds, the District shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the Issuer will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY ANY HOLDER OF THE BONDS, AND, SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE, AND ANY PRECONDITIONS STATED IN THE NOTICE OF REDEMPTION HAVING BEEN SATISFIED INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bonds or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Termination of Book-Entry-Only System

The District is initially utilizing the book-entry-only system of the DTC. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment: Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due. Initially, the only registered owner of the Bonds will be CEDE & CO. as nominee of DTC. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Registration. The Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may be, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent/Registrar to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent/Registrar or by United

States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the denominations of \$5,000 or any integral multiple thereof. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Bonds.)

Limitations on Transfer of Bonds: Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the 15th calendar day of the month preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds: If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Order relating to the replacement Bonds are exclusive and the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

Defeasance of Outstanding Bonds

The Order provides for the defeasance of the Bonds when payment of the principal of and premium, if any, on Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the respective series of Bonds. The Order provides that "Defeasance Securities" means (1) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorize.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the initial Paying Agent/Registrar (the "Paying Agent"). The Paying Agent must be a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each Registered Owner by first-class mail, postage prepaid.

Record Date

The record date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the fifteenth day of the month preceding such interest payment date.

Issuance of Additional Debt

The District may issue bonds necessary to construct waterworks and sewer system improvements and facilities for which the District was created and to provide fire protection to the District, with the approval of the District's voters. Following the issuance of the Bonds, \$5,769,217,000 unlimited tax bonds authorized by the District's voters will remain unissued, with no remaining authorization for fire protection. The District has no plans to issue additional general obligation debt within the next twelve months. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. Neither Texas law nor the Order imposes a limitation on the amount of additional debt which may be issued by the District. Any additional debt issued by the District may dilute the security of the Bonds. (See "INVESTMENT CONSIDERATIONS" herein.) The District may also issue bonds secured by revenues of the water and sewer system or other revenues of the District (other than ad valorem tax revenues) without voter approval.

Specific Tax Covenants

In the Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the property financed therewith by persons other than state or local governmental units, and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District has additionally covenanted in the Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Remedies in Event of Default

The Order provides that, in addition to all other rights and remedies of any owner of Bonds provided by the laws of the State of Texas, in the event the District defaults in the observance or performance of any covenant in the Order including payment when due of the principal of and interest on the Bonds, any Bond owner may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board of Directors or other officers of the District to observe or perform such covenants.

The Order provides no additional remedies to a Bond owner. Specifically, the Order does not provide for an appointment of a trustee to protect and enforce the interests of the Bond owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus is a remedy, which may have to be enforced from year to year by the Bond owners.

Under Texas law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. The Bond owners themselves cannot foreclose on property within the District or sell property within the District in order to pay principal of or interest on the Bonds. In addition, the enforceability of the rights and remedies of the Bond owners may be limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified to the customary rights of debtors relative to their creditors.

Amendments to the Order

The District may without the consent of or notice to any Bond owners amend the Order in any manner not detrimental to the interest of the Bond owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may in the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

<u>Sources of Funds</u>	
Par Amount of Bonds	\$2,000,000.00
Accrued Interest on the Bonds	3,139.60
Cash Premium	1,000.00
Total Sources of Funds	<u>\$2,004,139.60</u>
<u>Uses of Funds</u>	
Deposit to the Construction Fund	\$1,915,712.00
Costs of Issuance	85,288.00
Accrued Interest Deposit to Interest & Sinking Fund	3,139.60
Total Uses of Funds	<u>\$2,004,139.60</u>

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") are expected to assign ratings of "Aa3" (Negative Outlook) and "AAA" (Negative Outlook), respectively, to the Bonds with the understanding that, concurrently with the delivery of the Bonds, a municipal bond insurance policy will be issued by Assured Guaranty Municipal. Moody's and S&P have assigned underlying ratings of "A2" and "AA-", respectively, to the Bonds. An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such companies, and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by any such rating company, if, in the judgment of such company circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

The following information has been supplied by Assured Guaranty Municipal Corp. ("Assured Guaranty Municipal", "AGM" or the "Insurer") for inclusion in this Official Statement. No representation is made by the Issuer, the Financial Advisor or the Purchaser as to the accuracy or completeness of this information.

