

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

TSI-7

GENERAL FUND

**COMPARATIVE SCHEDULES OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES - FIVE YEARS**

SEPTEMBER 30, 2011

	Amounts					Percent of total revenue				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
REVENUE AND OTHER FINANCING SOURCES										
Ad valorem property taxes	\$ 1,311,296	\$ 1,491,564	\$ 1,283,705	\$ 1,002,608	\$ 909,495	18.6%	26.2%	21.1%	20.3%	21.0%
Water and wastewater charges	5,323,244	3,919,084	3,721,868	3,678,859	3,151,144	75.5%	68.8%	61.3%	74.5%	72.8%
Utility Fees	165,600	80,500	515,200	-	-	2.3%	1.4%	8.5%	0.0%	0.0%
Inspection and tap fees	8,560	5,775	4,975	22,550	32,900	0.1%	0.1%	0.1%	0.5%	0.8%
Interest earned	5,534	6,171	20,755	69,447	106,168	0.1%	0.1%	0.3%	1.4%	2.5%
Capital lease proceeds/Contractual Obligations	-	-	330,000	49,432	-	0.0%	0.0%	5.4%	1.0%	0.0%
Miscellaneous and other	240,830	191,498	199,780	116,295	131,124	3.4%	3.4%	3.3%	2.4%	3.0%
Total revenue and other financing sources	7,055,065	5,694,592	6,076,283	4,939,191	4,330,831	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Water operations	2,271,490	1,882,511	1,811,385	1,934,792	1,638,294	32.2%	33.1%	29.8%	39.2%	37.8%
Administrative	1,042,073	993,986	1,297,613	905,052	835,590	14.8%	17.5%	21.4%	18.3%	19.3%
Transfers out and debt service	1,130,123	558,000	383,009	-	-	16.0%	9.8%	6.3%	0.0%	0.0%
Contribution to Trophy Club Fire Dept	770,123	876,521	783,736	902,353	725,764	10.9%	15.4%	12.9%	18.3%	16.8%
Wastewater operations	598,465	711,382	999,388	500,224	480,798	8.5%	12.5%	16.4%	10.1%	11.1%
Capital outlay	515,884	-	-	29,379	442,782	7.3%	0.0%	0.0%	0.6%	10.2%
Wastewater collection systems	277,775	308,798	294,869	409,948	402,482	3.9%	5.4%	4.9%	8.3%	9.3%
Miscellaneous	-	-	-	45,457	135,121	0.0%	0.0%	0.0%	0.9%	3.1%
Information systems	123,605	182,658	175,698	187,908	124,987	1.8%	3.2%	2.9%	3.8%	2.9%
Total expenditures	6,729,538	5,513,856	5,745,698	4,915,113	4,785,818	95.4%	96.8%	94.6%	99.5%	110.5%
Excess (deficiency) of revenues over (under) expenditures	\$ 325,527	\$ 180,736	\$ 330,585	\$ 24,078	\$ (454,987)	4.6%	3.2%	5.4%	0.5%	-10.5%
Total active retail water and/or wastewater connections	3,554	3,361	3,161	3,092	2,827					

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

TSI-7

DEBT SERVICE FUND

**COMPARATIVE SCHEDULES OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES - FIVE YEARS**

SEPTEMBER 30, 2011

**TSI - 7 COMPARATIVE SCHEDULES OF REVENUES AND OTHER FINANCING SOURCES AND EXPENDITURES AND OTHER FINANCING
USES - FIVE YEARS - CONTINUED**

REVENUE	Amounts					Percent of total revenue				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Ad valorem property taxes	\$ 771,631	\$ 740,420	\$ 1,100,115	\$ 1,302,763	\$ 1,325,143	57.9%	52.9%	73.4%	96.1%	94.8%
Penalties and interest	6,018	-	11,885	-	-	0.5%	0.0%	0.8%	0.0%	0.0%
Transfers in	554,100	653,000	383,009	-	-	41.6%	46.7%	25.5%	0.0%	0.0%
Interest earned	985	4,848	4,105	23,326	43,456	0.1%	0.3%	0.3%	1.7%	3.1%
Miscellaneous and other	-	1,000	-	29,379	29,379	0.0%	0.1%	0.0%	2.2%	2.1%
Total revenue	1,332,734	1,399,268	1,499,114	1,355,468	1,397,978	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Principal retirement	1,115,000	1,055,000	1,025,000	975,000	945,000	83.7%	75.4%	68.4%	71.9%	67.6%
Interest and fiscal charges	382,019	311,570	352,194	390,565	425,838	28.7%	22.3%	23.5%	28.8%	30.5%
Total expenditures	1,497,019	1,366,570	1,377,194	1,365,565	1,370,838	112.3%	97.7%	91.9%	100.7%	98.1%
Excess (deficiency) of revenues over (under) expenditures	\$ (164,285)	\$ 32,698	\$ 121,920	\$ (10,097)	\$ 27,140	-12.3%	2.3%	8.1%	-0.7%	1.9%

