

| Bond Issue | TCEQ Amount Approved | TCEQ Order Date Approved | Amount Sold | Purpose |
|---|-------------------------|-----------------------------|----------------|----------------------------|
| WW & SS Comb UL Tax & Rev Bonds, Series 1976 (M1) | \$1,530,000 | 1/26/1976 | \$1,530,000 | Water / Wastewater |
| WW & SS Comb UL Tax & Rev Bonds, Series 1980 (M1) | 2,035,000 | 4/28/1980 | 2,035,000 | Water / Wastewater |
| WW & SS Comb UL Tax & Rev Bonds, Series 1983 (M1) | 3,200,000 | 3/1/1983 | 3,200,000 | Water / Wastewater |
| UL Tax Refunding Bonds, Series 1987 (M1) | N/A | N/A | 5,675,000 | Refunding |
| UL Tax Bonds, Series 1988 (M2) | 1,870,000 | 10-11-88 | 1,870,000 | Water / Wastewater |
| UL Tax Bonds, Series 1988 (M3) | 3,630,000 | 12-12-88 | 3,630,000 | Water / Wastewater |
| Pub Property Finance Contract'l Oblig, Series 1989 (M1) | N/A | N/A | 126,000 | Personal Property Purchase |
| WW & SS Comb UL Tax & Rev Bonds, Series 1991 (M1) | 4,350,000 | 9/18/1991 | 4,350,000 | Water / Wastewater |
| UL Tax Refunding Bonds, Series 1993 (M1) | N/A | N/A | 3,500,000 | Refunding |
| UL Tax Refunding Bonds, Series 1995 (M2) | N/A | N/A | 4,549,522 | Refunding |
| Pub Property Finance Contract'l Oblig, Series 1996 (M1) | N/A | N/A | 458,600 | Personal Property Purchase |
| WW & SS Comb UL Tax & Rev Ref Bonds, Series 1997 (M1) | N/A | N/A | 3,490,142 | Refunding |
| Pub Property Finance Contract'l Oblig, Series 1999 (M1) | N/A | N/A | 70,000 | Vehicles Purchase |
| UL Tax Bonds, Series 2002 (M2) | 3,510,000 | 4/25/2002 | 3,510,000 | Water / Wastewater |
| UL Tax Refunding Bonds, Series 2003 (M1) | N/A | N/A | 1,949,268 | Refunding |
| UL Tax Bonds, Series 2003 (M2) | 1,200,000 | 5/15/2003 | 1,200,000 | Settlement Agreement |
| Pub Property Finance Contract'l Oblig, Series 2004 (M1) | N/A | N/A | 270,000 | Water / Wastewater |
| UL Tax Refunding Bonds, Series 2005 (M2) | N/A | N/A | 3,134,998 | Refunding |
| Pub Property Finance Contract'l Oblig, Series 2007 (M1) | N/A | N/A | 448,000 | Fire Truck |
| Pub Property Finance Contract'l Oblig, Series 2009 (M1) | N/A | N/A | 330,000 | Water / Wastewater |
| UL Tax Bonds, Series 2010 (M1) | 2,000,000 | 1/19/2010 | 2,000,000 | Fire Station |
| UL Tax Refunding Bonds, Series 2012 (M1) | N/A | N/A | 2,355,000 | Refunding |
| Revenue Note, Series 2012 (M1) | N/A | N/A | 1,100,000 | Water |
| Revenue Note, Series 2013 (M1) | N/A | N/A | 445,000 | Water / Wastewater |
| UL Tax Refunding Bonds, Series 2013 (M1) | N/A | N/A | 1,905,000 | Refunding |
| UL Tax Bonds, Series 2014 (Proposed) (M1) | 5,765,000 | TBD | TBD | Wastewater |
| Revenue Bonds, Series 2014 (Proposed) (M1) | 9,230,000 | TBD | TBD | Wastewater |

**APPENDIX 3a
CONSTRUCTION CONTRACT CHECKLIST**

District: _____
 Bond Issue: _____
 Engineer: _____
 Construction Contract: Job No. _____ Contract No. _____ Date (of execution) _____
 For: _____

Contractor: _____ Contract Amount: _____ Prefinanced by: _____

1. CONSTRUCTION PLANS:

- ___ Plans (___ Sheets) w/ Engr. Seal ___
- ___ Specifications (Add. # ___) Seal ___
- ___ TCEQ Approval
- ___ Water
- ___ Wastewater (for treatment plant)
- ___ Wastewater (for collection system if no City review)
- ___ County Engr. Approval (Drainage)
- ___ Flood Control District Approval (Drainage)
- ___ City Approvals (if in City or ETJ)
- ___ Recorded Plat
- ___ Other: _____

2. CONTRACT DOCUMENTS

- ___ Bid Advertising Affidavits
- ___ Bid Tabulation
- ___ Engr. Recommendation
- ___ Exec. Contract w/ Proposal
- ___ Performance Bond ___ Payment Bond
- ___ Notice to Proceed

COMMENTS & NOTES:

3. CONSTRUCTION PAY ESTIMATES

| <u>Date</u> | <u>Est. No.</u> | <u>Amf. to Date</u> | <u>Comments</u> |
|-------------|-----------------|---------------------|-----------------|
| _____ | 1 | _____ | _____ |
| _____ | 2 | _____ | _____ |
| _____ | 3 | _____ | _____ |
| _____ | 4 | _____ | _____ |
| _____ | 5 | _____ | _____ |
| _____ | 6 | _____ | _____ |
| _____ | 7 | _____ | _____ |
| _____ | 8 | _____ | _____ |
| _____ | 9 | _____ | _____ |
| _____ | 10 | _____ | _____ |
| _____ | 11 | _____ | _____ |
| _____ | 12 | _____ | _____ |
| _____ | 13 | _____ | _____ |
| _____ | 14 | _____ | _____ |
| _____ | 15 | _____ | _____ |

| <u>Chg. Ord.</u> | <u>No.</u> | <u>Amount</u> | <u>TCEQ Approval</u> |
|------------------|------------|---------------|----------------------|
| <u>Date</u> | | | |
| _____ | 1 | _____ | _____ |
| _____ | 2 | _____ | _____ |
| _____ | 3 | _____ | _____ |
| _____ | 4 | _____ | _____ |
| _____ | 5 | _____ | _____ |

4. CONTRACT COMPLETION DOCUMENTS

- ___ W & S Test Results
- ___ Notice of Final Inspection
- ___ TCEQ Inspection (Dist. No. ___)
- ___ Engr. Certificate of Completion (see App. 3b)
- ___ Contractor's Affidavit of Bills Paid
- ___ Letter of Acceptance

**TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1
\$5,765,000 UNLIMITED TAX BONDS, SERIES 2014
\$9,230,000 REVENUE BONDS, SERIES 2014**

ESTIMATED COST OF ISSUANCE

| <u>Expense Item:</u> | <u>UL Tax Bonds</u> \$5,765,000 | <u>Revenue Notes</u> \$9,230,000 |
|--|------------------------------------|-------------------------------------|
| Financial Advisory Fee / Expenses-Southwest Securities, Inc. | \$ 88,825.00 | \$ 86,150.00 |
| Bond Counsel Fee /Expenses- McCall Parkhurst & Horton LLP | 71,325.00 | 88,650.00 |
| Attorney General Fee | 5,765.00 | 9,230.00 |
| Ratings: | | |
| S&P | 11,000.00 | 14,000.00 |
| Paying Agent Registrar - The Bank of New York Mellon Trust Company, N.A. | | |
| First Year's Paying Agent/ Registrar Fee | 500.00 | 500.00 |
| Official Statement (OS) Costs: | | |
| Internet Posting / Electronic Distribution | 1,500.00 | 1,500.00 |
| Preparation and Printing of Official Statements | 2,500.00 | 2,500.00 |
| TCEQ Fee for Processing Application (0.25% of par amount) | 14,412.50 | 23,075.00 |
| TCEQ Application Filing Fee | 500.00 | 500.00 |
| Bond Application Report (Fee for preparing TCEQ Application - Engineer) | 10,000.00 | 10,000.00 |
| Misc. | 10,000.00 | 10,000.00 |
| Total Estimated Cost of Issuance | \$ 196,327.50 | \$ 246,105.00 |

9/5/2013

SECTION 8 - FINANCIAL INFORMATION

8A - Growth / No Growth

The economic feasibility of these bond issues is based on no growth.
The highest projected taxable values shown in the cash flow schedule is \$1,047,277,474.

8B - Latest Certified Assessed Valuation

Latest Certified Net Taxable Assessed Valuation as of September 1, 2013 was \$1,047,277,474

8C - Historical Tax Data:

The following information is as of May 31, 2013.

| Tax Year | Net Taxable Assessed Valuation | Debt Service Tax Rate | Maintenance Tax Rate | Fire Protection Tax Rate | Total Tax Rate | Current Year Amount Collected |
|----------|--------------------------------|-----------------------|----------------------|--------------------------|----------------|-------------------------------|
| 2008 | \$ 960,911,000 | \$ 0.114555 | \$ 0.014040 | \$ 6.116020 | \$ 0.244615 | \$ 2,355,444 |
| 2009 | 1,015,777,389 | 0.068720 | 0.027140 | 0.169140 | 0.205000 | 2,084,303 |
| 2010 | 978,509,574 | 0.076960 | 0.008790 | 0.109250 | 0.195000 | 2,038,371 |
| 2011 | 954,645,475 | 0.055860 | 0.009890 | 0.109250 | 0.175000 | 1,706,043 |
| 2012 | 933,598,863 | 0.019500 | 0.009890 | 0.104000 | 0.133390 | 1,600,262 |

8D - Cash and Investment Balances:

Fund balances are as of May 31, 2013, unaudited

| Fund | Amount |
|-----------------------|--------------|
| General Fund | \$ 3,913,446 |
| Debt Service Fund | 691,002 |
| Capital Projects Fund | 368,642 |

8E - Outstanding Indebtedness

Estimated Net Taxable Assessed Valuation used for Debt Ratio calculations is as of July 1, 2013 \$ 1,047,277,474

(i) - Bond Issues

| Debt Category | Outstanding UL Tax Debt Principal | Proposed UL Tax Debt Principal | Combined UL Tax Debt Principal | Ratio Debt to AV |
|--------------------|-----------------------------------|--------------------------------|--------------------------------|------------------|
| Water / Wastewater | \$ 4,145,000 | \$ 5,765,000 | \$ 9,910,000 | 0.95% |
| Fire Protection | 1,870,000 | - | 1,870,000 | 0.18% |
| Totals | \$ 6,015,000 | \$ 5,765,000 | \$ 11,780,000 | 1.12% |

| Debt Category | Outstanding Revenue Debt Principal | Proposed Revenue Debt Principal | Combined Revenue Debt Principal | Ratio Debt to AV |
|--------------------|------------------------------------|---------------------------------|---------------------------------|------------------|
| Water / Wastewater | \$ 812,000 | \$ 9,230,000 | \$ 10,042,000 | N/A |

(ii) - Bond Anticipation Notes: The District has no Bond Anticipation Notes.

(iii) - Commission Rule 293.53 - Not applicable

(iv) - Tax Anticipation Notes: The District has no Tax Anticipation Notes.

(v) - Other Obligations

| | Principal Outstanding As of 9-30-12 |
|---|-------------------------------------|
| Public Property Finance Contractual Obligations | \$ 137,000 |
| Notes Payable for Equipment | 107,973 |
| Notes Payable for Ground Storage | 733,000 |
| Contractual Obligations for Capital Projects | 445,000 |
| Total Other Obligations: | \$ 1,422,973 |

TCEQ Application Responses
Trophy Club Municipal Utility District No. 1
Provided by Southwest Securities - Financial Advisor to the District

SECTION 8 - FINANCIAL INFORMATION - Continued

8F - Financial Feasibility

(i) - Build Out Projections:

Is the feasibility of the bond issues based on growth? No

(ii) - Debt Service Schedule:

See separate Attachments 8F(ii) - Debt Service Schedules

(iii) - Revenue Projections:

(a) Does the District intend to use net revenues from operations for debt service payments? Yes for Revenue Bonds.
See separate Attachment 8F(iii)(a) - Revenue Projections (Proforma)

(b) Does the District intend to use net revenues received from a municipality through either a consent agreement or strategic partnership agreement for debt service payments? No

(iv) - Operating Budget - See separate Cost of Issuance Estimate for inclusion by engineer in Operating Budget.

(v) - Projected Cash-Flow Analysis for Proposed and Existing Debt of District:
Not Applicable

(vi) - No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District:
See separate Attachment 8F(vi) - No-Growth Cash-Flow Analysis

(vii) - Cash Flow Analysis for All Overlapping Taxing Entities: Not Applicable

(viii) - Combined Tax Rate: Not Applicable

(ix) - Total Taxable Value of Area to be Taxed:
2013 Certified Net Taxable Valuations: \$ 1,047,277,474

(x) - Waiver of special appraisal: Not Applicable

(xi) - Overlapping Tax Rates:

| <u>Governmental Entity</u> | <u>Tax Year</u> | 2012 | Tax Year 2013 |
|---------------------------------------|-----------------|-------------------------------------|---|
| | | <u>Tax Rate Per \$100 Valuation</u> | <u>Projected Tax Rate Per \$100 Valuation</u> |
| Carroll Independent School District | 2012 | 1.400000 | 1.400000 |
| Denton County | 2012 | 0.282900 | 0.282900 |
| Northwest Independent School District | 2012 | 1.375000 | 1.375000 |
| Tarrant County | 2012 | 0.264000 | 0.264000 |
| Tarrant County College District | 2012 | 0.149000 | 0.149000 |
| Tarrant County Hospital District | 2012 | 0.227900 | 0.227900 |
| Town of Trophy Club | 2012 | 0.518500 | 0.518500 |
| Westlake, Town of | 2012 | 0.156800 | 0.156800 |

8G - Development Status:

Does the District have a developer as defined by Water Code Section 49.052(d)? No

(i) - Status of Construction: - Not Applicable

(ii) - Status of Growth Projected in Previous Bond Issue: - Not Applicable

8H - Market Information:

The District did not do a market study.

Attachment 8B

DENTON County

2013 CERTIFIED TOTALS

As of Certification

W03 - TROPHY CLUB MUD.NO 1

ARB Approved Totals

7/22/2013 6:26:41AM

Property Count: 3,182

| Land | | Value | | | |
|----------------------------|-------|-------------|------------|--------------------|-----------------|
| Homestead: | | 164,978,593 | | | |
| Non Homestead: | | 48,087,180 | | | |
| Ag Market: | | 0 | | | |
| Timber Market: | | 0 | | Total Land | (+) 212,985,753 |
| Improvement | | Value | | | |
| Homestead: | | 541,515,976 | | | |
| Non Homestead: | | 25,152,362 | | Total Improvements | (+) 566,667,738 |
| Non Real | | Count | Value | | |
| Personal Property: | 177 | 14,657,530 | | | |
| Mineral Property: | 118 | 95,857 | | | |
| Autos: | 0 | 0 | | Total Non Real | (+) 14,753,387 |
| | | | | Market Value | = 794,416,878 |
| Ag | | Non Exempt | Exempt | | |
| Total Productivity Market: | 0 | 0 | | | |
| Ag Use: | 0 | 0 | | Productivity Loss: | (-) 0 |
| Timber Use: | 0 | 0 | | Appraised Value | = 794,416,878 |
| Productivity Loss: | 0 | 0 | | | |
| | | | | Homestead Cap, | (-) 1,512,355 |
| | | | | Assessed Value: | = 792,904,523 |
| Exemption | Count | Local | State | Total | |
| DV1 | 16 | 0 | 122,000 | 122,000 | |
| DV2 | 9 | 0 | 80,000 | 80,000 | |
| DV3 | 8 | 0 | 80,000 | 80,000 | |
| DV4 | 25 | 0 | 216,000 | 216,000 | |
| DV4S | 4 | 0 | 24,000 | 24,000 | |
| DVHS | 7 | 0 | 1,600,630 | 1,600,630 | |
| DVHSS | 2 | 0 | 446,545 | 446,545 | |
| EX-XU (Prorated) | 1 | 0 | 454,055 | 454,055 | |
| EX-XV | 36 | 0 | 18,083,413 | 18,083,413 | |
| EX36S | 96 | 0 | 6,223 | 6,223 | |
| OV65 | 572 | 14,055,714 | 0 | 14,055,714 | |
| OV65S | 34 | 800,000 | 0 | 800,000 | |
| | | | | Total Exemptions | (-) 35,988,580 |
| | | | | Net Taxable | = 756,915,943 |

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100)
 1,009,659.18 = 756,915,943 * (0.133390 / 100)

Tax Increment Finance Value: 0
 Tax Increment Finance Levy: 0.00

Q1 SEP 2013

TAD TARRANT APPRAISAL DISTRICT

TROPHY CLUB MUD #1

**2013 Supplemental Certified Appraisal Roll
Valuation Summary**

I, Jeff Law, Chief Appraiser for the Tarrant Appraisal District, to the best of my ability do solemnly swear that the attached is that portion of the appraisal roll of the Tarrant Appraisal District which lists property taxable by the above named entity and constitutes their supplemental certified appraisal roll.