The following information is not complete and reference is made to Appendix E for a specimen of the municipal bond insurance policy (the "Policy") of Assured Guaranty Municipal.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp. (Formerly Known as Financial Security Assurance Inc.)

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not

recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments.

On July 1, 2009, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on Financial Security Assurance Inc., now known as AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

Capitalization of AGM

At December 31, 2009, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$2,232,359,793 and its total net unearned premium reserve was approximately \$2,391,940,484 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE RISK FACTORS

General

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Issuer which is recovered by the Issuer from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the Issuer (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE Bonds - Default and Remedies").

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the Issuer. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability.

The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in "OTHER PERTINENT INFORMATION - Ratings" herein. The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Issuer, the Financial Advisor or the Initial Purchaser has made independent investigation into the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business and Fitch Ratings (the "Rating Agencies") have, in recent months, downgraded and/or placed on negative watch the claims-paying and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the Depository Trust Company while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance the (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation", within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing

corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered. (See "THE BONDS – Termination of Book-Entry-Only System" herein.)

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the Town of Trophy Club, State of Texas, Denton County, Tarrant County or any other political subdivision except the District. The Bonds are payable from a continuing, direct, annual ad valorem tax, without legal limitations as to rate or amount, on all taxable property within the District. (See "THE BONDS - Source of Payment" herein.) The investment quality of the bonds depends both on the ability of the District to collect from the property owners all taxes levied against their property or, in the event of foreclosure, the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of Bonds may be greater than the difference between the bid and asked spread of other bonds generally bought, sold or traded in the secondary market.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Interest Rates: A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity, which has been experienced in the District for the last several years, tend to restrict the growth of property values in the District or could adversely impact existing values. Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District's taxable property values are, to a great extent, a function of the Dallas/Fort Worth metropolitan and regional economics.

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2009 estimated net taxable assessed valuation of the District (see page vii "SELECTED FINANCIAL INFORMATION") is \$1,023,493,111. After issuance of the Bonds the projected maximum annual debt service requirement will be \$1,494,559 (2011) and the projected average annual debt service requirement will be \$567,820 (2010 through 2031, inclusive). Assuming no increase or decrease from the 2009 assessed valuation and no use of funds on hand, a tax rate of \$0.14750 per \$100 assessed valuation at a 99% collection rate would be necessary to pay the projected maximum annual debt service requirement of \$1,494,559 and a tax rate of \$0.05604 per \$100 assessed valuation at a 99% collection rate would be necessary to pay the projected average annual debt service requirement of \$567,820. The District's 2009 debt service tax rate is \$0.06872 per \$100 assessed valuation. (See "APPENDIX A - TABLES 4 and 5" herein.)

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Because ownership of the land within the District is highly fragmented among a number of taxpayers, attorney's fees, and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over the bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer.

Consolidation

A district (such as the District) has the legal authority to consolidate with other municipal utility districts and, in connection therewith, to provide for the consolidation of its assets, such as its water and wastewater systems with the assets of the district(s) with which it is consolidating, as well as its liabilities (which would include the Bonds and other Obligations of the District). The District is the resulting entity from a consolidation in May 2009 of Prior MUD 1 and Prior MUD 2 (see "THE DISTRICT"). No representation is made that the District will consolidate again in the future with any other district.

Abolition

Under Texas law, if a district is located wholly in two or more municipalities and in unincorporated area, the district may be abolished by agreement among the district and all of the municipalities in which parts of the district are located. The abolition agreement must provide for the distribution of assets and liabilities (including the Bonds) of the abolished district. The agreement must also provide for the distribution among one or more of the municipalities the pro rata assets and liabilities located in the unincorporated area and must provide for service to customers in unincorporated areas in the service area of the abolished district. The municipality that provides the service in the unincorporated area may charge its usual and customary fees and assessments to the customers in that area. No representation is made concerning the likelihood of abolition or the ability of the municipalities which contain parts of the District to make debt service payments on the Bonds should abolition occur.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: 1) upon satisfying certain conditions, annex additional territory; and 2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