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**Financial Advisory Services
Provided By:**



INVESTMENT BANKERS

TAB 7

Purchase Contract

\$2,355,000

**Trophy Club Municipal Utility District No. 1
(Denton and Tarrant Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2012**

February 14, 2012

Board of Directors
Trophy Club Municipal Utility District No. 1
100 Municipal Drive
Trophy Club, Texas 76262

Ladies and Gentlemen:

The undersigned, First Southwest Company (the "Underwriter"), offers to enter into the following agreement with Trophy Club Municipal Utility District No. 1 (the "Issuer") which, upon the Issuer's written acceptance of this offer (the or this "Contract"), will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m. Central time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Bond Order (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's \$2,355,000 Unlimited Tax Refunding Bonds, Series 2012 (the "Bonds").

The Bonds are to be issued, secured and sold under the provisions of an order (the "Order") adopted by the Board of Directors of the Issuer on December 20, 2011, and shall have the terms and features (including those with respect to price and rates) as set forth in the Pricing Certificate (as defined in the Order)(the Order and the Pricing Certificate are jointly referred to herein as the "Bond Order"). The Pricing Certificate shall be executed on behalf of the Issuer by the representative of the Issuer (the "Pricing Officer") named in the Order and shall be dated the date hereof. The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions, yields and interest rates per annum are set forth in Schedule I attached hereto. The Bonds shall otherwise have such terms and provisions as set forth and described in the Official Statement referred to below.

The purchase price for the Bonds shall be \$2,470,257.70 (representing the principal amount of the Bonds, plus an original issue premium of \$136,075.20 and less an underwriting discount of \$20,817.50) plus interest accrued on the Bonds from March 1, 2012, to the date of Closing (as hereinafter defined).

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Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Underwriter payable to the order of the Issuer in the amount of \$23,550. In the event the Issuer accepts this Contract, such check shall be held uncashed by the Issuer until the time of Closing, at which time such check shall be returned uncashed to the Underwriter. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Underwriter. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Underwriter), or should such obligations of the Underwriter be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriter, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriter and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriter hereby waives any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Contract shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriter. The Underwriter hereby agrees not to stop or cause payment on the check to be stopped unless the Issuer has breached any of the terms of this Contract.

2. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering prices set forth on page ii of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on page ii of the Official Statement; provided that on or before the Closing, the Underwriter shall execute and deliver to McCall, Parkhurst & Horton L.L.P., Dallas, Texas ("Bond Counsel") an issue price certificate for the Bonds prepared by Bond Counsel verifying the initial offering prices to the public at which the Underwriter reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Bonds to the public.

3. The Official Statement.

(a) Preliminary Official Statement. The Issuer previously has delivered, or caused to be delivered, copies of a Preliminary Official Statement, dated February 7, 2012, relating to the Bonds (the "Preliminary Official Statement"), to the Underwriter for its use in determining interest in the Bonds. The Issuer confirms that it has not prepared any document for dissemination to potential customers in connection with any offering of the Bonds (and will not do so without the consent of the Underwriter prior to the availability of the final Official Statement described below), except the Preliminary Official Statement. The Issuer prepared the Preliminary Official Statement for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby ratifies and approves the use by the Underwriter of the Preliminary Official Statement prior to the date hereof, and until the availability of the final Official Statement, in connection with the public offering of the Bonds. The Issuer hereby represents and warrants that it deemed the Preliminary Official Statement final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange

Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement in electronic form.

(b) Final Official Statement. The Issuer shall prepare and provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) a final Official Statement which is complete as of the date of its delivery to the Underwriter, in such quantity and formats as the Underwriter shall request, and in any event in a "designated electronic format" (as defined in MSRB Rule G-32), in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). Such final Official Statement shall be substantially in form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter or as shall be permitted by the Rule or the rules of the MSRB. Such final Official Statement, including the cover page, all exhibits, appendices, maps, pictures, diagrams, reports and statements included or incorporated therein or attached thereto, and any amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement." The Issuer hereby authorizes the Underwriter to use the Official Statement and the information contained therein in connection with the public offering and the sale of the Bonds. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form. If, for any reason, the Issuer is unable or otherwise fails to deliver the final Official Statement to the Underwriter in compliance with this paragraph, the Issuer shall deliver the Preliminary Official Statement, including all amendments and supplements thereto, to the Underwriter in a "designated electronic format" at least one business day before the date of the Closing. The Issuer additionally shall provide, or cause to be provided, to the Underwriter on or before the date of the Closing (and, in any event, not later than within five business days of the date of the Closing) a copy of the fully executed Escrow Agreement (defined herein) in a "designated electronic format".