APPRAISED VALUE (Considers Value Caps) ----- > \$ 303,879,622

| | | |
|---|----|-----------|
| Absolute Exemption | \$ | 2,658,055 |
| Cases before ARB | \$ | 6,010,651 |
| Incompletes | \$ | 30,509 |
| Deferred, Special Use, and Partial Exemptions | \$ | 4,818,876 |

See Totals Report for breakdown of each Exemption

NET TAXABLE VALUE ----- > \$ 290,361,531

Appraised value minus Absolute Exemption amount, minus ARB amount, minus Incompletes, minus Deferred, Special Use and Partial Exemptions, to equal the NTV.

ESTIMATED NET TAXABLE VALUE ----- > \$ 294,553,622

Including suggested values to be used for pending A.R.B. accounts (see page two), and incomplete accounts (see page three).



Jeff Law, Chief Appraiser

Attachment F(ii)

Trophy Club MUD

\$5,765,000 Unlimited Tax Bonds, Series 2014

| FYE (9/30) | Principal | Interest Rate | Interest | Total |
|------------|------------------------|---------------|------------------------|-------------------------|
| 2014 | \$ - | | \$ 172,950.00 | \$ 172,950.00 |
| 2015 | 155,000.00 | 6.00% | 341,250.00 | 496,250.00 |
| 2016 | 165,000.00 | 6.00% | 331,650.00 | 496,650.00 |
| 2017 | 175,000.00 | 6.00% | 321,450.00 | 496,450.00 |
| 2018 | 185,000.00 | 6.00% | 310,650.00 | 495,650.00 |
| 2019 | 195,000.00 | 6.00% | 299,250.00 | 494,250.00 |
| 2020 | 205,000.00 | 6.00% | 287,250.00 | 492,250.00 |
| 2021 | 220,000.00 | 6.00% | 274,500.00 | 494,500.00 |
| 2022 | 235,000.00 | 6.00% | 260,850.00 | 495,850.00 |
| 2023 | 250,000.00 | 6.00% | 246,300.00 | 496,300.00 |
| 2024 | 265,000.00 | 6.00% | 230,850.00 | 495,850.00 |
| 2025 | 280,000.00 | 6.00% | 214,500.00 | 494,500.00 |
| 2026 | 295,000.00 | 6.00% | 197,250.00 | 492,250.00 |
| 2027 | 315,000.00 | 6.00% | 178,950.00 | 493,950.00 |
| 2028 | 335,000.00 | 6.00% | 159,450.00 | 494,450.00 |
| 2029 | 355,000.00 | 6.00% | 138,750.00 | 493,750.00 |
| 2030 | 380,000.00 | 6.00% | 116,700.00 | 496,700.00 |
| 2031 | 400,000.00 | 6.00% | 93,300.00 | 493,300.00 |
| 2032 | 425,000.00 | 6.00% | 68,550.00 | 493,550.00 |
| 2033 | 450,000.00 | 6.00% | 42,300.00 | 492,300.00 |
| 2034 | 480,000.00 | 6.00% | 14,400.00 | 494,400.00 |
| | <u>\$ 5,765,000.00</u> | | <u>\$ 4,301,100.00</u> | <u>\$ 10,066,100.00</u> |

**Attachment F(ii)
Trophy Club MUD**

\$9,230,000 Revenue Bonds, Series 2014

| FYE (9/30) | Principal | Interest Rate | Interest | Total |
|-------------------|------------------------|----------------------|------------------------|-------------------------|
| 2014 | \$ - | | \$ 276,900.00 | \$ 276,900.00 |
| 2015 | 245,000.00 | 6.00% | 546,450.00 | 791,450.00 |
| 2016 | 260,000.00 | 6.00% | 531,300.00 | 791,300.00 |
| 2017 | 275,000.00 | 6.00% | 515,250.00 | 790,250.00 |
| 2018 | 295,000.00 | 6.00% | 498,150.00 | 793,150.00 |
| 2019 | 315,000.00 | 6.00% | 479,850.00 | 794,850.00 |
| 2020 | 330,000.00 | 6.00% | 460,500.00 | 790,500.00 |
| 2021 | 355,000.00 | 6.00% | 439,950.00 | 794,950.00 |
| 2022 | 375,000.00 | 6.00% | 418,050.00 | 793,050.00 |
| 2023 | 400,000.00 | 6.00% | 394,800.00 | 794,800.00 |
| 2024 | 420,000.00 | 6.00% | 370,200.00 | 790,200.00 |
| 2025 | 450,000.00 | 6.00% | 344,100.00 | 794,100.00 |
| 2026 | 475,000.00 | 6.00% | 316,350.00 | 791,350.00 |
| 2027 | 505,000.00 | 6.00% | 286,950.00 | 791,950.00 |
| 2028 | 535,000.00 | 6.00% | 255,750.00 | 790,750.00 |
| 2029 | 570,000.00 | 6.00% | 222,600.00 | 792,600.00 |
| 2030 | 605,000.00 | 6.00% | 187,350.00 | 792,350.00 |
| 2031 | 645,000.00 | 6.00% | 149,850.00 | 794,850.00 |
| 2032 | 680,000.00 | 6.00% | 110,100.00 | 790,100.00 |
| 2033 | 725,000.00 | 6.00% | 67,950.00 | 792,950.00 |
| 2034 | 770,000.00 | 6.00% | 23,100.00 | 793,100.00 |
| | <u>\$ 9,230,000.00</u> | | <u>\$ 6,895,500.00</u> | <u>\$ 16,125,500.00</u> |

Attachment F(III)(a).

Trophy Club MUD #1 Cash Flow Proforma and Available Funds for Debt Service

\$9,230,000 Revenue Bonds, Series 2014

(NO GROWTH)

Expenses exclude principal, interest, depreciation, and Capital Outlay

| FY Year Ending 9/30 | Water Connections | Revenues | Expenses | Available for Debt Service | Existing Debt Service | The Bonds | Total Debt Service | Coverage |
|------------------------|----------------------|-------------|-------------|-------------------------------|--------------------------|---------------|-----------------------|----------|
| 2011 | 3,554 | \$7,055,065 | \$5,083,531 | \$1,971,534 | \$240,245 | | \$240,245 | 8.21 |
| 2012 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | \$700,982 | | \$700,982 | 2.84 |
| 2013 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | \$387,088 | | \$387,088 | 5.14 |
| 2014 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | \$530,690 | \$ 276,900.00 | \$807,590 | 2.46 |
| 2015 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | \$154,200 | \$91,450.00 | \$945,650 | 2.10 |
| 2016 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | \$153,406 | \$91,300.00 | \$944,706 | 2.11 |
| 2017 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$90,250.00 | \$790,250 | 2.52 |
| 2018 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$93,150.00 | \$793,150 | 2.51 |
| 2019 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$94,850.00 | \$794,850 | 2.50 |
| 2020 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$90,500.00 | \$790,500 | 2.52 |
| 2021 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$94,950.00 | \$794,950 | 2.50 |
| 2022 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$93,050.00 | \$793,050 | 2.51 |
| 2023 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$94,800.00 | \$794,800 | 2.50 |
| 2024 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$90,200.00 | \$790,200 | 2.52 |
| 2025 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$94,100.00 | \$794,100 | 2.51 |
| 2026 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$91,350.00 | \$791,350 | 2.52 |
| 2027 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$91,950.00 | \$791,950 | 2.51 |
| 2028 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$90,750.00 | \$790,750 | 2.52 |
| 2029 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$92,600.00 | \$792,600 | 2.51 |
| 2030 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$92,350.00 | \$792,350 | 2.51 |
| 2031 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$94,850.00 | \$794,850 | 2.50 |
| 2032 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$90,100.00 | \$790,100 | 2.52 |
| 2033 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$92,950.00 | \$792,950 | 2.51 |
| 2034 | 3,887 | \$7,461,907 | \$5,471,568 | \$1,990,339 | | \$93,100.00 | \$793,100 | 2.51 |
| Totals | | | | | \$1,926,365 | \$14,539,450 | \$18,051,865 | |

2011 Revenue and Expenditures from the 2011 Audit

2012 Revenue and Expenditures from the 2012 Audit

Attachment F(vi)

| Trophy Club MUD #1 \$9,200,000 Unlimited Tax Bonds, Series 2014 Projected Cash Flow Analysis for the Proposed and Existing Unlimited Tax Debt of the District | | | | | | | Collection 2 |
|---|-------------------------------|-------------------------|--------------------------|--------------------------|-----------------------------|-----------|--------------|
| Tax Year Ended 30 Sep | Assessed Tangible Value | Present Debt Service | New Bond Debt Service | Proposed Debt Service | Required TDS Tax Rate | Revenues | Coverage |
| 2013 | \$993,598,863 | \$834,033 | | \$834,033 | 0.0884 | 834,033 | 100% |
| 2014 | \$1,047,277,474 | \$695,226 | \$ 172,950.00 | \$868,176 | 0.0873 | 868,176 | 100% |
| 2015 | \$1,047,277,474 | \$618,508 | 496,250.00 | \$1,114,758 | 0.1120 | 1,114,758 | 100% |
| 2016 | \$1,047,277,474 | \$618,658 | 496,650.00 | \$1,115,308 | 0.1121 | 1,115,308 | 100% |
| 2017 | \$1,047,277,474 | \$625,783 | 496,450.00 | \$1,122,233 | 0.1128 | 1,122,233 | 100% |
| 2018 | \$1,047,277,474 | \$622,308 | 495,650.00 | \$1,117,958 | 0.1124 | 1,117,958 | 100% |
| 2019 | \$1,047,277,474 | \$633,533 | 494,250.00 | \$1,127,783 | 0.1134 | 1,127,783 | 100% |
| 2020 | \$1,047,277,474 | \$624,083 | 492,250.00 | \$1,116,333 | 0.1122 | 1,116,333 | 100% |
| 2021 | \$1,047,277,474 | \$628,333 | 494,500.00 | \$1,122,833 | 0.1129 | 1,122,833 | 100% |
| 2022 | \$1,047,277,474 | \$631,958 | 495,850.00 | \$1,127,808 | 0.1134 | 1,127,808 | 100% |
| 2023 | \$1,047,277,474 | \$633,458 | 496,300.00 | \$1,129,758 | 0.1136 | 1,129,758 | 100% |
| 2024 | \$1,047,277,474 | \$153,183 | 495,850.00 | \$649,033 | 0.0652 | 649,033 | 100% |
| 2025 | \$1,047,277,474 | \$152,683 | 494,500.00 | \$647,183 | 0.0650 | 647,183 | 100% |
| 2026 | \$1,047,277,474 | \$148,083 | 492,250.00 | \$640,333 | 0.0644 | 640,333 | 100% |
| 2027 | \$1,047,277,474 | \$153,368 | 493,950.00 | \$647,318 | 0.0651 | 647,318 | 100% |
| 2028 | \$1,047,277,474 | \$153,243 | 494,450.00 | \$647,693 | 0.0651 | 647,693 | 100% |
| 2029 | \$1,047,277,474 | \$152,783 | 493,750.00 | \$646,533 | 0.0650 | 646,533 | 100% |
| 2030 | \$1,047,277,474 | \$152,113 | 496,700.00 | \$648,813 | 0.0652 | 648,813 | 100% |
| 2031 | \$1,047,277,474 | \$151,163 | 493,300.00 | \$644,463 | 0.0648 | 644,463 | 100% |
| 2032 | \$1,047,277,474 | | 493,550.00 | \$493,550 | 0.0496 | 493,550 | 100% |
| 2033 | \$1,047,277,474 | | 492,300.00 | \$492,300 | 0.0495 | 492,300 | 100% |
| 2034 | \$1,047,277,474 | | 494,400.00 | \$494,400 | 0.0497 | 494,400 | 100% |
| Totals | | \$8,382,491 | \$10,066,100 | | | | |

Series 2014 Unlimited Tax Bonds have a projected interest rate of 6%

**TOWN OF TROPHY CLUB, TEXAS
ORDINANCE NO. 2012-29**

AN ORDINANCE OF THE TOWN OF TROPHY CLUB, TEXAS, REPEALING ARTICLE VII ENTITLED "INTERNATIONAL PLUMBING CODE" OF CHAPTER 3 ENTITLED "BUILDINGS AND CONSTRUCTION" OF THE CODE OF ORDINANCES OF THE TOWN OF TROPHY CLUB, TEXAS AND ADOPTING A NEW ARTICLE VII ENTITLED "INTERNATIONAL PLUMBING CODE" OF CHAPTER 3 ENTITLED "BUILDINGS AND CONSTRUCTION" OF THE CODE OF ORDINANCES OF THE TOWN OF TROPHY CLUB, TEXAS; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR AN AMENDMENT REPEALING THE 2003 INTERNATIONAL PLUMBING CODE WITH LOCAL AMENDMENTS AND ADOPTING THE 2009 EDITION OF THE INTERNATIONAL PLUMBING CODE WITH LOCAL AMENDMENTS THERETO, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT "A"; PROVIDING A CUMULATIVE REPEALER CLAUSE; PROVIDING FOR SEVERABILITY; PROVIDING A PENALTY NOT TO EXCEED THE SUM OF TWO THOUSAND DOLLARS (\$2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; PROVIDING FOR PUBLICATION; PROVIDING FOR ENGROSSMENT AND ENROLLMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town Council of the Town of Trophy Club, Texas (the "Town") is a home rule municipality empowered to do all acts and make all regulations which may be necessary or expedient for the promotion of the public health, safety and general welfare; and

WHEREAS, the Town adopted the 2003 Edition of the International Plumbing Code in 2004; and

WHEREAS, the Town of Trophy Club Building Official and Community Development Department have reviewed the International Plumbing Code, 2009 Edition, (hereinafter "IPC") and find that it is in the best interest of the Town of Trophy Club to repeal the 2003 Edition of the IPC and all local amendments thereto and to adopt the 2009 Edition of the International Plumbing Code and local amendments thereto as reflected in Exhibit "A" to this Ordinance; and

WHEREAS, the Town Council of the Town of Trophy Club, Texas deems it necessary and beneficial to repeal the 2003 Edition of the International Plumbing Code and local amendments thereto and to adopt the updated 2009 Edition of the International Plumbing Code and local amendments as specified in this Ordinance to safeguard the health, property, safety and general welfare of the citizens of the Town of Trophy Club by regulating the design, construction, quality of materials, erection,

installation, alteration, repair, location, relocation, replacement, addition to, use or maintenance, of plumbing and other piping systems and inspection of plumbing systems.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF TROPHY CLUB, TEXAS:

**SECTION 1.
INCORPORATION CLAUSE**

That all of the above premises are true and correct and are hereby incorporated in the body of this Ordinance as if fully set forth herein.

**SECTION 2.
AMENDMENTS**

2.01. Article VII entitled "International Plumbing Code" of Chapter 3 entitled "Buildings and Construction" adopting the 2003 Edition of the IPC is hereby repealed in its entirety, and a new Article VII entitled "International Plumbing Code" of Chapter 3 entitled "Buildings and Construction" containing the 2009 Edition of the International Plumbing Code and local amendments thereto, is hereby adopted as more fully set forth in Exhibit "A", a copy of which is attached hereto and incorporated herein.