Registered Owners' Remedies

Bond owners are entitled under Texas Law to seek a writ of mandamus to compel the District to perform its obligations under the Order. Such remedy would have to be exercised upon each separate default and could prove costly, time-consuming and difficult to enforce. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be taken at the initiative of, and be financed by, Bond owners. The Order does not provide for acceleration of maturity of the Bonds upon any default. Bankruptcy, reorganization and other similar laws affecting the enforcement of creditor's rights generally may also limit the rights and remedies of the Bond owners and the enforceability of the Bonds. (See "THE BONDS – Remedies in Event of Default" herein.)

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a municipal utility district such as the District to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owner's claim against a district. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security

interest under Chapter 9 and such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

A district may not be forced into bankruptcy involuntarily.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been no definitive judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

Continuing Compliance with Certain Covenants

The Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. (See "THE BONDS - Specific Tax Covenants " herein.) Failure by the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. (See "TAX MATTERS " herein.)

Future Debt

The District has reserved in the Order the right to issue the remaining \$5,769,217,000 authorized but unissued unlimited tax bonds and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. All of the remaining unlimited tax bonds, which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas and the TCEQ.

THE DISTRICT

Creation of the District

The District was created by the consolidation of two prior municipal utility districts, being Trophy Club Municipal Utility District No. 1 ("Prior MUD 1") and Trophy Club Municipal Utility District No. 2 ("Prior MUD 2" and collectively with Prior MUD 1, the "Prior MUDs"). Prior MUD 1 was created as Denton County Municipal Utility District No. 1 by order of the Texas Water Rights Commission (the "Commission") on March 4, 1975 for the purpose of providing water and sewer facilities and other authorized services to the area within the territory of Prior MUD 1. The name of Prior MUD 1 was changed to Trophy Club Municipal Utility District No. 1 on April 1, 1983. Prior MUD 2 was created as a result of the consolidation of Denton County Municipal Utility District No. 2 and Denton County Municipal Utility District No. 3, which were created by the Texas Commission on Environmental Quality for the purpose of providing water, sewer and drainage facilities and other authorized services to the area. The creation of Prior MUD 2 was confirmed by its electorate at an election held on August 9, 1980.

On January 26, 2009, the Boards of the Prior MUDs entered into an agreement to consolidate the Prior MUDs into a single Municipal Utility District covering the territory of the Prior MUDs, subject to the approval of the consolidation by the voters at an election held for that purpose. On May 9, 2009, the voters approved the consolidation and the District became the Trophy Club

Municipal Utility District No. 1 (the "District"). Pursuant to the consolidation agreement, the District assumed the outstanding bonds, notes and other obligations of the Prior MUDs and the authorized but unissued bonds, taxes and other obligations of the Prior MUDs and became authorized to levy a uniform tax on all taxable property within the District. The functions performed by the District include supplying water for municipal purposes; collecting, transporting, processing and disposing of wastes; establishing, operating and maintain a fire department; and performing other functions permitted by municipal utility districts under the Texas Water Code.

Governance

The District is governed by a board of directors which has control over and management supervision of all affairs of the District. Upon the consolidation of Prior MUD 1 and Prior MUD 2, all five board members of each entity continue to act jointly as board members of the consolidated district until the next general election in May of 2010. At that next general election, five directors will be elected for the District to serve four-year staggered terms. Directors receive no remuneration, except a Director's per diem allowance of \$100 per day on which necessary service is performed for the District. The District and all similar districts are subject to the continuing supervision and filing requirements of the TCEQ, including the preparation and filing of an annual independent audit report. All District facility plans are submitted to the TCEQ for review and approval.

General

The District is comprised of 2283.5 acres [approximately 94 acres in Westlake (Solana)]. Approximately 195 acres in Trophy Club are undeveloped. Of the developed acres, there are approximately 2,420 existing households, 136 apartment units and 42 townhouses. Of the 195 undeveloped acres, 135 are zoned residential and approximately 60 acres are for commercial development. A developer has indicated future plans to subdivide the 135 residential acres into 290 single family lots; 92 will be custom built homes/acreage.