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period", as defined in the Rule, and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as the Underwriter may from time to time request), and if, in the reasonable opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will prepare and furnish, at the Issuer's sole expense, in such quantity and in formats as the Underwriter shall request, and in a "designated electronic format", in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the MSRB, copies of either amendments or supplements to the Official Statement so that the statements in the Official

Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy of such supplement or amendment to the Official Statement. Additionally, if amendments are made to the Escrow Agreement during the period described above, the Issuer will prepare and provide, or cause to be provided, at the Issuer's sole expense, to the Underwriter a copy of the amendment or amendments to the Escrow Agreement in a "designated electronic format".

(d) The Underwriter hereby agrees to timely file the Official Statement and the Escrow Agreement (and any supplements or amendments thereto) with the MSRB in the format prescribed by the MSRB. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a conservation and reclamation district, a body corporate and politic and governmental agency of the State of Texas (the "State"), created as a municipal utility district pursuant to Article 16, Section 59 of the Texas Constitution by Order of the Texas Commission on Environmental Quality, the successor in interest to the Texas Water Commission, and the Issuer operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and has full legal right, power and authority pursuant to the Constitution and general laws of the State, including Chapter 1207 of the Texas Government Code, as amended (the "Act"), and at the date of the Closing will have full legal right, power and authority under the Act (i) to adopt the Order and to make the delegations set forth therein and take the actions authorized thereby, (ii) to enter into, execute and deliver the Pricing Certificate, this Contract, any escrow or deposit agreement pertaining to the discharge of the obligations of the Issuer that are being refunded by the Bonds (the "Escrow Agreement"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Escrow Agreement and the Bond Order, which contains the Undertaking (as defined in Section 6(i)(2) hereof), are hereinafter referred to as the "Issuer Documents"), (iii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, and (iv) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance, in all material respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance of this Contract, the Issuer has duly authorized all necessary action to be taken by it for the (i) adoption of the Order and the issuance and sale of the Bonds,

(ii) approval of the Preliminary Official Statement and the Official Statement, (iii) approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iv) consummation by the Issuer of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement, and the Pricing Officer shall have executed and delivered the Pricing Certificate in accordance with the Order and the Act;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Order and this Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Order and enforceable in accordance with their terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws, and principles of equity relating to or affecting the enforcement of creditors' rights. Upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Order will provide, for the benefit of the holders, from time to time, of the Bonds, for the levy and collection of an annual ad valorem tax, levied without limit as to rate or amount, for the payment of the Bonds;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or to which any of its property or assets are, otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely

affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds, have been duly obtained, except for (i) such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds and (ii) the opinion of the Attorney General of the State approving the Bonds as required by law and the registration of the Bonds by the Comptroller of Public Accounts of the State (which Attorney General approval and Comptroller of Public Accounts registration shall have been duly obtained or effected on or before the date of Closing);

(f) The Bonds and the Bond Order conform to the descriptions thereof contained in the Official Statement under the captions "PLAN OF FINANCING" and "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "SOURCES AND USES OF FUNDS" and will be used for the purposes described in the Official Statement under the subcaption "PLAN OF FINANCING - Purpose"; and the Undertaking (as defined in Section 6(i)(2) hereof) conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, (i) contesting the due organization and valid corporate existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy, assessment and/or collection of ad valorem taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Order, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Order or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the Issuer, (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer contained in the Official Statement fairly present the financial position of the Issuer as of the dates and for the periods therein set forth, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and the other financial information has been determined on a basis substantially consistent with that of the Issuer's audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer from that described in the Official Statement. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities (except in the ordinary course of business), direct or contingent, payable from or secured by any of the ad valorem tax revenues which will secure the Bonds without the prior approval of the Underwriter, such approval not to be unreasonably withheld;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Contract, shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein;

(p) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certificates may not be relied on;

(q) The Issuer, to the extent heretofore requested in writing by the Underwriter, has delivered to the Underwriter true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and to any municipal bond insurance company for the purpose of obtaining a municipal bond insurance policy for the Bonds and, in each instance, true, correct, complete and legible copies of all written correspondence or other written communications relating thereto; and

(r) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information and operating data, as required by the Rule. During the last five years, the Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