**SECTION 3.
CUMULATIVE REPEALER**

That this Ordinance shall be cumulative of all other ordinances of the Town and shall not repeal any of the provisions of such ordinances except in those instances where provisions of those ordinances are in direct conflict with the provisions of this Ordinance; whether such ordinances are codified or uncoded, and all other provisions of the Ordinances of the Town of Trophy Club, codified or uncoded, not in conflict with the provisions of this Ordinance, shall remain in full force and effect. Notwithstanding the foregoing, any complaint, action, cause of action or claim which prior to the effective date of this Ordinance has been initiated or has arisen under or pursuant to such repealed Ordinance(s) shall continue to be governed by the provisions of that Ordinance and for that purpose the Ordinance shall be deemed to remain and continue in full force and effect.

**SECTION 4.
SEVERABILITY**

If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any person or circumstance, is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of the Ordinance, and the Town Council hereby declares it would have passed such remaining of the Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

SECTION 5.
ENGROSSMENT AND ENROLLMENT

The Town Secretary of the Town of Trophy Club is hereby directed to engross and enroll this Ordinance in accordance with the Town Charter.

SECTION 6.
PENALTY

It shall be unlawful for any person to violate any provision of this Ordinance, and any person violating or failing to comply with any provision of this Ordinance shall be fined, upon conviction, not less than One Dollar (\$1.00) nor more than Two Thousand Dollars (\$2,000.00), and a separate offense shall be deemed committed upon each day during or on which a violation occurs or continues.


SECTION 7.
PUBLICATION

The Town Secretary of the Town of Trophy Club is hereby directed to publish, the Caption, Penalty and Effective Date of this Ordinance as required by Section 52.011 of the Texas Local Government Code.

SECTION 8.
EFFECTIVE DATE

This Ordinance shall take effect on January 1, 2013, in accordance with law, and it is so ordained.

PASSED AND APPROVED by the Town Council of the Town of Trophy Club, Texas, this the 10th day of December, 2012.



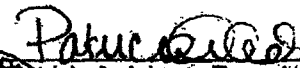
Connie White, Mayor
Town of Trophy Club, Texas

ATTEST:

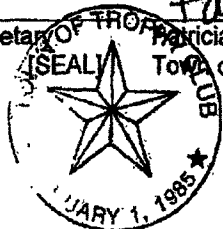


Shannon DePrater, Town Secretary
Town of Trophy Club, Texas

APPROVED AS TO FORM:



Patricia A. Adams, Town Attorney
Town of Trophy Club, Texas



**EXHIBIT A
INTERNATIONAL PLUMBING CODE**

Proposed Adoption.

The 2009 edition, of the International Plumbing Code of the International Code Council, is herein after amended, is from the effective date hereof, hereby adopted as the plumbing code of the Town of Trophy Club. One copy of such International Plumbing Code is incorporated herein by reference and shall have been filed for permanent record and inspection in the office of the city secretary.

Amendments.

Amendments to the International Plumbing Code adopted herein are as follows:

- (1) *(Page XII, Table of Contents, Chapter 7, Section 714)*
Table of contents, Chapter 7, Section 714 is hereby amended as follows
Section 714. Engineered Drainage Design, Page 67
- (2) *(Page 1, Section 101.2)*
Section 101.2 is hereby amended to change wording in exceptions 1 and 2 as follows:
101.2 Scope (Paragraph unchanged)
Exceptions:
 1. Detached one and two family dwellings (unchanged) International Residential Code as adopted.
 2. Plumbing systems in existing buildings (unchanged) International Existing Building Code or the provisions for existing buildings in the International Building Code as adopted.
- (3) *(Page 1, Section 102.8)*
Section 102.8 is hereby amended as follows:
102.8 Referenced codes and standards. The codes and standards referenced in this code shall be those that are listed in Chapter 13 and such codes, when specifically adopted, and standards shall be considered part of the requirements of this code to the prescribed extent of such reference. Where the requirements of reference standards or manufacturer's installation instructions do not conform to minimum provisions of this code, the provisions of the code shall apply. Whenever amendments have been adopted to the referenced codes and standards, each reference to said code and standard shall be considered to reference the amendments as well. Any reference to NFPA 70 or the ICC Electrical Code shall mean the Electrical Code as adopted.
- (4) *(Page 4, Section 106.5.6)*
Section 106.5.6 is hereby amended as follows:
106.5.6 Retention of construction documents. (delete last sentence)

- (5) *(Page 5, Sections 106.6.2 and 106.6.3)*
Sections 106.6.2 and 106.6.3 are hereby amended as follows:
106.6.2 Fee schedule. The fees for all plumbing work shall be as adopted by resolution of the governing body of the jurisdiction.
106.6.3 Fee Refunds. The code official shall establish a policy for the refunding of fees. (Delete balance of section).
- (6) Section 109 is adopted as set forth in the 2009 International Plumbing Code.
- (7) *(Page 18, Section 305.6.1)*
Section 305.6.1 is hereby amended as follows:
305.6.1 Sewer depth. Building sewers shall be a minimum of 12 inches (304mm) below grade.
- (8) *(Page 18, Section 305.9)*
Section 305.9 is hereby amended as follows:
305.9 Protection of components of plumbing system. Components of a plumbing system installed within 3 feet along alleyways, driveways, parking garages or other locations in a manner in which they would be exposed to damage shall be recessed into the wall or otherwise protected in an approved manner.
- (9) *(Page 20, Section 310.4)*
Section 310.4 is hereby amended as follows:
310.4 Water closet compartment. (delete)
- (10) *(Page 21, Section 312.2)*
Section 312.2 is hereby amended as follows:
312.2 Drainage and vent water test. (Bulk of section unchanged)but no section shall be tested with less than a 4-foot (1220 mm) head of water. (unchanged text)shall have been submitted to a test of not less than 4-foot (1220 mm) head of water(Balance of section unchanged)
- (11) *(Page 22, Section 312.10.1)*
Section 312.10.1 is hereby amended as follows:
312.10.1 Inspections. Annual inspections shall be made of all backflow prevention assemblies and air gaps to determine whether they are operable. In the absence of local provisions, the owner is responsible to ensure that testing is performed.
- (12) *(Page 22, Section 312.10.2)*
Section 312.10.2 is hereby amended as follows:
312.10.2 Testing. Reduced pressure principle backflow preventer assemblies, double check valve assemblies, double detector check valve assemblies and pressure vacuum breaker assemblies shall be tested at the time of installation, immediately after repairs or relocation and at least annually. The testing

procedure shall be performed in accordance with applicable local provisions. In the absence of local provisions, the owner is responsible to ensure that testing is done in accordance with one of the following standards:
(list of standards unchanged)

(13) (Page 22, Section 314.2.1)

Section 314.2.1 is hereby amended as follows:

314.2.1 Condensate disposal. Condensate from all cooling coils and evaporators shall be conveyed from the drain pan outlet to an approved place of disposal...{text unchanged}... Condensate shall not discharge in a publicly exposed area such as into a street, alley, sidewalk, rooftop or other areas so as to cause a nuisance.

(14) (Page 22, Section 314.2.2)

Section 314.2.2 is hereby amended as follows:

314.2.2 Drain pipe materials and sizes. Components of the condensate disposal system shall be cast iron, galvanized steel, copper, cross-linked polyethylene, polyethylene, ABS, CPVC or Schedule 80 PVC pipe or tubing when exposed to ultra violet light. All components shall be selected for the pressure, temperature, and exposure rating of the installation. (Remainder unchanged)

(15) (Page 25, Section 401.1)

Section 401.1 is hereby amended to add a sentence as follows:

401.1 Scope. The provisions of this Chapter are meant to work in coordination with the provisions of the Building Code. Should any conflicts arise between the two chapters, the Code Official shall determine which provision applies.

(16) (Page 25, Section 403.1)

Section 403.1 is hereby amended as follows:

403.1 Minimum number of fixtures. Plumbing fixtures shall be provided for the type of occupancy and in the minimum number as follows:

1. Assembly Occupancies: At least one drinking fountain shall be provided at each floor level in an approved location.

Exception: A drinking fountain need not be provided in a drinking or dining establishment.

2. Groups A, B, F, H, I, M and S Occupancies: Buildings or portions thereof where persons are employed shall be provided with at least one water closet for each sex except as provided for in Section 403.2.

3. Group E Occupancies: Shall be provided with fixtures as shown in Table 403.1.

4. Group R Occupancies: Shall be provided with fixtures as shown in Table 403.1.

It is recommended, but not required, that the minimum number of fixtures provided also comply with the number shown in Table 403.1. Types of occupancies not shown in Table 403.1 shall be considered individually by the

Code Official. The number of occupants shall be determined by the International Building Code. Occupancy classification shall be determined in accordance with the International Building Code.

(17) (Page 28, Section 403.1.3)

Section 403.1.3 is hereby added as follows:

403.1.3 Finish material. Finish materials shall comply with Section 1209 of the International Building Code.

(18) (Page 29, Section 405.6)

Section 405.6 is hereby amended as follows:

405.6 Plumbing in mental health centers. (delete)

(19) (Page 30, Section 409.2)

Section 409.2 is hereby amended as follows:

409.2 Water connection. The water supply to a commercial dishwashing machine shall be protected against backflow by an air gap or backflow preventer in accordance with Section 608.

(20) (Page 30, Section 410.1)

Section 410.1 is hereby amended as follows:

410.1 Approval. Drinking fountains shall conform to ASME A 112.19.1, ASME A 112.19.2 or ASME 112.19.9, and water coolers shall conform to AR1 1010. Drinking fountains and water coolers shall conform to NSF61, Section 9.

Exception: A drinking fountain need not be provided in a drinking or dining establishment.

(21) (Page 30, Section 412.4)

Section 412.4 is hereby amended as follows:

412.4 Required location. Floor drains shall be installed in the following areas.

1. In public coin-operated laundries and in the central washing facilities of multiple family dwellings, the rooms containing the automatic clothes washers shall be provided with floor drains located to readily drain the entire floor area.
2. Commercial kitchens. (In lieu of floor drains in commercial kitchens, the code official may accept floor sinks.)

(22) (Page 28, Section 413.4)

Section 413.4 is hereby amended as follows:

413.4 Water supply required. All food waste grinders shall be provided with a supply of cold water. The water supply shall be protected against backflow by an air gap or with the installation of a backflow preventer in accordance with Section 608.

(23) (Page 31, Section 417.5)

Section 417.5 is hereby amended as follows:

417.5 Shower floors or receptors. Floor surfaces shall be constructed of impervious, noncorrosive, nonabsorbent and waterproof materials. Thresholds shall be a minimum of 2 inches (51mm) and a maximum of 9 inches (229mm), measured from top of the drain to top of threshold or dam. Thresholds shall be of sufficient width to accommodate a minimum twenty-two (22) inch (559mm) door.

Exception: Showers designed to comply with ICC/ANSI A117.1.

(24) (Page 31, Section 417.5.2)

Section 417.5.2 is hereby amended as follows:

417.5.2 Shower lining. Floors under shower compartments, except where prefabricated receptors have been provided, shall be lined and made water tight utilizing material complying with Sections 417.5.2.1 through 417.5.2.4. Such liners shall turn up on all sides at least 3 inches (76 mm) above the finished threshold level and shall extend outward over the threshold and fastened to the outside of the threshold jamb. Liners shall be recessed and fastened to an approved backing...{text unchanged}...and Section 417.7.

(25) (Page 32, Section 417.7)

Section 417.7 is hereby added to read as follows:

417.7 Test for shower receptors. Shower receptors shall be tested for water tightness by filling with water to the level of the rough threshold. The drain shall be plugged in a manner so that both sides of pans shall be subjected to the test at the point where it is clamped to the drain.

(26) (Page 32, Section 419.3)

Section 419.3 is hereby amended as follows:

419.3 Surrounding material. Wall and floor space to a point 2 feet (610mm) in front of a urinal lip and 4 feet (1219mm) above the floor at least 2 feet (610mm) to each side of the urinal shall be waterproofed with a smooth, readily cleanable, hard, nonabsorbent material.

(27) (Page 37, Section 502.3)

Section 502.3 is hereby amended as follows:

502.3 Water heaters installed in attics(bulk of paragraph unchanged)The clear access opening dimensions shall be a minimum of 20 inches by 30 inches (508mm by 762 mm), or larger where such dimensions are not large enough to allow removal of the water heater.

(28) (Page 37, Section 502.6, 502.6.1)

Section 502.6, 502.6.1 is hereby added as follows:

502.6 Water heaters above ground or floor: When the attic, roof, mezzanine or platform in which a water heater is installed is more than eight (8) feet (2438mm) above the ground or floor level, it shall be made accessible by a stairway or permanent ladder fastened to the building.

Exception: A max 10 gallon water heater (or larger with approval) is capable of being accessed through a lay-in ceiling and a water heater is installed is not more than ten (10) feet (3048mm) above the ground or floor level and may be reached by a portable ladder.

502.6.1 Illumination and convenience outlet. Whenever the mezzanine or platform is not adequately lighted or access to a receptacle outlet is not obtainable from the main level, lighting and a receptacle outlet shall be provided in accordance with Section 502.3.1.

(29) (Page 38, Section 504.6.)

Section 504.6. is hereby amended as follows:

504.6 Requirements for discharge piping. The discharge piping serving a pressure relief valve, temperature relief valve or combination thereof shall:

1. Not be directly connected to the drainage system.
2. Discharge through an air gap.
3. Not be smaller than the diameter of the outlet of the valve served and shall discharge full size to the air gap.
4. Serve a single relief device and shall not connect to piping serving any other relief device or equipment.

Exception: Multiple relief devices may be installed to a single T & P discharge piping system when approved by the administrative authority and permitted by the manufactures installation instructions and installed with those instructions.

5. Discharge, to an indirect waste receptor or to the outdoors. Where discharging to the outdoors in areas subject to freezing, discharge piping shall be first piped to an indirect waste receptor through an air gap located in a conditioned area.
6. Discharge in a manner that does not cause personal injury or structural damage.
7. Discharge to a termination point that is readily observable by the building occupants.
8. Not be trapped.
9. Be installed so as to flow by gravity.
10. Not terminate less than 6 inches or more than 24 inches (152 mm) above grade nor more than 6 inches above the waste receptor.
11. Not have a threaded connection at the end of such piping.
12. Not have valves or tee fittings.
13. Be constructed of those materials listed in Section 605.4 or materials tested, rated and approved for such use in accordance with ASME A112.4.1.

(30) *(Page 40, Section 604.4.1)*

Section 604.4.1 is hereby added as follows:

604.4.1 State maximum flow rate. Where the State mandated maximum flow rate is more restrictive than those of this section, the State flow rate shall take precedence.

(31) *(Page 42, Section 605.3 and 605.4)*

Section 605.3 and Section 605.4 is hereby amended as follows:

605.3 and 605.4 Polybutylene (PB) plastic pipe and tubing is deleted.

(32) *(Page 46, Section 606.1)*

Section 606.1 is hereby amended as follows:

606.1 Location of full-open valves. (items 4 and 5 are deleted).

(33) *(Page 46, Section 606.2)*

Section 606.2 is hereby amended as follows:

606.2 item 1; On the fixture supply to each plumbing fixture. (balance of item 1 deleted)

Exception: Tub and shower valves.

606.2 item 2; On the water supply pipe to each sillcock when subject to freezing.

(34) *(Page 48, Section 608.1)*

Section 608.1 is hereby amended as follows:

608.1 General. A potable water supply system shall be designed, installed and maintained in such a manner so as to prevent contamination from non-potable liquids, solids or gasses being introduced into the potable water supply through cross-connections or any other piping connections to the system. Back flow preventer applications shall conform to applicable local regulations, Table 608.1, and as specifically stated in Sections 608.2 through 608.16.9.