Location

The District is located in southern Denton County and northern Tarrant County partially within the Town of Trophy Club (the "Town") and partially within the Town of Westlake. The District is directly adjacent to and accessible from State Highway 114, north of and approximately mid-way between Dallas and Fort Worth. The District is approximately 27 miles from downtown Dallas, 25 miles from downtown Fort Worth, 17 miles from Denton, 8 miles from Grapevine and 14 miles from the Dallas-Fort Worth International Airport.

Major highways connecting these population centers, which will also serve the District, include State Highways 114, 170 and 377 and Interstate Highways 35E and 35W. State Highway 170 connects Trophy Club directly to Alliance Airport which is located seven miles southwest of the District. (See "Vicinity Map" herein.)

Population

The population of the District is estimated to be approximately 7,441 and the population of the entire Town of Trophy Club, the District and the Trophy Club PID No. 1 (the "Trophy Club Development") is estimated at 8,211 (as of December 2009).

Topography and Drainage

The land within the District has a gradual slope from the southeast to the northwest toward Marshall Creek, which forms the western boundary of the District. Runoff water enters Grapevine Reservoir just north of the District through Marshall Creek or several other small tributaries. The maximum elevation in the area being developed is approximately 690 feet mean sea level and the minimum elevation in the area being developed is approximately 576 feet mean sea level. The soil is sandy loam and clay loam, and existing vegetation consists of native grasses and small oak trees. Areas which are subject to flooding by a 100-year frequency flood are located in the flood plan of Marshall Creek and have been delineated by the Water Resources Branch of the U.S. Geological Survey. Additional flood studies were made by the engineers to determine what areas may be subject to flooding. It was determined that the area subject to flooding within the District is approximately 58.5 acres based on 100-year flood frequency; however, 57.6 acres of this area is within the golf course area and is not intended to be developed for residential land use.

Shopping and Commercial Facilities

A shopping center within the District has a major grocery store chain, a bank, a major chain drug store, several service businesses, fast food outlets, and a beauty shop and a dry cleaners. Additionally there are several more businesses and professional offices located in the District, at the primary entrance to the Town of Trophy Club. There are additional shopping facilities in Roanoke, about two (2) miles west of the District and numerous shopping facilities in Southlake about five (5) miles east of the District and in Grapevine about eleven (11) miles east of the District. Full metropolitan shopping facilities are available in Dallas and Fort Worth, Texas which have their central business districts approximately 27 miles and 25 miles, respectively from the District.

Fire Protection

The District operates its Fire Department (the "Department") with an engine, a Quint, a brush truck and two support vehicles. Currently the Department is staffed with twelve (12) full-time firefighter / paramedics, one full-time Fire chief and a full-time administrative assistant. The station was built in 1985 and constructed in a metal building with a square footage of 3,600 square feet. This includes three apparatus bays, along with living quarters and offices. Operations under the Department include fire suppression, fire prevention, emergency management, investigation / enforcement and emergency medical response. The new fire station to be constructed and equipped with proceeds from the sale of the Bonds will replace this existing facility. This Department serves the Town of Trophy Club and area in the District that is not in the Town limits, and is currently financed by a combination of a \$0.10914 maintenance tax assessment in the District, as well as a \$0.10186 Public Improvement District ("PID") assessment in Trophy Club PID No. 1. The 2009-2010 annual operating budget is \$1,190,429 with October 1, 2009 reserves of \$95,138.

Police Protection

Twenty-four hour security is provided by the Town of Trophy Club Police Department

Schools

The Town is served by the Northwest Independent School District (the "School District" or "Northwest ISD"). Northwest ISD covers approximately 232 square miles in Denton, Wise and Tarrant Counties. In addition to serving the Town, the School District also serves the communities of Aurora, Fairview, Haslet, Justin, Newark, Northlake, Rhome, Roanoke and portions of Flower Mound, Fort Worth, Keller, Southlake and Westlake. Northwest ISD is comprised of 14 primary schools for grades pre-kindergarten through fifth, 3 middle schools for grades sixth through eighth, 2 high schools for grades ninth through twelfth, and two alternative education campuses for grades seventh through twelfth. One of the high schools, Byron Nelson High School, is located in the Town of Trophy Club. It opened in August 2009 with ninth and tenth grades. Eleventh grade will be added in August 2010, and twelfth grade will attend Byron Nelson High School in August 2011. All campuses offer enriched curricula with special programs for gifted/talented students as well as students achieving below grade level, and all are equipped with computers and full cafeteria service. The School District serves a 2009-2010 estimated enrollment of 14,096 students (as of February 1, 2010).