5. Closing.

(a) At 10:00 a.m. Central time, on March 5, 2012, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bonds to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), as delivery agent for the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Paying Agent/Registrar, as delivery agent for the Underwriter, will, subject to the terms and conditions hereof, accept such delivery and the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 of this Contract in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds in definitive form shall be made through DTC, utilizing the book-entry-only form of issuance. The definitive Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Order, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection at the offices of DTC or, if the Bonds are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, at the designated payment office of the Paying Agent/Registrar. In addition, the Issuer and the Underwriter agree that there shall be a preliminary Closing held at such place as the Issuer and the Underwriter shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, that such preliminary Closing shall not be required if Bond Counsel provides a complete Transcript of Proceedings acceptable to counsel for the Underwriter at least 24 hours prior to the Closing.

6. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriter's Counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Order shall have been duly adopted by the governing body of the Issuer in accordance with law, the Pricing Officer shall have duly executed and delivered the Pricing Certificate pursuant to the Order and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Underwriter, is material and adverse and that makes it, in the reasonable judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(g) The Issuer shall not currently be in default with respect to the payment of principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement approved by the Board of Directors or a designated official of the Issuer, and each supplement or amendment thereto, if any, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Order with such supplements or amendments as may have been agreed to by the Underwriter, which shall include an undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "Undertaking");

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form and substance attached to the Official Statement as Appendix C;

(4) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) the Order has been duly adopted by the Issuer and the Pricing Certificate has been duly executed by the Pricing Officer pursuant to the Order, and both of the foregoing documents are in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "PLAN OF FINANCING", "THE BONDS" (excluding the information under the subcaptions "Default and Remedies" and "Payment Record" and the second and third sentences under the subcaption "Issuance of Additional Debt"), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Agreements"), and the subcaptions "Legal Matters" (except for the last two sentences of the second paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal

Investments and Eligibility to Secure Public Funds in Texas” under the caption “OTHER PERTINENT INFORMATION” in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Bond Order;

The supplemental opinion of Bond Counsel will also state that the Underwriter is entitled to rely upon the opinion of Bond Counsel delivered in accordance with the provisions of Section 6(i)(3) of this Contract.

(5) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Order need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, of appropriate officials of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to the best of such persons’ knowledge, threatened in any court or administrative body nor, to such persons’ knowledge, is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying and/or collecting ad valorem taxes or pledging such taxes to the payment of the Bonds and making payments on the Bonds pursuant to the Bond Order, (e) contest the accuracy, completeness or the fairness of the Preliminary Official Statement or the Official Statement, or (f) contest the redemption of the Refunded Bonds; (iii) the Order was duly adopted by the Issuer, is in full force and effect

and has not been modified, amended or repealed, and the Pricing Certificate and this Contract have been duly executed and delivered by the Pricing Officer and are in full force and effect and have not been modified, amended or repealed; (iv) to the best of such persons' knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2010, the latest date as of which audited financial information is available;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(8) Any other certificates and opinions required by the Bond Order for the issuance thereunder of the Bonds;

(9) Evidence satisfactory to the Underwriter that the Bonds have been rated "AA-" or better by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, without regard to credit enhancement, and that such rating is in effect as of the date of Closing;

(10) An executed copy of the Escrow Agreement;

(11) A certificate or report of either the paying agent for the Refunded Bonds or the Issuer's financial advisor verifying the sufficiency of the Bond proceeds and other cash on hand, if applicable, to pay the principal of and interest on the Refunded Bonds on the scheduled redemption date thereof;

(12) An opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State, approving the Bonds as required by law, and the registration certificate of the Comptroller of Public Accounts of the State; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due

performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

(j) Immediately following the Closing, the Issuer shall return the corporate check of the Underwriter delivered to the Issuer pursuant to Section 1 hereof.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 1 (with respect to the good faith check), 4, 8 and 10 hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Contract and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, reasonably exercised, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon revenues or other income of the general character to be derived by the Issuer pursuant to the Bond Order, or upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Order is not exempt from qualification under or other requirements

of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which more than ten percent (10%) of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters and/or broker-dealers;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the assessment, levy or collection of the ad valorem taxes pledged to pay the principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur, if any;

(i) there shall have occurred (whether or not foreseeable) any (a) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis including, but not limited to, an escalation of hostilities that existed prior to the date hereof, or (c) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service that as of the date of this Contract has published a rating on the Issuer's debt obligations (or has been asked to furnish a rating on the Bonds) that are secured in a like manner as the Bonds (including any rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Contract and is not caused by the action, or failure to act, of the Underwriter; or

(m) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred and shall be continuing at the date of Closing.