(35) *(Page 52, Section 608.16.5)*

Section 608.16.5 is hereby amended as follows:

608.16.5 Connections to Lawn Irrigation Systems. The potable water supply system to lawn irrigation systems shall be protected against backflow by an atmospheric-type vacuum breaker, a pressure type vacuum breaker, a double-check assembly or a reduced pressure principle backflow preventer (balance of section unchanged).

(36) *(Page 52, Section 608.17)*

Section 608.17 is hereby amended as follows:

608.17 Protection of individual water supplies. An individual water supply shall be located and constructed so as to be safe guarded against contamination in accordance with applicable local regulations. In the absence of other local regulations, installation shall be in accordance with sections 608.17.1 through 608.17.8.

(37) (Page 65, Section 712.5)

Section 712.5 is hereby added as follows:

712.5 Dual pump system. All sumps shall be automatically discharged and, when in any "public use" occupancy where the sump serves more than 10 fixture units, shall be provided with dual pumps or ejectors arranged to function independently in case of overload or mechanical failure. For storm drainage pumps and pumping system, see Section 1113.

(38) (Page 67, Section 714, 714.1)

Section 714, 714.1 is hereby amended as follows:

Section 714 Engineered Drainage Design.

714.1 Design of drainage system. The sizing design and layout of the drainage systems shall be permitted to be designed by approved design methods.

(39) (Page 69, Section 802.1.6)

Section 802.1.6; change to read as follows:

802.1.6 Domestic dishwashing machines. Domestic dishwashing machines shall discharge indirectly through an air gap or air break into a standpipe or waste receptor in accordance with Section 802.2, or discharge into a wye-branch fitting on the tailpiece of the kitchen sink or the dishwasher connection of a food waste grinder. The waste line of a domestic dishwashing machine discharging into a kitchen sink tailpiece or food waste grinder shall connect to a deck-mounted air gap.

(40) (Page 70, Section 802.4)

Section 802.4 is hereby amended to add a sentence as follows:

802.4 Standpipes. No standpipe shall be installed below the ground.

(41) (Page 71, Section 904.1)

Section 904.1 is hereby amended as follows:

904.1 Roof extension. All open vent pipes that extend through a roof shall be terminated at least six (6) inches (152mm) above the roof, except that where a roof is to be used for any purpose other than weather protection, the vent extensions shall be run at least 7 feet (2134mm) above the roof.

(42) (Page 74, Section 912.1)

Section 912.1 is hereby amended as follows:

912.1 Type of fixture. A combination drain and vent system shall not serve fixtures other than floor drains, stand pipes, indirect waste receptors. Combination drain and vent systems shall not receive the discharge of a food waste grinder or clinical sink.

(43) (Page 79, Section 1002.10)

Section 1002.10 is hereby amended as follows:

1002.10 Plumbing in mental health centers. (delete)

1
(44) (Page 83, Section 1101.8)

Section 1101.8 is hereby amended as follows:

1101.8 Cleanouts required. Cleanouts shall be installed in the building storm drainage system (remainder of section unchanged).

(45) (Page 84, Section 1106.1)

Section 1106.1 is hereby amended as follows:

1106.1 General. The size of the vertical conductors and leaders, building storm drains, building storm sewers, and any horizontal branches of such drains or sewers shall be based on six (6) inches per hour rainfall rate.

(46) (Page 91, Section 1107.3)

Section 1107.3 is hereby amended as follows:

1107.3 Sizing of secondary drains. Secondary (emergency) roof drain systems shall be sized in accordance with Section 1106. Scuppers shall be sized to prevent the depth of ponding water (balance of section unchanged).

(47) (Page 95, Section 1202.1)

Section 1202.1 is hereby amended as follows:

1202.1 Nonflammable medical gases. Exception #2 (delete)

(48) (Page 107, Appendix A through G)

Appendix A through G is hereby amended as follows:

Appendix A through G are for reference only as adopted and amended by other codes.

11/11/15
000865

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated project and the controlling laws and regulations.

**SHORT FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES**

Prepared by

EJCDC
ENGINEERS JOINT CONTRACT
DOCUMENTS COMMITTEE

and

Issued and Published Jointly by

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American Council of Engineering Companies

AGC of America
Associated General Contractors of America
Quality, Integrity, Quality, Integrity

ASCE
American Society of Civil Engineers

National Society of Professional Engineers
Professional Engineers in Private Practice

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PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
A Practice Division of the

NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

EJCDC E-249 Short Form of Agreement Between Owner and Engineer for Professional Services
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This Agreement has been prepared for use with the Standard General Conditions of the Construction Contract (EJCDC C-700, 2007 Edition) of the Engineers Joint Contract Documents Committee. Their provisions are interrelated, and a change in one may necessitate a change in the other.

SPECIAL NOTE ON USE OF THIS FORM

This abbreviated Agreement form is intended for use only for professional services of limited scope and complexity. It does not address the full range of issues of importance on most projects. In most cases, Owner and Engineer will be better served by the Standard Form of Agreement Between Owner and Engineer for Professional Services (EJCDC E-500, 2008 Edition), or one of the several special purpose EJCDC professional services agreement forms.

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**SHORT FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES**

THIS IS AN AGREEMENT effective as of _____ ("Effective Date")
between

Trophy Club Municipal Utility District ("Owner")

and

The Wallace Group, Inc. ("Engineer").

Owner's Project, of which Engineer's services under this Agreement are a part, is generally identified as follows:

Wastewater Treatment Plant Expansion ("Project").

Engineer's Services under this Agreement are generally described in the attached Appendix 1, Scope of Services.

Owner and Engineer further agree as follows:

1.01 Basic Agreement and Period of Service

- A. Engineer shall provide, or cause to be provided, the services set forth in this Agreement. If authorized by Owner, or if required because of changes in the Project, Engineer shall furnish services in addition to those set forth above. Owner shall pay Engineer for its services as set forth in Paragraphs 7.01, 7.02 and 7.03.
- B. Engineer shall complete its services within a reasonable time, or within the following specific time period: *The various phases of the project as identified in the Scope of Services shall be generally completed as identified in Appendix 2, Project Tentative Schedule.*
- C. If the Project includes construction-related professional services, then Engineer's time for completion of services is conditioned on the time for Owner and its contractors to complete construction not exceeding 18 months. If the actual time to complete construction exceeds the number of months indicated, then Engineer's period of service and its total compensation shall be appropriately adjusted.

2.01 *Payment Procedures*

A. *Invoices.* Engineer shall prepare invoices in accordance with its standard invoicing practices and submit the invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt. If Owner fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then the amount due Engineer will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day. In addition, Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Engineer has been paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension. Payments will be credited first to interest and then to principal.

3.01 *Termination*

A. The obligation to continue performance under this Agreement may be terminated:

1. For cause,

a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the Agreement's terms through no fault of the terminating party. Failure to pay Engineer for its services is a substantial failure to perform and a basis for termination.

b. By Engineer:

1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional, or

2) upon seven days written notice if the Engineer's services for the Project are delayed for more than 90 days for reasons beyond Engineer's control.

Engineer shall have no liability to Owner on account of a termination by Engineer under Paragraph 3.01.A.1.b.

c. Notwithstanding the foregoing, this Agreement will not terminate as a result of a substantial failure under Paragraph 3.01.A.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt of notice; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience, by Owner effective upon Engineer's receipt of written notice from Owner.

B. The terminating party under Paragraph 3.01.A may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to complete tasks whose value would

otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

- C. In the event of any termination under Paragraph 3.01, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished in accordance with this Agreement and all reimbursable expenses incurred through the effective date of termination.

4.01 *Successors, Assigns, and Beneficiaries*

- A. Owner and Engineer are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 4.01.B, the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the successors, executors, administrators, and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.

- B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, monies that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

- C. Unless expressly provided otherwise, nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any contractor, subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.

5.01 *General Considerations*

- A. The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with Engineer's services. Subject to the foregoing standard of care, Engineer and its consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.

- B. Engineer shall not at any time supervise, direct, control, or have authority over any contractor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any contractor, or the safety precautions and programs incident thereto, for security or safety at the Project site, nor for any failure of a contractor to comply with laws and regulations applicable to such contractor's furnishing and performing of its work.

- C. This Agreement is to be governed by the law of the state or jurisdiction in which the Project is located.
- D. Engineer neither guarantees the performance of any contractor nor assumes responsibility for any contractor's failure to furnish and perform its work in accordance with the contract between Owner and such contractor. Engineer is not responsible for variations between actual construction bids or costs and Engineer's opinions or estimates regarding construction costs.
- E. Engineer shall not be responsible for the acts or omissions of any contractor, subcontractor, or supplier, or of any of their agents or employees or of any other persons (except Engineer's own employees) at the Project site or otherwise furnishing or performing any construction work; or for any decision made regarding the construction contract requirements, or any application, interpretation, or clarification of the construction contract other than those made by Engineer.
- F. The general conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract" as prepared by the Engineers Joint Contract Documents Committee (EJCDC C-700, 2007 Edition) unless the parties agree otherwise.
- G. All documents prepared or furnished by Engineer are instruments of service, and Engineer retains an ownership and property interest (including the copyright and the right of reuse) in such documents, whether or not the Project is completed. Owner shall have a limited license to use the documents on the Project, extensions of the Project, and for related uses of the Owner, subject to receipt by Engineer of full payment for all services relating to preparation of the documents and subject to the following limitations: (1) Owner acknowledges that such documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project, on any other project, or for any other use or purpose, without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to its officers, directors, members, partners, agents, employees, and consultants; (3) Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification of the documents without written verification, completion, or adaptation by Engineer; and (4) such limited license to Owner shall not create any rights in third parties.
- H. To the fullest extent permitted by law, Owner and Engineer (1) waive against each other, and the other's employees, officers, directors, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Project, and (2) agree that Engineer's total liability to Owner under this Agreement shall be limited to \$50,000 or the total amount of compensation received by Engineer, whichever is greater.
- I. The parties acknowledge that Engineer's scope of services does not include any services related to a Hazardous Environmental Condition (the presence of asbestos, PCBs, petroleum, hazardous substances or waste as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq., or radioactive materials). If Engineer or any other party

encounters a Hazardous Environmental Condition, Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until Owner: (1) retains appropriate specialist consultants or contractors to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition; and (2) warrants that the Site is in full compliance with applicable Laws and Regulations.

1. Owner and Engineer agree to negotiate each dispute between them in good faith during the 30 days after notice of dispute. If negotiations are unsuccessful in resolving the dispute, then the dispute shall be mediated. If mediation is unsuccessful, then the parties may exercise their rights at law.

6.01 Total Agreement

- A. This Agreement (including any expressly incorporated attachments), constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument.

7.01 Basis of Payment—Lump Sum

- A. Using the procedures set forth in Paragraph 2.01, Owner shall pay Engineer as follows:

| | |
|--|-------------------|
| Preliminary Phase Services: | |
| • Reconnaissance and Schematic Design | \$ 95,000 |
| • Subsurface Utility Identification/Location | \$ 20,000 |
| • Topographic Surveying Services | \$ 10,000 |
| • Professional Project Costing Services | \$ 15,000 |
| • Geotechnical Engineering Services | \$ 18,000 |
| SUBTOTAL | \$ 158,000 |
| Design Phase Services: | |
| • Civil/Process Design Services | \$ 755,000 |
| • Architectural/Mechanical/Plumbing Design | \$ 12,000 |
| • Structural Design Services | \$ 66,000 |
| • Electrical/SCADA Design Services | \$ 121,000 |
| SUBTOTAL | \$ 954,000 |
| Construction Phase Services: | |
| • Bidding Phase Services | \$ 14,000 |
| • Construction Administration Phase Services | \$ 97,500 |
| • Construction Observation Phase Services | \$ 293,000 |
| • Project Closeout Services | \$ 25,000 |
| • Post Construction Services | \$ 20,000 |
| SUBTOTAL | \$ 449,500 |

- B. The portion of the compensation amount billed monthly for Engineer's services will be based upon Engineer's estimate of the percentage of the total services actually completed during the billing period.

7.02 *Additive/Alternate Services:* For additive/alternate design services and using the procedures set forth in Paragraph 2.01, Owner shall pay Engineer as follows:

| | |
|--|-----------|
| <i>Additive/Alternate Services:</i> | |
| • Architecture Design--Existing Building Remodel | \$ 19,000 |
| • Landscape Architecture Design -- Landscaping | \$ 10,000 |
| SUBTOTAL | \$ 29,000 |

7.03 *Additional Services:* For additional services of Engineer's employees engaged directly on the Project, Owner shall pay Engineer an amount equal to the cumulative hours charged to the Project by each class of Engineer's employees times standard hourly rates for each applicable billing class, plus reimbursable expenses and Engineer's consultants' charges, if any. Engineer's standard hourly rates are attached as Appendix 3.

7.04 *Attachments/Appendices:*

- Appendix 1 -- Engineer's Scope of Services
- Appendix 2 -- Project Tentative Schedule
- Appendix 3 -- Engineer's Standard Hourly Rates

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

| | |
|--|---|
| OWNER: | ENGINEER: |
| By: _____ | By: _____ |
| Title: Jim Moss, President | Title: R.E. "Bob" Wallace, President |
| Date Signed: _____ | Date Signed: _____ |
| | Engineer License or Firm's Certificate Number: F-54 |
| | State of: Texas |
| Address for giving notices: | Address for giving notices: |
| Trophy Club Municipal Utility District | The Wallace Group |
| Attn: Jennifer McKnight, Manager | Attn: Kevin R. Glover, PE |
| 100 Municipal Drive | 1825 Market Center Blvd., Suite 440 |
| Rossmore, TX 76062 | Dallas, TX 75207 |



This is Appendix 1, Engineer's Scope of Services, referred to in and part of the Short Form of Agreement between Owner and Engineer for Professional Services dated July 2013.

Preliminary Phase Services

Task A. Preliminary Services

A.1 Project Kick-Off Meeting: Engineer will meet with owner to review the project scope and approach, schedule of the project and gain input from the Owner concerning project issues.

A.2 Reconnaissance and Data Collection: Engineer will compile additional data, testing records and equipment information, as well as conduct additional field investigation(s) to obtain accessible information on key infrastructure and operations that are important to the proposed project design.

A.3 Subsurface Utility Identification: Engineer will conduct field operations to identify the horizontal and/or vertical location of existing key buried utility lines using intrusive and/or non-intrusive methods. This work will provide a higher level of accuracy for connecting to or constructing near these existing buried lines by providing information on the existing size, depth, location and type of materials of construction.

A.4 Topographic Design Survey: Engineer will provide a site survey for the following: project site topography, structure locations and details, pertinent hydraulic flow lines and inverts, and other related information necessary to prepare design and construction documents. Horizontal and vertical control shall be established and provided by Engineer for the proposed improvements during this phase. Format of provided survey information shall be both in hard copy and electronic such that a digital terrain map (DTM) can be created from the data.

A.5 Develop and Confirm Design Parameters: Engineer will use the information from the preliminary engineering report (PER) to confirm, modify and/or develop the design parameters for hydraulic and treatment loadings on the proposed project.

A.6 Develop Conceptual Design and Schematic Plans: Engineer will design the conceptual design and schematic drawings (up to 10% complete) for the proposed treatment plant project, including treatment processes and auxiliary equipment operations.

A.7 Conceptual Design Documents and Meeting: Engineer will meeting with Owner, present findings and conceptual design to Owner. The conceptual design documents will be presented in 11"x17" format.

Appendix 1, Schedule of Services
EJCDC 2013 Short Form of Agreement between Owner and Engineer for Professional Services
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Page 1

- A.8 **TCEQ Meeting:** Engineer will meet with the TCEQ to review the proposed WWTP design at the approximate 10% completion level in order to gain a better understanding of construction documents review requirements by the regulatory and enforcement agency.
- A.9 **Professional Project Costing Services:** Engineer will hire a subcontractor who regularly engages in the costing of similar types of construction projects with similar levels of complexity for wastewater treatment facilities. The purpose of these services is to provide the Owner with a higher level of confidence in the project construction costs as they secure their financing for the Project.
- A.10 **Services Not Included: (All Phases)**
- Services associated with the TCEQ permit application process for amending or modifying the Owner's TPWDS permit, including the Domestic Wastewater Permit Application, commission hearings, public meeting and/or hearings, etc.
 - Surveying related to property boundaries, easement acquisition, any needs-and-bounds determinations or any legal type surveys.
 - FEMA map revisions or letters pertaining thereto.
 - U.S. Army Corps of Engineers permits, applications or documents.
- Environmental assessments or permits, including threatened and/or endangered species, historic structures, and archaeological services.