Recreational Opportunities

Recreational opportunities in Trophy Club are afforded by Lake Grapevine and its surrounding parks, which lie two miles north and east of the District. The Town has several community parks, including facilities for soccer, baseball, softball, basketball, tennis, a competitive swimming pool and playground amenities. The Town also operates an 877 acre Corps of Engineers park, which features 100 acres of motorized trails, as well as many passive recreational opportunities such as fishing, hiking and picnicking.

Status of Development of the District

The area in the District is locally known as "Trophy Club." It is a residential and mixed-use development consisting of some 2,283.5 acres. The District is a mature district with roughly 195 acres undeveloped, of which 135 acres are zoned residential and approximately 60 acres are available for commercial development. There is substantial land left for commercial development in the Solana complex, which is located within the City of Westlake.

Lot and custom home sales officially began in the District in mid-year 1975. Homes are currently being offered at prices ranging from \$200,000 to \$1,000,000 and lots range in price from \$35,000 to \$200,000. The status of single-family home development as of February 15, 2010 is shown below:

Status of Single-Family Home Development

<u>Houses Under Construction</u>	<u>Houses Occupied</u>	<u>Total Houses</u>	<u>Additional Developed Lots</u>	<u>Total Houses and Lots</u>	<u>Multi-Family Units Completed ^(a)</u>
19	2,420	2,439	32	2,471	178

^(a) In addition to the single-family development, there are approximately 132 apartments and 42 completed townhouses, which are occupied.

Status of Business / Commercial Development

The undeveloped commercial land within the Solana complex (approximately 230 acres) is available for commercial development, however the District is unaware of any current plans for additional development in the Solana complex. The Town of Trophy Club and the District have commercial land available for development on approximately 52 acres of land along Highway 114. The land is zoned for uses such as a medical complex, hotels, restaurants and a short-stay hospital facility. Additionally, the District currently has a small strip center along Highway 114 containing several food establishments and professional offices.

Public Improvement District Description

Trophy Club PID No. 1 (the "PID") consists of approximately 609.683 acres of land generally to the north of Oakmont Drive, Oak Hill Drive and the Quorum Condominiums, east of the Lakes Subdivision and Parkview Drive, south of the Corps of Engineer's property, and west of the Town's eastern limit. The PID is located entirely within the Town limits but outside the District. A master-planned residential community (the "Property") is under construction in the PID and at build-out will be comprised of approximately 1,489 residential units located within the Property, which Property is zoned to permit such use pursuant to the PD Zoning. The District provides water and sewer services to the PID.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT

Available District funds are invested as authorized by Texas Law and in accordance with investment policies approved by the Board. Both state law and the District's investment policies are subject to change. The District's goal in its investment policy is to preserve principal and maintain liquidity, while securing a competitive yield on its portfolio.

Under Texas law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which are guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates issued by, or invested by an investing entity through, a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured as required by, or otherwise meet the requirements of, the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended); (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph and are pledged to the District and deposited with the District or a third party selected and approved by the District.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any

individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board.

Under State law, governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the second paragraph under this caption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the second paragraph under this caption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements, (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of January 31, 2010 the District's funds were invested in the District's depository bank and TexPool as shown in the table that follows. The District does not currently own, nor does it anticipate the inclusion of long-term securities or derivative products in its portfolio.

<u>Fund and Investment Type</u>	<u>Amount</u>
TexPool - Interest and Sinking Fund	\$ 979,124
TexPool - Fire Station Construction Reserve Fund	1,784,044
TexPool - Operating Fund	1,050,672
First Financial Bank Money Market Account - Operating Fund	71,896
Total Investments	<u>\$3,885,736</u>