With respect to the conditions described in subsections (e) and (l) above, such conditions shall not apply to any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Contract which would permit the Underwriter to invoke its termination rights hereunder.

8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of the Paying Agent/Registrar for the Bonds, the Escrow Agent, the paying agent for the Refunded Bonds and any engineers, accountants and other experts, consultants or advisers retained by the Issuer; (v) the fees of the Attorney General of the State; and (vi) the fees for bond ratings.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Contract, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter.

9. Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing to its address set forth above, Attention: Mr. Robert Scott, District Manager, and any notice or other communication to be given to the Underwriter under this Contract may be given by delivering the same in writing to First Southwest Company, 325 N. St. Paul, Suite 800, Dallas, Texas 75201 Attention: Jim Sabonis.

10. Parties in Interest. This Contract shall constitute the entire agreement between the Issuer and the Underwriter and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter and (ii) delivery of and payment for the Bonds pursuant to this Contract. All of the Issuer's representations and warranties contained in this Contract shall remain operative and in full force and effect, regardless of any termination of this Contract.

11. Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and binding at the time of such acceptance.

12. Choice of Law. This Contract shall be governed by and construed in accordance with the laws of the State.

13. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

16. Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. No Personal Liability. None of the members of the Board of Directors, nor any officer, agent or employee of the Issuer, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Contract, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Contract.

18. Status of the Underwriter. The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Contract is an arm's-length commercial transaction between the Issuer and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Issuer, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions,

undertakings and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract, and (iv) the Issuer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate. The Issuer recognizes that the Underwriter expects to profit from the acquisition and potential distribution of the Bonds.

19. Entire Agreement. This Contract represents the entire agreement between the Issuer and the Underwriter with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

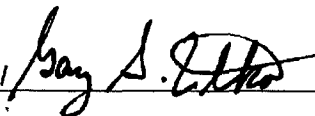
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If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between the Issuer and the Underwriter when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

FIRST SOUTHWEST COMPANY,
the Underwriter

By: Gary S. Utkov, SVP /
Authorized Officer

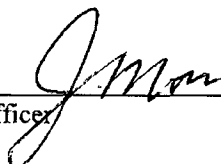


ACCEPTANCE:

ACCEPTED AND AGREED TO at 8:33 a.m./p.m. Central Time on February 14,
2012.

TROPHY CLUB MUNICIPAL UTILITY DISTRICT
NO. 1

By: _____
Pricing Officer



[Signature page of Purchase Contract relating to
Trophy Club Municipal Utility District No. 1 Unlimited Tax Refunding Bonds, Series 2012]

TCMUD002546

Schedule I

\$2,355,000

**Trophy Club Municipal Utility District No. 1
Unlimited Tax Refunding Bonds
Series 2012**

**Dated Date: March 1, 2012
(Interest to accrue from the Dated Date)**

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>
2013	\$ 185,000	2.00 %	0.60 %
2014	190,000	2.00	0.75
2015	195,000	2.00	0.97
2016	200,000	2.50	1.10
2017	205,000	2.50	1.23
2018	210,000	2.50	1.41
2019	225,000	2.50	1.63
2020	225,000	3.00	1.86
2021	230,000	3.00	2.08*
2022	240,000	3.00	2.17*
2023	250,000	3.00	2.28*

* Yield shown is yield to first call date, September 1, 2020.

Optional Redemption. The Issuer reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2021, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2020 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

TAB 8

ESCROW AGREEMENT

Trophy Club Municipal Utility District No. 2 Unlimited Tax Bonds Series 2002

THIS ESCROW AGREEMENT, dated as of March 5, 2012 (herein, together with any amendments or supplements hereto, called the "*Agreement*") is entered into by and between the Trophy Club Municipal Utility District No. 1 (herein called the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as escrow agent (herein, together with any successor in such capacity, called the "*Escrow Agent*"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "*Refunded Obligations*") described in Exhibit B attached hereto and made a part hereof; and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C hereto; and

WHEREAS, the Issuer has received the Sufficiency Certificate of The Bank of New York Mellon Trust Company, N.A., as paying agent/registrar of the Refunded Obligations (the "*PA/R Certificate*") relating to the Refunded Obligations, attached hereto as Exhibit D and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal, redemption premium, if any, and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("*Chapter 1207*"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any paying agent for the Refunded Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations, or a trust company or commercial

bank that does not act as a depository for the Issuer, with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent, trust company or commercial bank may agree, provided that such deposits may be invested only in obligations described in Section 1207.062 of Chapter 1207, which obligations may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal, redemption premium, if any, and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent is the paying agent for the Refunded Obligations (the "*Paying Agent*") and this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the places of payment for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Trophy Club Municipal Utility District No. 1 Unlimited Tax Refunding Bonds, Series 2012 (the "*Refunding Bonds*") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of and redemption premium, if any, on the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the Issuer, if applicable, shall be deposited to the credit of the Escrow Fund created pursuant to the terms of this Agreement; and