Design Phase Services

Task B. Design Phase Services

- B.1 **Process Design:** Engineer will design improvements to the Project utilizing membrane biological reactor (MBR) technology in order to improve the plant's hydraulic capacity to approximately 2.4 million gallons per day (MGD) average daily flows and provide peak 2-hour hydraulic plant capacity of 4.8 MGD. The improvements will generally include six new MBR treatment trains, with two MBR trains being installed in new concrete basins and four being retrofitted to the existing aeration treatment basins. The project will include the following professional services associated with the MBR system described above.
- B.2 **File Sharing:** Engineer will utilize Microsoft SharePoint to function as the project's web application platform for providing access to applicable drawings and documents by the parties involved with the project, including Owner, contractors, etc.
- B.3 **Design Criteria Phases:** Engineer will complete key design services and prepare the appropriate level of construction document submittals for the following project milestones.
- Preliminary Design (35%)
 - Interim Design (65%)
 - Pre-Final Design (95%)

This is Appendix 2, Tentative Project Schedule, referred to in and part of the Short Form of Agreement between Owner and Engineer for Professional Services dated July, 2013.

Tentative Project Schedule

A. *Tentative Project Schedule:*

The attached is the approximate schedule for the Project and includes services to be provided by the Engineer. Engineer shall not be responsible for delays in the tentative schedule that are beyond his control due to such items as lengthy regulatory reviews, third-party decisions/reviews and/or actions, etc. Engineer strives to provide their best services and conform to the following schedule. Days listed below are calendar days.

| STAFF CATEGORY | RATE/HOUR |
|------------------------------------|-----------|
| Project Architect | \$105.00 |
| Field Observation Personnel | \$85.00 |
| Field Observation Personnel | \$85.00 |
| Survey Technician | \$62.00 |
| GIS Technician | \$70.00 |
| Designer / CAD Operator | \$75.00 |
| Jr. CAD Technician | \$55.00 |
| Architect CAD Draftsman | \$60.00 |
| Administrative Support | \$50.00 |
| Technician | \$70.00 |
| Senior Survey Technician | \$75.00 |
| Sr. Designer / Project Coordinator | \$110.00 |
| Crew / GPS | \$165.00 |
| One Man Crew | \$75.00 |
| Two Man Crew | \$105.00 |
| Three Man Crew | \$120.00 |
| Four Man Crew | \$135.00 |
| Crew / GPS with a wheeler | \$225.00 |
| One Man Utility Technician | \$60.00 |
| Two Man Water Utility Crew | \$60.00 |
| One Man Water Utility Crew WISUE | \$90.00 |
| Two Man Water Utility Crew WISUE | \$150.00 |



FINANCIAL ADVISORY CONTRACT

Date: August 14, 2013

The Honorable President and
Members of the Board of Directors
Trophy Club Municipal Utility District No. 1
100 Municipal Drive
Trophy Club, Texas 76262

Letter and Qualification

1. We understand that the District, from time to time, will consider the incurrence of debt obligations and that in connection with the authorization, issuance, sale and delivery of such obligations you desire us to perform professional services in the capacity of Financial Advisor for your District.

2. By this proposal, we offer our professional services and our facilities as Financial Advisor and agree to perform the following duties normally performed by such advisors, and to perform such other duties as in our judgment may be necessary or advisable:

a. We will make a study of the debt structure of your District, the trend of the unusual situation, the rating power and the present and estimated future rating power and the present and estimated future rating power. If the revenues of a system or facility are to be pledged to repayment of the securities in question, this study will take into account any outstanding obligations which are payable from the net revenues derived, additional net revenue to which from any proposed rate increase and the additional net revenues as projected by your consulting engineers as a result of the improvements to be financed by these securities in question and on the basis of such study, its findings and recommendations, we will prepare a plan of financing covering the proposed project, which plan shall include a summary of the financial condition of your District, a statement of the proposed project, and a statement of our opinion as to the feasibility of the project, and we will, in our opinion, make the issuance of bonds under terms and conditions most advantageous to your District, consistent with a prudent and effective interest rate.

b. We will assist you in obtaining competitive bids for services rendered from such other parties associated with the issuance, sale and delivery of the bonds.

a. We understand that you have retained, or expect to retain a firm, of recognized municipal bond advisors who will prepare the prospectus and other documents necessary to obtain a rating from a rating agency, and we will assist in the preparation of the prospectus and other documents, and we will have an opinion approving the legality of the bonds, the fee of said firm to be paid by the District. We will maintain liaison with the firm of bond advisors and shall assist in all the financial advisory aspects involved in the preparation of appropriate legal proceedings and documents.

- d. If a bond election is required, we will assemble and transmit to the bond attorneys such data as may be required in the preparation of the necessary petitions, orders, resolutions, notices and other documents and affidavits as may be required in the preparation of the bonds. We will assemble and transmit to the bond attorneys such data as may be required in the preparation of the bonds. We will assemble and transmit to the bond attorneys such data as may be required in the preparation of the bonds. The cost of preparing, printing and electronically posting/maintaining such Official Statements is to be paid by the District, which cost is not to exceed \$3,000.
- e. We agree to assist in the preparation of an Official Statement or Prospectus containing official data and other information of the nature and to the extent originally required in the preparation of the bonds, all of which we agree to furnish in a sufficient number of copies to permit distribution to prospective bidders a list of which we agree to provide. The cost of preparing, printing and electronically posting/maintaining such Official Statements is to be paid by the District, which cost is not to exceed \$3,000.
- f. We will advise you of current bond market conditions, forthcoming bond issues and other general information and economic data which might normally be expected to influence interest rates or bidding conditions; so that the date for the sale of any bonds in the open market can be set at a time which, in our opinion, will be favorable.
- g. We agree to conduct and handle the sale and delivery of the bonds, either in a public sale or in a negotiated sale to the Trinity Water Development Board or other interested party.
- h. We will consult with you as to the nature of bond ratings for the proposed issue and, when so requested, will cause the preparation of such information, as in our opinion, is required for inclusion in the bond rating agencies. In case it is considered advisable for a personal presentation of information to the rating agencies, we will be available to accompany those representing the District to Dallas, Texas or New York, New York for such presentation. All costs of such presentation, including any fees or charges of the rating agencies and the cost of travel by our representative shall be at your expense.
- i. If appropriate, we will direct the preparation of such information as, in our opinion, is required for inclusion in the municipal bond insurance companies for consideration to qualify the proposed issue for insurance. The cost of such insurance will be paid by either the District or the successful purchaser of the proposed issue.
- j. We agree to direct and coordinate the entire program of financing bonds contemplated. It is specifically understood and agreed, however, that this obligation on our part shall not cover payment of any expenses associated with the issuance of the obligations or the expenses of any litigation, if such would occur.
- k. As consideration for the services rendered by us and as reimbursement for the expenses which we are to incur, it is understood and agreed that your District is to pay said us on its account, a cash fee for such professional services in accordance with the schedule set forth in Exhibit A attached hereto and payable simultaneously with delivery of the bonds to the purchaser.

FEE SCHEDULE

The following schedule is an estimate of fee due for Financial Advisory work. The actual fee will be more or less, based upon work performed.

| Amount of Bonds Authorized | Fee Rate |
|-------------------------------|-------------|
| Up to \$3,000,000 | 1.50% |
| Over \$3,000,000 | 0.50% |

SWS Securities will bill the Issuer at Closing for each issue of Obligations a net amount which will include a fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the Issuer for the Bond Attorney, preparation, printing, and distribution of the Notice of Sale, Official Statement, Uniform Bid Form or Private Placement Memorandum, independent consultants, information meetings, if any, presentation to rating agencies and rating fee, if any, printing of Obligations, and all appropriate costs and expenses incidental with the closing and delivery of the Obligations.

7. In the event a bond election is necessary and should fail, then the fee due shall be nothing.

8. This Contract shall be in effect until terminated by either party with thirty (30) days notice.

9. This proposal is submitted in duplicate, and when accepted by you, it will constitute the entire agreement between your District and the undersigned for the purposes and considerations herein specified. Your acceptance will be indicated by the signature of your President, signed by your District Secretary on all topics, and returning one executed copy to us.

Respectfully submitted,

SOUTHWEST SECURITIES

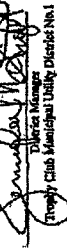
By:



Mark M. McLary

ACCEPTANCE

ACCEPTED by the President and Board of Directors of Thrupy Club Municipal Utility District No. 1 on this 14th day of August, 2012.


Mark M. McLary
President
Thrupy Club Municipal Utility District No. 1

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.

800 CONGRESS AVENUE
100 ONE AMERICAN CENTER
AUSTIN, TEXAS 78741-2948
Telephone: 512.477.2000
Facsimile: 512.477.2001

717 NORTH HARMWOOD
NORTH FLOOR
DALLAS, TEXAS 75241-4887
Telephone: 214.764.6200
Facsimile: 214.764.6201

700 AS ST. MARKS STREET
100 ONE AMERICAN PLACE
SAN ANTONIO, TEXAS 78205-4803
Telephone: 214.225.2600
Facsimile: 214.225.2601

September 17, 2013

Trophy Club Municipal Utility District No. 1
100 Municipal Drive
Trophy Club, Texas 75262

Re: Proposed Issuance of Trophy Club Municipal Utility District No. 1 Unlimited Tax
Bonds, Series 2014, and Revenue Bonds, Series 2014

Ladies and Gentlemen:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Trophy Club Municipal Utility District No. 1 (the "Issuer") in connection with the above-referenced Bonds (the "Bonds") to be issued in two or more series. We understand that the Bonds are being issued for the purpose of providing funds for improvements to the Issuer's water and sewer system and paying the costs of issuing the Bonds. One or more series of the Bonds will be secured by a pledge of the Issuer's ad valorem taxes and one or more series of the Bonds will be secured by a pledge of the Issuer's revenues from its utility system.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform, or have already performed on your behalf, the following duties:

- (1) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
- (2) Assist the Issuer in seeking from other governmental authorities, including the Texas Commission on Environmental Quality, such approvals, permits and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required federal or state securities law filings.

Page 1 of 5

- (3) Review legal issues relating to the structure of the Bond issues.
- (4) Review the Bond purchase agreements.
- (5) Review those sections of the official statement(s) to be disseminated in connection with the sale of the Bonds which describe the Bonds, the Orders pursuant to which they will be issued and the tax-exempt treatment of the interest on the Bonds for purposes of federal income taxation.
- (6) If requested, assist the issuer in presenting information to rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
- (7) Draft the continuing disclosure undertaking of the issuer.
- (8) Subject to the completion of proceedings to our satisfaction, render our legal opinions (the "Bond Opinion") regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the availability of interest on the Bonds from gross income for federal income tax purposes.

Our Bond Opinions will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing"). The issuer will be entitled to rely on our Bond Opinions.

The Bond Opinions will be based on facts and law existing as of its date. In rendering our Bond Opinions, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume compliance by the issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

- (a) Except as described in paragraph (5) above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any serious statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

- (b) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- (c) Preparing state securities law memoranda or investment surveys with respect to the Bonds.
- (d) Drafting state constitutional or legislative amendments.
- (e) Pursuing test cases or other litigation.
- (f) Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- (g) Except as described in paragraph (7) above, assisting in the preparation of, or opinion on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- (h) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- (i) After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- (j) Negotiating the terms of, or opining as to, any investment contract.
- (k) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinions.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the Issuer; in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of these limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 803A, prepare and distribute

to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matter will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this letter will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph."

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee for each series of Bonds will be 1.50% of the principal amount of the Bonds for the first \$3,000,000 in the series, 1.00% of the principal amount of the Bonds for the next \$2,000,000 in the series, and 0.50% of the principal amount of the Bonds in the series above \$5,000,000. In addition, we will expect to be reimbursed for all client charges made or incurred on your behalf, such as travel costs, photocopying and printing, deliveries, long distance or telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses, including the Texas Attorney General filing fee. Our fee will be billed on or after the Closing. If the financing is not consummated, we understand and agree that we will not be paid.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

McCall, Fethurst & Horton L.L.P.

By: 
Gregory C. Schaefer

Accepted and Approved

Trophy Club Municipal Utility District No. 1


By: 
President, Board of Directors
Date: September 17, 2013

EXHIBIT K

Bryan W. Shaw, Ph.D., *Chairman*
Toby Baker, *Commissioner*
Zak Covar, *Commissioner*

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY***Protecting Texas by Reducing and Preventing Pollution*

May 5, 2014

To: Persons on the attached mailing list (by mail and facsimile as indicated)

Re: Motions to Overturn the Executive Director's Approval of an Engineering Project and Bond Issuance for Trophy Club Municipal Utility District No. 1; TCEQ Docket No. 2014-0347-DIS; Internal Control No. D-09242013-030.

This courtesy letter is in response to the above referenced Motions to Overturn ("Motions"). Complete copies of the filings may be obtained from the Office of Chief Clerk, TCEQ, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087.

Section 50.139 of 30 Texas Administrative Code applies to these Motions. This letter is to notify all persons that, according to the Chief Clerk's records, the Motions overruled by operation of law on May 2, 2014.

If you have any questions about this matter, please contact Barham A. Richard, Assistant General Counsel, at (512) 239-0107.

Respectfully,

A handwritten signature in cursive script, appearing to read "Anne Idsal".

Anne Idsal
General Counsel

Mailing List

P.O. Box 13087 • Austin, Texas 78711-3087 • 512-239-1000 • tceq.texas.gov

How is our customer service? tceq.texas.gov/customersurvey
printed on recycled paper

TCMUD005896

Mailing List
Trophy Club MUD No. 1
TCEQ Docket No. 2014-0347-DIS

Jennifer McKnight
General Manager
Trophy Club MUD No. 1
100 Municipal Drive
Trophy Club, Texas 76262

Docket Clerk
TCEQ Office of Chief Clerk MC 105
P.O. Box 13087
Austin, Texas 78711-3087
512/239-3300 FAX 512/239-3311

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Brian Christian
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Todd Galiga
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Austin, Texas 78711-3087
512/239-0600 FAX 512/239-0606

Blas Coy
TCEQ Office of Public Interest Counsel MC 103
P.O. Box 13087
Austin, Texas 78711-3087
512/239-6363 FAX 512/239-6377

Filed in The District Court
of Travis County, Texas

OCT 30 2014

At 4:19 P.M.
Amalia Rodriguez-Mendoza, Clerk

NO. D-1-GN-14-001983

| | | |
|-------------------------------|---|--------------------------|
| EX PARTE | § | IN THE DISTRICT COURT OF |
| | § | |
| TROPHY CLUB MUNICIPAL UTILITY | § | TRAVIS COUNTY, TEXAS |
| DISTRICT NO. 1 | § | |
| | § | 201st JUDICIAL DISTRICT |

FINAL JUDGMENT

On July 14, 2014 and October 27, 2014, the Court conducted a trial on the Original Petition for Expedited Declaratory Judgment and Motion for Consolidation (the "Petition") filed, pursuant to Chapter 1205 of the Texas Government Code ("Chapter 1205"), by the Trophy Club Municipal Utility District No. 1 (the "District") in the above-styled cause (the "Chapter 1205 Suit"). The District appeared and announced ready by and through its counsel of record. The Attorney General of the State of Texas, having been served with process as required by Chapter 1205, filed an Original Answer and appeared. Opposing party Maguire Partners — Solana Land, L.P. ("Maguire") also appeared and announced ready for trial. The Court heard and considered arguments of counsel, all present opposing parties or intervenors, and evidence presented relative to the relief sought in the Petition.

On July 14, 2014, the Honorable Judge Lora Livingston entered an order that consolidated the following administrative appeals with the Chapter 1205 Suit: (i) *Maguire Partners — Solana Land, L.P. v. Texas Commission on Environmental Quality and Richard Hyde, in his official capacity as Executive Director*, Cause No. D-1-GN-14-000716, filed in the 126th Judicial District Court of Travis County, Texas (the "First State Court Action"), and (ii) *Maguire Partners — Solana Land, L.P. v. Texas Commission on Environmental Quality and Richard Hyde, in his official capacity as Executive Director*, Cause No. D-1-GN-14-001623, filed in the 53rd Judicial District of Travis County, Texas (the "Second State Court Action");

collectively with the First State Court Action, the "Administrative Appeals"). This Court has jurisdiction over the Administrative Appeals. Further, the Court concludes that Chapter 1205 confers jurisdiction to fully and finally adjudicate all issues that have been or could be raised in any forum that affect the District's authority to construct and finance the Necessary Improvements and issue the Proposed Bonds, both as defined and described in the Petition and below, including without limitation all claims and matters asserted in the Administrative Appeals.

The Court, having considered the Petition, together with the arguments, authorities, and evidence submitted in support thereof, is of the opinion that the Petition is meritorious and should be, and hereby is, **GRANTED**. All questions of fact were submitted to the Court through proffered evidence. Such evidence, together with the arguments and authorities cited by counsel, supports and is the basis of the Court's findings and conclusions. In support of this Final Judgment, the Court makes the following findings and conclusions:

1. The District has complied with the statutory requirements of Chapter 1205, including without limitation, the provisions referenced herein.

2. The District is a political subdivision of the State of Texas created by a March 4, 1975 Order of the Texas Water Commission (the predecessor to the Texas Commission on Environmental Quality ("TCEQ")). Therefore, the District is an "issuer" as defined in TEX. GOV'T CODE ANN. § 1205.001(1) and may issue "public securities" as the term is defined in TEX. GOV'T CODE ANN. § 1205.001(2).

3. On August 27, 2013, the District passed Resolution No. 2013-0827A that authorized and directed the President and Secretary of the District's Board of Directors, the District's attorneys, and the District's engineers:

- (a) To make application to [TCEQ] for an investigation and report upon the feasibility of the District's financing that portion of the Project described in the Engineering Report prepared by The Wallace Group in connection with this application.
- (b) To request [TCEQ] to approve the unlimited tax and/or unlimited tax and revenue bonds of the District in the principal amount not to exceed \$5,769,217 and the revenue bonds of the District in the principal amount not to exceed \$9,230,783, each bearing interest at a net effective interest rate not to exceed the maximum legal limit in effect at the time of issuance, and each maturing serially in accordance with the schedule provided in the aforesaid application and Engineering Report.

4. On or about September 24, 2013, the District filed an application with TCEQ for expedited approval of a proposed engineering project and the issuance of up to \$5,769,217 in principal amount of its unlimited tax and/or combination unlimited tax and revenue bonds, and up to \$9,230,783 in revenue bonds, for the purpose of financing improvements to its wastewater treatment plant and sewer system (the "Wastewater Treatment Plant").

5. On February 6, 2014, TCEQ entered AN ORDER APPROVING (1) AN ENGINEERING PROJECT, (2) THE ISSUANCE OF \$5,765,000 IN UNLIMITED TAX BONDS, AND (3) THE ISSUANCE OF \$9,230,000 IN REVENUE BONDS FOR [THE DISTRICT] (the "TCEQ Order"). The TCEQ Order approved the District's issuance of up to \$14,995,000 in bonds to finance improvements to the Wastewater Treatment Plant (up to \$5,765,000 in principal amount of its unlimited tax bonds and up to \$9,230,000 in revenue bonds).

6. On March 7, 2014, Maguire filed the First State Court Action requesting that the Court set aside the TCEQ Order or remand it back to TCEQ for reconsideration or for a contested case evidentiary hearing. On May 30, 2014, Maguire filed the Second State Court Action requesting, in addition to the same relief it requested in the First State Court Action, that the Court set aside TCEQ's denial of Maguire's Motion to Overturn the TCEQ Order. The Court

finds that (i) the TCEQ Order should be, and hereby is, affirmed in its entirety and (ii) all relief requested by Maguire in the Administrative Appeals should be, and hereby is, denied, with prejudice.

7. On June 23, 2014, pursuant to Chapter 1205, the District filed the Petition in the Chapter 1205 Suit. Pursuant to TEX. GOV'T CODE § 1205.024, the Petition briefly sets out, by allegation, reference, or exhibit (1) the District's authority to issue the Proposed Bonds described in the Petition, (2) the purpose of the Proposed Bonds described in the Petition, (3) the holding and result of any required election, (4) a copy of or a pertinent excerpt from each public security authorization, including any essential action or expenditure of money, (5) the amount or proposed maximum amount of the public securities, (6) the interest rate or rates or the proposed maximum interest rate of the public securities, and (7) any other pertinent matter.

8. Venue for the Chapter 1205 Suit is proper in this Court pursuant to TEX. GOV'T CODE ANN. § 1205.022, since this is "a district court of Travis County."

9. The District properly and timely served the Attorney General of the State of Texas as required by TEX. GOV'T CODE ANN. § 1205.042.

10. Pursuant to TEX. GOV'T CODE § 1205.041, on receipt of the Petition, the Court immediately entered an Order Setting Hearing that directed the clerk of the Court to issue an Order and Notice of Hearing (the "Order") in the form of a notice to all of the Interested Persons. The Order, in general terms and without naming them, advised the Interested Persons and the Attorney General of the State of Texas of their right to (1) appear for trial at 10:00 a.m. on the first Monday after the 20th day after the date of the Order, and (2) show cause why the Petition should not be granted and the public securities or the public security authorization validated and confirmed. The Order further gave a general description of the Petition.

11. Proper and timely notice of the filing of the Chapter 1205 Suit, and of its initial July 14, 2014 trial setting, was provided. Specifically, notice was provided by Order, and publication of a substantial copy of the same was timely made in newspapers of general circulation in Travis, Denton, and Tarrant Counties, Texas in accordance with TEX. GOV'T CODE ANN. § 1205.043.¹ Such publication is evidenced by the Affidavits of Publication filed of record in this matter on behalf of the *Austin American-Statesman*, *Fort Worth Star-Telegram*, and *Denton Record-Chronicle*.

12. On July 14, 2014, at 10:00 a.m., the Chapter 1205 Suit was called for trial as mandated by TEX. GOV'T CODE § 1205.041(b). Counsel for the District, the Attorney General of the State of Texas, TCEQ and Richard Hyde (in his official capacity as Executive Director of TCEQ), and Maguire made an appearance on the record, and Judge Livingston entered an order that consolidated the Administrative Appeals with the Chapter 1205 Suit and continued the trial of the Chapter 1205 Suit until October 27, 2014.

13. The Court has in rem jurisdiction, as well as personal jurisdiction, pursuant to TEX. GOV'T CODE ANN. §§ 1205.041–1205.044, over all persons who reside in the territory of the District, own property located within the boundaries of the District, are taxpayers of the District, or have or claim a right, title or interest in any property or money to be affected by the public security authorization or the issuance of the public securities by the District (collectively, the “Interested Parties”), including without limitation Maguire, and over the District and the Attorney General of the State of Texas.

14. The Court has subject matter jurisdiction over this action pursuant to TEX. GOV'T CODE ANN. § 1205.021. Each category of relief the District seeks in the Petition is within the

¹ The District is located entirely within Tarrant County, Texas and Denton County, Texas, and has its principal office in Denton County, Texas.

subject matter set forth in TEX. GOV'T CODE ANN. § 1205.021 and the Court has the jurisdiction to fully and finally adjudicate the issues raised in the Petition, including without limitation the District's requests for a declaratory judgment to conclusively establish (i) the District's authority to issue unlimited tax bonds and revenue bonds in one or more series in an aggregate principal amount not to exceed \$14,995,000 (up to \$5,765,000 in principal amount of its unlimited tax bonds and up to \$9,230,000 in revenue bonds) pursuant to the terms and conditions specified in one or more bond orders (the "Proposed Bonds"),² (ii) the legality and validity of using funds from the Proposed Bonds to finance improvements to the Wastewater Treatment Plant, (iii) the District's authority to award contracts for the construction of such improvements, and (iv) the validity of the TCEQ Order.

15. The District intends to use the Proposed Bonds to finance the design, planning, acquisition, construction, and equipping of necessary improvements to the Wastewater Treatment Plant (the "Necessary Improvements").

16. The Necessary Improvements are needed and necessary for the District to maintain regulatory compliance, to meet its customers' service demands as the District's population increases, and to continue to support the health, safety, and welfare of the District's population.

17. Pursuant to, among other things, the TCEQ Order and Sections 49.181 and 54.501 of the Texas Water Code, the District is authorized to issue and deliver the Proposed Bonds in connection with the financing of the Necessary Improvements as described in the Petition in one

² The Proposed Bonds are more particularly described in Exhibits A and B to the Petition (with such changes and completion of blanks as are reasonably appropriate to accommodate the structure of one or more series of Proposed Bonds as each particular series of Proposed Bonds is priced and sold or in order to obtain the approval of the Attorney General of the State Texas pursuant to TEX. GOV. CODE § 1202.003).

or more series in an aggregate principal amount not to exceed \$14,995,000, such amount consisting of the sum of up to \$5,765,000 in unlimited tax bonds and up to \$9,230,000 in revenue bonds. The Proposed Bonds, in the form described in Exhibits A and B to the Petition (with such changes and completion of blanks as are reasonably appropriate to accommodate the structure of one or more series of Proposed Bonds as each particular series of Proposed Bonds is priced and sold or in order to obtain the approval of the Attorney General of the State Texas pursuant to TEX. GOV. CODE § 1202.003) will constitute lawful and valid obligations and contracts of the District, enforceable according to their terms, and all provisions for the payment of, and pledges, liens and security provided for such debt and the interest thereon will constitute valid and binding obligations and contracts of the District under the laws of the State of Texas.

18. Pursuant to Tex. Water Code § 54.505, voter approval is not required for the District's issuance of the up to \$9,230,000 in revenue bonds that were approved by the TCEQ Order.

19. With respect to the District's issuance of up to \$5,765,000 in unlimited tax bonds for the Necessary Improvements, the District currently has \$5,769,217 in voted but unissued tax bonds. Therefore, the District has sufficient voter approval to issue the up to \$5,765,000 in unlimited tax bonds that were approved by the TCEQ Order. Specifically, an election was held May 9, 2009, whereby voters from Trophy Club Municipal Utility District No. 1 and voters from Trophy Club Municipal Utility District No. 2 approved the consolidation of the districts and specifically authorized (i) each district to assume the other district's outstanding bonds, notes, and obligations and voted but unissued bonds payable in whole or in part from taxation, (ii) the District to provide for the payment of principal of and interest on the outstanding bonds, notes and obligations of former Trophy Club Municipal Utility District No. 1 and former Trophy Club

Municipal Utility District No. 2, through the levy and collection of a sufficient ad valorem tax upon all taxable property within the District, and (iii) the District to issue for and in the name of the District the voted but unissued bonds of former Trophy Club Municipal Utility District No. 1 in the amount of \$3,229,217 and of former Trophy Club Municipal Utility District No. 2 in the amount of \$4,540,000, being assumed by the District, as may be appropriate under the specific authority and terms and conditions of the propositions submitted at the elections authorizing the same, and to provide for the payment of the principal of and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District.

20. The actions taken or to be taken by the District, including the undertaking of obligations, execution of contracts, and issuance and delivery of the Proposed Bonds are legal, valid, binding, enforceable, and, with respect to the Proposed Bonds, upon approval by the Attorney General of the State of Texas, will be incontestable under Texas law. Moreover, each expenditure or proposed expenditure of money related to the Necessary Improvements is legal and valid.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that, pursuant to Chapter 1205, the District is entitled to a Final Declaratory Judgment as follows:

(a) the District is an "issuer" of "public securities" within the meaning of TEX. GOV. CODE § 1205.001;

(b) the TCEQ Order is a valid and final order of the TCEQ that may not be challenged in this Court or any other court, agency, or forum;

(c) the District is authorized to issue and to deliver up to \$5,765,000 in principal amount of its unlimited tax bonds and up to \$9,230,000 in revenue bonds to finance the Necessary Improvements, in one or more series pursuant to the terms and conditions specified in

the bond orders, substantial copies of which are attached as Exhibits A and B to the Petition, with such changes and completion of blanks as are reasonably appropriate to accommodate the structure of a particular series of the Proposed Bonds as each particular series of Proposed Bonds is priced and sold and in order to obtain the approval of the Attorney General of Texas pursuant to TEX. GOV. CODE §1202.003;

(d) the actions taken or to be taken by the District, including regarding the issuance and delivery of the Proposed Bonds pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code are valid, binding, and incontestable under Texas law;

(e) the contracts and agreements executed or proposed to be executed by the District in connection with completing the Necessary Improvements are valid and legally binding contracts and agreements, and are incontestable under Texas law; and

(f) the Proposed Bonds and each installment thereof, when issued and executed pursuant to the procedural requirements provided by law, including approval by the Attorney General of Texas, will constitute lawful and valid obligations and contracts of the District, enforceable according to their respective terms, and that all provisions for the payment of, and pledges, liens and security provided for such debt and the interest thereon will constitute valid and binding obligations and contracts of the District under the laws of the State of Texas.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the TCEQ Order is affirmed in its entirety.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that all relief requested by Maguire in the Administrative Appeals, or otherwise in this consolidating proceeding, is denied with prejudice.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the Proposed Bonds shall be sold in compliance with the TCEQ Order.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that, pursuant to TEX. GOV'T CODE ANN. § 1205.151, this Final Judgment shall, as to all matters adjudicated, be forever binding and conclusive against the District, the Attorney General of the State of Texas, and all Interested Parties, irrespective of whether any such parties filed an answer or otherwise appeared herein.

IT IS FURTHER ORDERED, ADJUDGED and DECREED that, pursuant to TEX. GOV'T CODE ANN. § 1205.151, this Final Judgment shall constitute a permanent injunction against the filing by any person or entity of any action or proceeding contesting the validity of the Proposed Bonds, the authorization of the Proposed Bonds, the expenditure of money relating to the Proposed Bonds, the provisions made for the payment of the Proposed Bonds or of interest thereon, any matter adjudicated by this Final Judgment, and any matter that could have been raised in these proceedings.

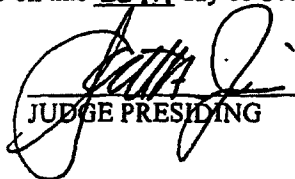
IT IS FURTHER ORDERED, ADJUDGED and DECREED that the Proposed Bonds may include a certificate that contains the follow statement: "This obligation was validated and confirmed by a judgment entered on [insert applicable date] by the 53rd Judicial District Court, Travis County, Texas, in *Ex Parte Trophy Club Municipal Utility District No. 1*, Cause No. D-1-GN-14-001983, which perpetually enjoins the commencement of any suit, action, or proceeding involving the validity of this obligation, or the provision made for the payment of the principal and interest of the obligation."

IT IS FURTHER ORDERED, ADJUDGED and DECREED that the District may (a) complete any blanks contained in the forms of all documents and instruments proposed to be

executed, submitted or delivered as set forth in the Petition (with such changes and completion of blanks as are reasonably appropriate to accommodate the structure of one or more series of Proposed Bonds as each particular series of Proposed Bonds is priced and sold); (b) correct clerical errors as may be discovered in the bond orders that are attached to the Petition as Exhibits A and B; (c) make changes or corrections to the bonds orders that are attached to the Petition as Exhibits A and B, or to any of the documents authorized and approved by the bond orders, (i) in order to cure any ambiguity, formal defect, or omission in the bond order or such other document, (ii) as may be suggested or required by the initial purchasers of or credit enhancers for the Proposed Bonds, subject to the approval of the Attorney General of the State Texas, (iii) as may be suggested or required by the Attorney General of the State of Texas or his representative prior to obtain the approval of the Proposed Bonds by the Attorney General of the State of Texas, and (iv) as may be required or allowed by this Final Judgment.

The Court denies all other relief not granted in this Final Judgment. This Final Judgment disposes of all parties and all claims, and is appealable.