WHEREAS, the cash balances from time to time on deposit in the Escrow Fund and Escrowed Securities, if any, which shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which together with such cash balances will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations, and to facilitate receipt and transfer of proceeds of Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the corporate trust office of the Escrow Agent; and

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of, redemption premium, if any, and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"*Code*" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"*Escrow Fund*" means the fund created pursuant to Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"*Escrowed Securities*" means , subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations, the obligations permitted by Section 1207.062 of Chapter 1207 deposited into the Escrow Fund pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "*Agreement*", "*Issuer*", "*Escrow Agent*", "*Refunded Obligations*", "*Refunding Bonds*", "*PA/R Certificate*" and "*Paying Agent*", when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROW SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the sum of \$2,411,156.25 to be applied to pay the principal of and interest on the Refunded Obligations on their redemption date. Such amount shall be held uninvested unless the Issuer otherwise directs pursuant to Section 4.02 hereof.

The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III.

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Trophy Club Municipal Utility District No. 1 Unlimited Tax Refunding Bonds, Series 2012 (the "*Escrow Fund*"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds described in Section 2.01 hereof. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such , of redemption premium, if any, and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal, Redemption Premium, if any, and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund and make available to the Paying Agent for the Refunded Obligations, the amounts required to pay the principal of and interest on the Refunded Obligations at their redemption date and interest thereon to such redemption date.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the cash balance, and Escrowed Securities, if any, on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of and the redemption premium, if any, on the Refunded Obligations as the Refunded Obligations mature or are subject to redemption, all as more fully set forth in Exhibit E attached hereto and made a part hereof. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each Paying Agent for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, any Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. Uninvested cash, Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded

Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon uninvested cash, Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. General Limitations. Except as provided in Sections 3.01, 3.02 and 4.02 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of Escrowed Securities, or to sell, transfer or otherwise dispose of Escrowed Securities.

Section 4.02. Investments and Substitutions. At the discretion and upon the written request of the Issuer, the Escrow Agent shall invest cash balances in the Escrow Fund, make substitutions of Escrowed Securities or redeem Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after such investment, substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable obligations described in Section 1207.062 of Chapter 1207, subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations), together with the interest thereon and other available moneys in the Escrow Fund, will be sufficient to pay, without further investment or reinvestment, as the same become due, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid; and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment, substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations or the Refunding

Bonds subject to federal income taxation, and (b) such investment, substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

Any balance in the Escrow Fund set forth in the opinion of the independent certified public account as not necessary to pay, without further investment or reinvestment, as the same become due, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid shall be transferred to the Issuer. The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.03. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Bonds or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02 and 4.02, no withdrawals, transfers, investments or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENT AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability and Indemnification.

(a) The liability of the Escrow Agent to transfer funds for the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations shall be limited to the cash balances and proceeds of Escrowed Securities from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

(b) The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

(c) The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

(d) It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

(e) The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

(f) Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with

others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

(g) To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 7.03. Compensation.

(a) Concurrently with the sale and delivery of the Refunding Bonds, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in Exhibit F attached hereto and made a part hereof, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Paying Agent is the place of payment (paying agent) for the Refunded Obligations. The Issuer covenants to timely pay for all future paying agency services of the Paying Agent for the Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the Refunded Obligations, the sufficiency of which is hereby acknowledged by the Paying Agent. Additionally, the Paying Agent agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses, and for the benefit of the registered owners of the Refunded Obligations, to perform the services as Paying Agent without regard to the future payment of such fees and expenses. The Paying Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Paying Agent, or in any other capacity, or for reimbursement for any of its expenses.

(c) Upon receipt of the aforesaid specific sums stated in subsections (a) and (b) of this Section 7.03 for Escrow Agent fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents.

(a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) Any successor Escrow Agent shall be: (i) a corporation, bank or banking association organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) be authorized under Texas law to act as an escrow agent; under Chapter 1207 (iv) have a combined capital and surplus of at least \$5,000,000; and (v) be subject to the supervision or examination by Federal or State authority.