SO ORDERED AND ADJUDGED on this 30th day of October, 2014.


JUDGE PRESIDING

RESOLUTION 2013-0827B

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

**RESOLUTION TO DECLARE OFFICIAL INTENT TO
REIMBURSE COSTS OF THE UTILITY SYSTEM
IMPROVEMENT PROJECT**

WHEREAS, the Trophy Club Municipal Utility District No. 1 (the "District") is a duly created governmental body of the State of Texas;

WHEREAS, the District expects to pay, or have paid on its behalf, expenditures in connection with the design, planning, acquisition, construction and equipping of improvements to the wastewater treatment plant and other improvements to the water and sewer system (the "Project") prior to the issuance of tax-exempt obligations, tax-credit obligations and/or obligations for which a prior expression of intent to finance or refinance is required by Federal or state law (collectively and individually, the "Obligations") to finance the Project;

WHEREAS, the District finds, considers, and declares that the reimbursement for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the District and, as such, chooses to declare its intention to reimburse itself for such payments at such time as it issues Obligations to finance the Project;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1:**

Section 1. The District reasonably expects to incur debt, as one or more series of Obligations, with an aggregate maximum principal amount equal to \$15,000,000 for the purpose of paying the costs of the Project.

Section 2. All costs to be reimbursed pursuant hereto will be capital expenditures. No Obligations will be issued by the District in furtherance of this Statement after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.

Section 3. The foregoing notwithstanding, no Obligation will be issued pursuant to this Statement more than three years after the date any expenditure which is to be reimbursed is paid.

Section 4. The foregoing Sections 2 and 3 notwithstanding, all costs to be reimbursed with qualified tax credit obligations shall not be paid prior to the date hereof and no tax credit obligations shall be issued after 18 months of the date the original expenditure is made.


PASSED AND APPROVED THIS AUGUST 27, 2013.

TROPHY CLUB MUNICIPAL UTILITY
DISTRICT NO. 1

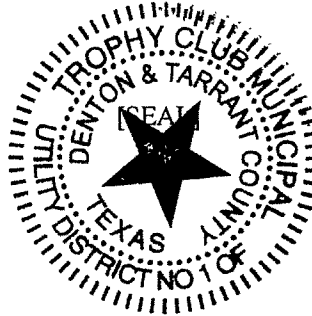


Jim Moss
President, Board of Directors

ATTEST:



Kevin R. Carr
Secretary, Board of Directors



TCMUD005910

SELECTED PROVISIONS OF THE BOND ORDER

SECTION 1: Definitions and Interpretations.

(a) Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Order the following terms shall have the meanings specified below:

"Additional Parity Obligations" means the additional parity obligations permitted to be issued by Section 18 of this Order.

"Average Annual Debt Service Requirements" means that average amount which, at the time of computation, will be required to pay the Debt Service Requirement on all outstanding Bonds and Additional Parity Obligations when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds and Additional Parity Obligations. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds and accrued interest on the Parity Revenue Obligations be excluded in making the aforementioned computation.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions relating thereto.

"Construction Fund" means the construction fund established by Section 12 of this Order.

"Debt Service Requirements" means as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the District as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its designated office in St. Paul, Minnesota, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the District and such successor.

"Event of Default" means any Event of Default as defined in Section 20 of this Order.

"Existing Obligations" means the outstanding Trophy Club Municipal Utility District No. 1 Revenue Note, Series 2012 and Trophy Club Municipal Utility District No. 1 Revenue Note, Series 2013.

"Fiscal Year" means the twelve-month accounting period used by the District currently ending on September 30 of each year.

"Government Securities" (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the District are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Bonds.

"Initial Bond" means the Bond described in Section 9.

"Interest and Sinking Fund" means the interest and sinking fund established by Section 12 of this Order.

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being March 1 and September 1 of each year commencing September 1, 2015.

"Net Revenues" and "Net Revenues of the System" mean all of the revenues of every kind and nature received through the operation of the System, less the expenses of operation and maintenance paid thereof, including salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions as in the judgment of the Board, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the District and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bond or the Additional Parity Obligations shall be deducted in determining "Net Revenues".

"Bonds" means the District's revenue bond entitled "Trophy Club Municipal Utility District No. 1 Water and Sewer System Revenue Bonds, Series 2015" authorized to be issued by this Order.

"Order" means this Order.

"Outstanding" - When used in this Order with respect to Bonds or Parity Revenue Obligations means, as of the date of determination, all Bonds theretofore issued and delivered, except:

(1) those Bonds or Parity Revenue Obligations cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds or Parity Revenue Obligations paid or deemed to be paid in accordance with the provisions of Section 22 hereof, or substantially similar provisions with respect to Parity Revenue Obligations; and

(3) those Bonds or Parity Revenue Obligations that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 21 hereof or similar provisions with respect to Parity Revenue Obligations.

"Parity Revenue Obligations" means the Bonds, the Existing Obligations, and Additional Parity Obligations.

"Paying Agent/Registrar" means BOKF, NA dba Bank of Texas, Austin, Texas, any successor thereto or an entity which is appointed as and assumes the duties of paying agent/registrar as provided in this Order.

"Project" shall mean the acquisition, construction and equipment of improvements to the District's wastewater treatment facilities.

"Record Date" means the fifteenth (15th) day of the month next preceding an Interest Payment Date.

"Reserve Fund" means the fund established in Section 12 of this Order.

"Required Reserve" means the amount required to be deposited and maintained in the Reserve Fund under the provisions of Section 15 of this Order.

"System" means the District's water and sewer system, including all present and future extensions, additions, replacements and improvements thereto.

(b) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(c) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

SECTION 11: Pledge-Security for the Bonds.

(a) The Parity Revenue Obligations, including the Bonds, and the interest thereon, and any and all other amounts payable thereunder, are and shall be secured by and payable from a first lien on and pledge of the Net Revenues of the System (with the exception of those in

excess of the amounts required to establish and maintain the Interest and Sinking Fund hereinafter provided); and the revenues herein pledged are further pledged to the establishment and maintenance of the Interest and Sinking Fund hereinafter provided.

(b) The Bonds are special obligations of the District secured by and payable from a first lien on and pledge of the Net Revenues of the System, as provided in this Order, and is not a charge on the property of the District or on taxes levied by the District. No part of the obligation evidenced by the Bonds, whether principal, interest or other obligation, shall ever be paid from taxes levied or collected by the District.

(c) Chapter 1208, Texas Government Code applies to the issuance of the Bond and the pledge of the Net Revenues granted by the District under Section 11(a) of this Order, and such pledge, therefore, is valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the District under Section 11(a) above is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, then in order to preserve to the registered owners of the Bond the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 12: Funds. The District hereby creates the following special funds or accounts:

(a) Trophy Club Municipal Utility District No. 1, Water and Sewer System Revenue Bonds, Series 2015, Interest and Sinking Fund (the "Interest and Sinking Fund");

(b) Trophy Club Municipal Utility District No. 1, Water and Sewer System Revenue Bonds, Series 2015, Reserve Fund (the "Reserve Fund");

(c) Trophy Club Municipal Utility District No. 1, Water and Sewer System Revenue Bonds, Series 2015, Construction Fund (the "Construction Fund").

SECTION 13: Revenue Fund. A Revenue Fund has previously been established on the books of the District in connection with the District's Revenue Note, Series 2012. All gross revenues of every nature received from the operation and ownership of the System shall be deposited as collected into the Revenue Fund, and the reasonable, necessary, and proper expenses of operation and maintenance of the System shall be paid from the Revenue Fund. The revenues of the System not actually required to pay said expenses shall be deposited from the Revenue Fund into the Interest and Sinking Fund to the extent provided hereunder and to the interest and sinking funds as provided in the orders or resolutions authorizing the Parity Revenue Obligations. However, until the Parity Revenue Obligations are retired, any surplus Net Revenues of the System not required to be deposited in the funds and accounts established by the orders or resolutions authorizing the Parity Revenue Obligations shall be deposited in the Revenue Fund; provided, however, at such time as the Existing Obligations identified in Section 1 hereof are no longer outstanding, the following provision shall be applicable to such excess Net Revenues:

Any Net Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other District purpose now or hereafter permitted by law.

SECTION 14: Interest and Sinking Fund. (a) Net Revenues of the System shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

SECTION 15: Reserve Fund. To accumulate and maintain a reserve for the payment of the Bonds and Additional Parity Obligations (the Required Reserve) equal to the lesser of (i) the Average Annual Debt Service Requirements (calculated on a Fiscal Year basis and determined as of the date of issuance of the Bonds, the most recently issued series of Additional Parity Obligations then Outstanding or, at the option of the District, at the end of each Fiscal Year) for the Bonds and Additional Parity Obligations or (ii) the maximum amount in a reasonably required reserve fund for the Bonds and Additional Parity Obligations, from time to time that can be invested without restriction as to yield pursuant to section 148 of the Code (as defined in Section 24), the District agrees to maintain the Reserve Fund at an official depository of the District. All funds deposited into the Reserve Fund (excluding surplus funds which include earnings and income derived or received from deposits or investments which will be transferred to the Revenue Fund during such period as there is on deposit in the Reserve Fund the Required Reserve) shall be used solely for the payment of the principal of and interest on the Bonds and Additional Parity Obligations, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last stated maturity or interest on the Bonds or Additional Parity Obligations.

Upon issuance of the Bonds, the total amount required to be accumulated and maintained in the Reserve Fund is hereby determined to be \$_____ (the "Required Reserve"), which is equal to not less than the Average Annual Debt Service for the Bonds, and on or before the 1st day of the month next following the month the Bonds are delivered to the Purchasers and on or before the 1st day of each following month, the District shall cause to be deposited to the Reserve Fund from the Net Revenues of the System an amount equal to at least one-sixtieth (1/60th) of the Required Reserve. After the Required Reserve has been fully accumulated and while the total amount on deposit in the Reserve Fund is in excess of the Required Reserve, no monthly deposits shall be required to be made to the Reserve Fund.

As and when Additional Parity Obligations are delivered or incurred, the Required Reserve shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of the necessary amount of the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Parity Obligations, or, at the option of the District, by the deposit of monthly installments, made on or before the 1st day of each month following the month of delivery of the then proposed Additional Parity Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Parity Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash), thereby ensuring the accumulation of the appropriate Required Reserve.

When and so long as the cash and investments in the Reserve Fund equal the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve (other than as the result of the issuance of Additional Parity Obligations as provided in the preceding paragraph), the District covenants and agrees to cure the deficiency in the Required Reserve by resuming monthly deposits to said Fund or account from the Net Revenues, or any other lawfully available funds, such monthly deposits to be in amounts equal to not less than 1/60th of the Required Reserve covenanted by the District to be maintained in the Reserve Fund with any such deficiency payments being made on or before the 1st day of each month until the Required Reserve has been fully restored. The District further covenants and agrees that, subject only to the prior payments to be made to the Interest and Sinking Fund, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure

any deficiency in such amounts as required by the terms of this Order and any other order or resolution pertaining to the issuance of Additional Parity Obligations.

During such time as the Reserve Fund contains the Required Reserve, the District may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve and deposit such surplus in the System Fund, unless such surplus funds represent proceeds of the Bonds, then such surplus will be transferred to the Interest and Sinking Fund.

The District, at its option and consistent with the provisions of this Section, may, to the extent permitted by then-applicable law, fund the Reserve Fund at the Required Reserve by purchasing an insurance policy that will unconditionally obligate the insurance company or other entity to pay all, or any part thereof, of the Required Reserve in the event funds on deposit in the Interest and Sinking Fund are not sufficient to pay the debt service requirements on the Parity Revenue Obligations. All resolutions or orders adopted after the date hereof authorizing the issuance of Additional Parity Obligations shall contain a provision to this effect.

In the event an insurance policy issued to satisfy all or part of the District's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve, the District may transfer such excess amount to any fund or account established for the payment of or security for the Parity Revenue Obligations (including any escrow established for the final payment of any such obligations pursuant to Chapter 1207, as amended, Texas Government Code) or use such excess amount for any lawful purpose now or hereafter provided by law.

Notwithstanding anything to the contrary contained in this Section, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve may be suspended for such time as the Net Revenues for each Fiscal Year are equal to at least 110% of the Average Annual Debt Service Requirements. In the event that the Net Revenues for any two consecutive Fiscal Years are less than 110% (unless such percentage is below 100% in any Fiscal Year, in which case the hereinafter-specified requirements will commence after such Fiscal Year) of the Average Annual Debt Service Requirements, the District will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve or (ii) the Net Revenues for a Fiscal Year have been equal to not less than 110% of the Average Annual Debt Service Requirements.

SECTION 16: Construction Fund.

(a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for the Project.

(b) All amounts remaining in the Construction Fund after the accomplishment of the Project, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund, unless a change in applicable law permits or authorizes all or any part of such funds to be used for other purposes.

SECTION 17: Security of Funds – Investments.

(a) All moneys on deposit in the funds referred to in this Order shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

(b) Investments. (i) Money in the funds established by this Order, at the option of the District, may be invested in such securities or obligations as permitted under applicable law.

(ii) Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

(c) Investment Income. Interest and income derived from investment of any fund created by this Order shall be credited to such fund.

SECTION 18: Additional Parity Obligations. In addition to the right to issue obligations of inferior lien as authorized by the laws of this State, the District reserves the right to issue notes, bonds and other obligations which, when duly authorized and issued in compliance with law and the terms and conditions hereinafter appearing, shall be on a parity with the Parity Revenue Obligations, payable from and equally and ratably secured by a first lien on and pledge of the Net Revenues of the System; and the Parity Revenue Obligations shall in all respects be of equal dignity. The Additional Parity Obligations may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) A certificate is executed by the District Manager of the District and the President of the Board to the effect that no default exists in connection with any of the covenants or requirements of the Order or orders or resolutions authorizing the issuance of the Bonds and all then outstanding Parity Revenue Obligations;

(b) A certificate is executed by the District Manager of the District and the President of the Board to the effect that the Interest and Sinking Fund and Reserve Fund contains the amount of money then required to be on deposit therein;

(c) A certificate is executed by a Certified Public Accountant to the effect that, in his opinion, the Net Earnings of the System either for the last complete fiscal year of the District, or for any twelve consecutive calendar month period ending not more than 90 days prior to the passage of the Order authorizing the issuance of such Additional Parity Obligations, were at least ____ times the average annual principal and interest requirements for the then outstanding Parity Revenue Obligations and the Additional Parity Obligations then proposed to be issued.

At such time as the Existing Obligations are no longer outstanding, the Accountant, in making a determination of the Net Earnings, may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying the above Net Earnings test, make a pro forma determination of the Net Earnings of the System for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

PROVIDED, that the term "Net Earnings of the System" shall mean all of the Net Revenues of the System, except that in calculating Net Revenues there shall not be deducted as an expense of operation and maintenance any charge or disbursement for repairs or extensions which, under standard accounting practice, should be charged to capital expenditures; and PROVIDED FURTHER, that it shall not be necessary for the District to meet the above requirements to issue Additional Parity Obligations if the District obtains the written consent of all of the holders of all outstanding Parity Revenue Obligations.

SECTION 19: Representations and Covenants as to Payment.

(a) While the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund and Reserve Fund, if necessary, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

(b) The District will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in the Bonds; the District will promptly pay or cause to be paid the principal of, interest on, and premium, if any, with respect to, the Bonds on due dates and at the places and manner prescribed in such Bonds; and the District will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(c) The District is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bond has been duly and effectively taken; and the Bonds in the hands of the Owners thereof is and will be valid and enforceable obligations of the District in accordance with their terms.

(d) The District will at all times collect for services rendered by the System such amounts as will be at least sufficient to pay all expenses of operation and maintenance, and to provide Net Revenues equal to the amount that is sufficient to pay the scheduled principal of and interest on the Parity Revenue Obligations, plus one times the amount (if any) required to be deposited in any reserve or contingency fund or account created for the payment and security of the Parity Revenue Obligations;

(e) If the System should become legally liable for any other indebtedness, the District shall fix, maintain, charge and collect additional rates and services rendered by the System, sufficient to establish and maintain funds for the payment thereof.