(c) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

(d) The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the Issuer

and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

(e) Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

Section 7.05. Notice of Redemption of Refunded Obligations. The Escrow Agent, by its execution hereof, as Paying Agent for the Refunded Obligations, hereby agrees to provide notice of redemption of the Refunded Obligations as required under the terms of the order of the Issuer authorizing the issuance of the respective Refunded Obligations, including notices required to be delivered to each registered securities depository and to any national information service that disseminates redemption notices.

Section 7.06. Acknowledgment of Notice of Redemption. The Escrow Agent, by its execution hereof, as Paying Agent for the Refunded Obligations, acknowledges receipt of written notice of the redemption of the Refunded Obligations, as required by the proceedings that authorized the issuance of the Refunded Obligations, and agrees to provide or cause to be provided notice of defeasance and redemption of such Refunded Obligations as required by the proceedings that authorized the issuance of such Refunded Obligations.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days' prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007, and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure

solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Section 2.01, together with the specific sums stated in subsection (a) of Section 7.03 for Escrow Agent fees, expenses, and services.

Section 8.08. Amendments. This Agreement is made for the benefit of the Issuer, the Escrow Agent and the holders or owners from time to time of the Refunded Obligations, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders or owners and the written consent of the Escrow Agent and the Issuer; *provided, however*, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders or owners and as shall not be inconsistent with the terms and provisions of this Agreement amend this Agreement to cure any ambiguity or formal defect or omission in this Agreement; but provided further that no amendment to or alteration of this Agreement shall conflict with the requirements for firm banking and financial arrangements in accordance with Chapter 1207. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto.

Section 8.09. Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall be deemed an original for all purposes, and all counterparts shall together constitute one and the same instrument.

(Execution Page Follows)

EXECUTED as of the date first written above.

TROPHY CLUB MUNICIPAL UTILITY
DISTRICT NO. 1

By  _____
President, Board of Directors

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By _____
Name: _____
Title: _____

S-1

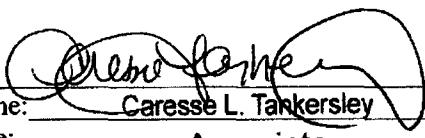
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EXECUTED as of the date first written above.

TROPHY CLUB MUNICIPAL UTILITY
DISTRICT NO. 1

By _____
President, Board of Directors

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By  _____
Name: Caresse L. Tankersley
Title: Associate

INDEX TO EXHIBITS

<u>Exhibit A</u>	Addresses of the Issuer and the Escrow Agent
<u>Exhibit B</u>	Schedule of Refunded Obligations
<u>Exhibit C</u>	Schedule of Debt Service on Refunded Obligations
<u>Exhibit D</u>	Sufficiency Certificate of Refunded Obligation Paying Agent
<u>Exhibit E</u>	Escrow Fund Cash Flow
<u>Exhibit F</u>	Escrow Agent Fees

EXHIBIT A

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

ISSUER

Trophy Club Municipal Utility District No. 1
100 Municipal Drive
Trophy Club, Texas 76262

Attn: District Manager

ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Attn: Corporate Trust Services

EXHIBIT B

SCHEDULE OF REFUNDED OBLIGATIONS

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 2 UNLIMITED TAX BONDS, SERIES 2002

<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Principal Amount (\$)</u>	<u>Principal Amount to be Refunded* (\$)</u>	<u>Redemption Date</u>	<u>CUSIP</u>
2013	4.25	165,000	165,000	September 1, 2012	897060BF8
2014	4.35	170,000	170,000	September 1, 2012	897060BF5
2015	4.45	180,000	180,000	September 1, 2012	897060BG3
2016	4.55	190,000	190,000	September 1, 2012	897060BH1
2017	4.70	200,000	200,000	September 1, 2012	897060BJ7
2018	4.80	210,000	210,000	September 1, 2012	897060BK4
2020	4.95	460,000	460,000	September 1, 2012	897060BM0
2022	5.00	505,000	505,000	September 1, 2012	897060BP3
2023	5.00	275,000	275,000	September 1, 2012	897060BQ1

*Redemption at the price of par plus accrued interest to the date of redemption.

EXHIBIT C

SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

SERIES 2002 REFUNDED BOND DEBT SERVICE

\$2,355,000 (par-to-par requirement)
TROPHY CLUB MUNICIPAL UTILITY DISTRICT #1
(Denton and Tarrant Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2012
FINAL NUMBERS: As of February 13, 2012

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2012			56,156.25	56,156.25
09/30/2013	165,000	4.250%	112,312.50	277,312.50
09/30/2014	170,000	4.350%	105,300.00	275,300.00
09/30/2015	180,000	4.450%	97,905.00	277,905.00
09/30/2016	190,000	4.550%	89,895.00	279,895.00
09/30/2017	200,000	4.700%	81,250.00	281,250.00
09/30/2018	210,000	4.800%	71,850.00	281,850.00
09/30/2019	225,000	4.950%	61,770.00	286,770.00
09/30/2020	235,000	4.950%	50,632.50	285,632.50
09/30/2021	245,000	5.000%	39,000.00	284,000.00
09/30/2022	260,000	5.000%	26,750.00	286,750.00
09/30/2023	275,000	5.000%	13,750.00	288,750.00
	2,355,000		806,571.25	3,161,571.25

ESCROW REQUIREMENTS

\$2,355,000 (par-to-par requirement)
TROPHY CLUB MUNICIPAL UTILITY DISTRICT #1
(Denton and Tarrant Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2012
FINAL NUMBERS: As of February 13, 2012

UL Tax Bonds, Series 2002 (2002)

Period Ending	Interest	Principal Redeemed	Total
09/01/2012	56,156.25	2,355,000.00	2,411,156.25
	56,156.25	2,355,000.00	2,411,156.25

EXHIBIT D

**SUFFICIENCY CERTIFICATE OF REFUNDED OBLIGATION
PAYING AGENT**

(Omitted at this point as it is included elsewhere in the transcript.)

EXHIBIT E

ESCROWED FUND CASH FLOW

\$2,355,000 (par-to-par requirement)
TROPHY CLUB MUNICIPAL UTILITY DISTRICT #1
(Denton and Tarrant Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2012
FINAL NUMBERS: As of February 13, 2012

Unlimited Tax Bonds, Series 2002 (2002) - Allocation of Global

Date	Other Cash Flows	Net Escrow Receipts	Present Value to 03/05/2012 @ 0.0000000%
03/05/2012	2,411,156.25	2,411,156.25	2,411,156.25
	2,411,156.25	2,411,156.25	2,411,156.25

Escrow Cost Summary

Purchase date	03/05/2012
Purchase cost of securities	2,411,156.25
Target for yield calculation	2,411,156.25

EXHIBIT F

ESCROW AGENT FEES

(See attached)



BNY MELLON
CORPORATE TRUST

Fee Schedule

Trophy Club Municipal Utility District No. 1 Unlimited Tax Refunding Bonds, Series 2012

Acceptance Fee

None

A one-time charge covering the Bank Officer's review of governing documents, communication with members of the closing party, including representatives of the issuer, investment banker(s) and attorney(s), establishment of procedures and controls, set-up of trust accounts and tickler suspense items and the receipt and disbursement/investment of bond proceeds. This fee is payable on the closing date.

Annual Paying Agent Administration Fee

\$500

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, then we will have to charge an additional \$1000 per year as a paying agent. This fee is payable annually, in advance.

Escrow Agent Fee:

\$750

The Escrow Agent Fee covers the consideration of documents and the normal administrative duties of the escrow agent according to the governing documents. For a full year or partial year escrow the fee is \$750 per year. Should the escrow account or depository account be open for less than two months, then we will reduce our fee to \$375. Should we not open an escrow, depository or similar account, we will not charge for such services. This fee is payable on the closing date.

Pricing for Call or Redemptions of Bonds

Per Call

\$300

Call Pricing includes distribution of the call notice to holders of record, redemption processing, and notification to EMMA. Any publication expenses (i.e. Bond Buyer, regional periodical, financial periodicals, etc.) for the call notice will be billed to the Issuer at cost.

Extraordinary Services/Misc Fees

At Appraisal

The charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon's sole discretion. If it is contemplated that the Trustee hold and/or value collateral or enter into any investment contract, forward purchase or similar or other agreement, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. Should this transaction terminate prior to closing, all out-of-pocket expenses incurred, including legal fees, will be billed at cost. If all outstanding bonds of a series are defeased or called in full prior to their maturity, a termination fee may be assessed at that time.



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These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tender processing, sinking fund redemptions, failed remarketing processing, the preparation of special or interim reports, custody of collateral, a one-time fee to be charged upon termination of an engagement. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed, UCC filing fees, money market sweep fees, auditor confirmation fees, wire transfer fees, transaction fees to settle third-party trades and reconciliation fees to balance trust account balances to third-party investment provider statements

Annual fees include one standard audit confirmation per year without charge. Standard audit confirmations include the final maturity date, principal paid, principal outstanding, interest cycle, interest paid, cash and asset information, interest rate, and asset statement information. Non-standard audit confirmation requests may be assessed an additional fee. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed at \$300 per event. FDIC or other governmental charges will be passed along to you as incurred.

Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNYM and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

Customer Notice Required by the USA Patriot Act

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYM, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.