SECTION 20: Default and Remedies.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an "Event of Default," to-wit:

(i) the failure to make payment of the principal of or interest on the Bonds when the same become due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the District, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the District.

(b) Remedies for Default. (i) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the District for the purpose of protecting and enforcing the rights of the Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of the Bonds then outstanding.

(c) Remedies Not Exclusive. (i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

SECTION 21: Mutilated, Destroyed, Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond; and with respect to a lost, destroyed or stolen Bond a replacement Bond may be issued only upon the approval of the District and after (i) the filing by the Holder with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 22: Satisfaction of Obligation of District. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Order, then the pledge of taxes levied under this Order and all covenants, agreements, and other obligations of the District to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date therefor. The District covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/ Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the District or deposited as directed by the District. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the District be remitted to the District against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the District shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 23: Order a Contract - Amendments - Outstanding Bonds. This Order shall constitute a contract with the Holders from time to time, be binding on the District, and shall not be amended or repealed by the District so long as any Bond remains Outstanding except as permitted in this Section and in Section 39 hereof. The District may, without the consent of or notice to any Holders, from time to time and at any time, amend this Order in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the District may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Order; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

**SOUTHWEST
SECURITIES**
A Hilltop Holdings Company

CLOSING MEMORANDUM

\$9,230,000

**Trophy Club Municipal Utility District ("MUD") No.1
Water and Sewer System Revenue Bonds, Series 2015 (the "Bonds")**

Date: February 9, 2015
To: Attached Distribution List
From: Dan A. Almon
Southwest Securities
(214) 859-9452

1. The closing time and date for the above-referenced issue is **Tuesday, February 17, 2015**, at 10:00 A.M., Central Daylight Time. A final debt service schedule is attached as Exhibit "A". This transaction will close through DTC's "Fast" Book Entry Only System.
2. **Raymond James & Associates**, as the authorized representative of a group of purchasers (the "**Purchasers**"), shall wire **\$9,245,052.22** to BOKF, NA dba Bank of Texas (the "**Paying Agent/Registrar**") ABA #103900036, Account #600024642, Wealth Management Account; Re: Trophy Club Municipal Utility District No.1, Water and Sewer System Revenue Bonds, Series 2015, Attn: Jose Gaytan (512-813-2002) calculated as follows:

| | |
|--|-----------------------|
| Par Amount of the Bonds | \$9,230,000.00 |
| Plus: Accrued Interest (02/01/15 - 02/17/15) | 10,437.22 |
| Plus: Bidder's Premium | 4,615.00 |
| Total Amount to be Wired by Raymond James & Associates | <u>\$9,245,052.22</u> |

TCMUD005921

4. The **Paying Agent/Registrar** shall retain **\$400.00** in payment of the first year's Paying Agent/Registrar fee.
5. The **Paying Agent/Registrar** shall wire **\$189,869.00** from the proceeds of the Bonds, to JPMorgan Chase Bank, Houston, Texas, ABA #021000021, for credit to Southwest Securities Inc., Account #08805076955, for further credit to Trophy Club Municipal Utility District No.1 Water and Sewer System Revenue Bonds, Series 2015 (#94-9030-119042), Attn: Ms. Amanda Almanza, (214) 859-6353. Such amount is for the fees and expenses associated with the legal authorization and issuance of the Bonds. (See Cost of Issuance Breakdown, herein.)
6. The **Paying Agent/Registrar** shall wire **\$9,054,783.22**, from the proceeds of the Bonds, to TexPool per wiring instruction shown below:

State Street Bank and Trust Company, Boston, MA,
ABA (3400) 011 000 028
BNF (4200) - TexPool Account # 67573774
RFB (4320) – Location ID # 77384
Participant Name – Trophy Club MUD 1

For final credit by TexPool as follows:

- a) 2014 WW Treatment Plant Construction Fund (OBI (6000) 449-0613300012)
in the amount (2000) of \$9,039,731.00

Construction Fund Deposit includes \$23,017.46 for the TCEQ
Bond Application Processing Fee (for \$9,230,000 only) to be
paid by the District:

- b) Revenue Interest & Sinking Fund (OBI (6000) 449-0613300013) in
the amount (2000) of \$15,052.22

(Revenue I&S Fund Deposit includes accrued interest of \$10,437.22
and Bid Premium of \$4,615.00)

7. Upon receipt of funds from the **Purchasers**, the good faith check in the amount of \$184,600.00 shall be returned uncashed (by a trackable method) to:

Luke Mattson
Raymond James & Associates
5956 Sherry Lane, 19th floor
Dallas, TX 75225

Closing Memorandum
Trophy Club Municipal Utility District No.1
February 9, 2015
Page 2

8. The Reconciliation of Receipts and Disbursements is as follows:

Receipts:

| | |
|--|------------------------------|
| Par Amount of the Bonds | \$9,230,000.00 |
| Plus: Accrued Interest (02/01/15 - 02/17/15) | 10,437.22 |
| Plus Bidder's Premium | <u>4,615.00</u> |
| Total Receipts | <u>\$9,245,052.22</u> |

Disbursements:

| | |
|--|------------------------------|
| Trophy Club MUD Wastewater Treatment Plant Construction Fund | \$9,039,731.00 |
| Trophy Club MUD Interest and Sinking (Revenue Debt Service Fund) | 15,052.22 |
| First Year's Paying Agent/Registrar Fee | 400.00 |
| Costs of Issuance to be paid by Southwest Securities | <u>189,869.00</u> |
| | <u>\$9,245,052.22</u> |

NOTE: Upon receipt of funds at delivery, the District will send a check in the amount of **\$23,017.46** to the Texas Commission on Environmental Quality ("TCEQ") for payment of the TCEQ Bond Application Processing Fee. Check should be sent to the address below:

Texas Commission on Environmental Quality
Attention: Andrew Paynter
12100 Park 35 Circle
Bldg. F - Mail Code 152
Austin, Texas 78753

**SOUTHWEST
SECURITIES**
A Hilltop Holdings Company

February 9, 2015

Ms. Jennifer McKnight
General Manager
Trophy Club Municipal Utility District No.1
100 Municipal Drive
Trophy Club, Texas 76262

STATEMENT

For services rendered and expenses incurred in connection with the legal authorization and issuance of **\$9,230,000 Trophy Club Municipal Utility District No.1 Water and Sewer System Revenue Bonds, Series 2015**
(See Cost of Issuance Breakdown on next page.)

\$189,869.00

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO.1
\$9,230,000 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2015

COST OF ISSUANCE BREAKDOWN

| <u>Expense Item:</u> | <u>UL Tax Bonds</u> <u>\$9,230,000</u> |
|---|---|
| Financial Advisory Fee / Expenses- Southwest Securities, Inc. | \$ 86,150.00 |
| Bond Counsel Fee /Expenses- Norton Rose Fulbright | 73,650.00 |
| Attorney General Fee (Reimbursed to Norton Rose Fulbright) | 9,230.00 |
| Ratings: | |
| S&P | 15,839.00 |
| Paying Agent Registrar - Bank of Texas. | |
| First Year's Paying Agent/ Registrar Fee | 400.00 |
| Official Statement (OS) Costs: | |
| Preparation / Printing / Internet Posting / Electronic Distribution | 5,000.00 |
| TCEQ Fee for Processing Application (0.25% of par amount) | |
| (Based on TCEQ Application par amount of \$9,230,000) | <u>23,017.46</u> |
| Total Estimated Cost of Issuance | <u>\$ 213,286.46</u> |

COST OF ISSUANCE BREAKDOWN BY SOURCE OF PAYMENT

Cost of Issuance Expenses Paid from Wire to Southwest Securities

| | | |
|--|----------------------|---------------|
| Financial Advisory Fee / Expenses- Southwest Securities, Inc. | \$ 86,150.00 | |
| Bond Counsel Fee /Expenses- Norton Rose Fulbright | 73,650.00 | |
| Attorney General Fee (Reimbursed to Norton Rose Fulbright) | 9,230.00 | |
| S&P Rating Fee | 15,839.00 | |
| Official Statement Preparation/Printing/Internet Posting/Electronic Distribution | <u>5,000.00</u> | |
| | <u>\$ 189,869.00</u> | \$ 189,869.00 |

Cost of Issuance Expenses Paid/Retained by the District from Construction Fund

| | | |
|---|------------------|-----------|
| TCEQ Fee for Processing Application (0.25% of par amount) | | |
| (Based on par amount of \$9,230,000 only) | <u>23,017.46</u> | |
| | <u>23,017.46</u> | 23,017.46 |

| | | |
|---|-----------|------------------|
| <u>Cost of Issuance Expenses Retained by Paying Agent Registrar</u> | \$ 400.00 | <u>\$ 400.00</u> |
|---|-----------|------------------|

| | | |
|------------------------|--|----------------------|
| Total Cost of Issuance | | <u>\$ 213,286.46</u> |
|------------------------|--|----------------------|

\$9,230,000
Trophy Club Municipal Utility District No.1
Water and Sewer System Revenue Bonds, Series 2015

Distribution List

Issuer

Ms. Jennifer McKnight
Ms. Renae Gonzales
Ms. Terri Sisk
100 Municipal Drive
Trophy Club, Texas 76262

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682-831-4618 (Terri)
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EXHIBIT

BOND DEBT SERVICE

\$9,230,000

TROPHY CLUB MUD NO. 1

(Denton & Tarrant Counties, Texas)

Water & Sewer System Revenue Bonds, Series 2015

Final Numbers: As of January 20, 2015

Dated Date 02/01/2015
Delivery Date 02/17/2015

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|------------|--------------|------------------------|
| 09/01/2015 | | | 136,988.54 | 136,988.54 | |
| 09/30/2015 | | | | | 136,988.54 |
| 03/01/2016 | | | 117,418.75 | 117,418.75 | |
| 09/01/2016 | 210,000 | 2.000% | 117,418.75 | 327,418.75 | |
| 09/30/2016 | | | | | 444,837.50 |
| 03/01/2017 | | | 115,318.75 | 115,318.75 | |
| 09/01/2017 | 365,000 | 2.000% | 115,318.75 | 480,318.75 | |
| 09/30/2017 | | | | | 595,637.50 |
| 03/01/2018 | | | 111,668.75 | 111,668.75 | |
| 09/01/2018 | 375,000 | 2.000% | 111,668.75 | 486,668.75 | |
| 09/30/2018 | | | | | 598,337.50 |
| 03/01/2019 | | | 107,918.75 | 107,918.75 | |
| 09/01/2019 | 380,000 | 2.000% | 107,918.75 | 487,918.75 | |
| 09/30/2019 | | | | | 595,837.50 |
| 03/01/2020 | | | 104,118.75 | 104,118.75 | |
| 09/01/2020 | 390,000 | 2.000% | 104,118.75 | 494,118.75 | |
| 09/30/2020 | | | | | 598,237.50 |
| 03/01/2021 | | | 100,218.75 | 100,218.75 | |
| 09/01/2021 | 400,000 | 2.000% | 100,218.75 | 500,218.75 | |
| 09/30/2021 | | | | | 600,437.50 |
| 03/01/2022 | | | 96,218.75 | 96,218.75 | |
| 09/01/2022 | 410,000 | 2.000% | 96,218.75 | 506,218.75 | |
| 09/30/2022 | | | | | 602,437.50 |
| 03/01/2023 | | | 92,118.75 | 92,118.75 | |
| 09/01/2023 | 420,000 | 2.000% | 92,118.75 | 512,118.75 | |
| 09/30/2023 | | | | | 604,237.50 |
| 03/01/2024 | | | 87,918.75 | 87,918.75 | |
| 09/01/2024 | 435,000 | 2.000% | 87,918.75 | 522,918.75 | |
| 09/30/2024 | | | | | 610,837.50 |
| 03/01/2025 | | | 83,568.75 | 83,568.75 | |
| 09/01/2025 | 450,000 | 2.250% | 83,568.75 | 533,568.75 | |
| 09/30/2025 | | | | | 617,137.50 |
| 03/01/2026 | | | 78,506.25 | 78,506.25 | |
| 09/01/2026 | 460,000 | 2.500% | 78,506.25 | 538,506.25 | |
| 09/30/2026 | | | | | 617,012.50 |
| 03/01/2027 | | | 72,756.25 | 72,756.25 | |
| 09/01/2027 | 475,000 | 2.500% | 72,756.25 | 547,756.25 | |
| 09/30/2027 | | | | | 620,512.50 |
| 03/01/2028 | | | 66,818.75 | 66,818.75 | |
| 09/01/2028 | 490,000 | 2.750% | 66,818.75 | 556,818.75 | |
| 09/30/2028 | | | | | 623,637.50 |
| 03/01/2029 | | | 60,081.25 | 60,081.25 | |
| 09/01/2029 | 510,000 | 2.750% | 60,081.25 | 570,081.25 | |
| 09/30/2029 | | | | | 630,162.50 |
| 03/01/2030 | | | 53,068.75 | 53,068.75 | |
| 09/01/2030 | 525,000 | 3.000% | 53,068.75 | 578,068.75 | |
| 09/30/2030 | | | | | 631,137.50 |
| 03/01/2031 | | | 45,193.75 | 45,193.75 | |
| 09/01/2031 | 545,000 | 3.000% | 45,193.75 | 590,193.75 | |
| 09/30/2031 | | | | | 635,387.50 |
| 03/01/2032 | | | 37,018.75 | 37,018.75 | |
| 09/01/2032 | 565,000 | 3.000% | 37,018.75 | 602,018.75 | |
| 09/30/2032 | | | | | 639,037.50 |
| 03/01/2033 | | | 28,543.75 | 28,543.75 | |
| 09/01/2033 | 585,000 | 3.000% | 28,543.75 | 613,543.75 | |
| 09/30/2033 | | | | | 642,087.50 |

BOND DEBT SERVICE

\$9,230,000

TROPHY CLUB MUD NO. 1

(Denton & Tarrant Counties, Texas)

Water & Sewer System Revenue Bonds, Series 2015

Final Numbers: As of January 20, 2015

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|--------------|---------------|------------------------|
| 03/01/2034 | | | 19,768.75 | 19,768.75 | |
| 09/01/2034 | 610,000 | 3.125% | 19,768.75 | 629,768.75 | |
| 09/30/2034 | | | | | 649,537.50 |
| 03/01/2035 | | | 10,237.50 | 10,237.50 | |
| 09/01/2035 | 630,000 | 3.250% | 10,237.50 | 640,237.50 | |
| 09/30/2035 | | | | | 650,475.00 |
| | 9,230,000 | | 3,113,951.04 | 12,343,951.04 | 12,343,951.04 |

Ratings Call 01-05-15 Q&A

- 1) Purpose of the bonds- Wastewater plant upgrade
- 2) Population and customer growth estimates- Population 10,459 (2013).
Per Ron 12-31-14, there are 82 homes under construction and 364 left to build out in Trophy Club. As part of our FY 15 Budget, the Board set a 3.25% growth rate for meters.
- 3) Is there a minimum (take or pay) payment due to Fort Worth for water?- No.
- 4) Status of wastewater treatment plant expansion (and any other additional capital needs)-
Currently WWTP expansion is in progress- Financed through tax and revenue bonds. No other additional capital needs are planned to be financed this fiscal year.
- 5) Will water/sewer revenues be split into different funds, or remain consolidated in the General Fund for audit purposes?- They will remain consolidated in the General Fund for Audit purposes although they are separated in different general ledger accounts in the accounting system.
- 6) In the 2013 audit, how much of the unrestricted cash was available for utility system purposes?-
FY 13 audit had Cash of \$3,954,832 in General Fund. \$17,879 was in Debt Service, \$330,571 was in Capital Projects. Of the \$3,606,382, \$313,050 was in GASB and was restricted, \$514,169 was in Fire and not available for utility system purposes. \$2,779,163 was available for utility system purposes.
- 7) Potential tax rate and utility rate increases (and multi-year financial projections)-
Tax rate increases are reviewed in June during the annual budget process. Utility rate increases are reviewed annually in May as part of the annual budget process. For FY15 we do not expect a utility rate increase. For FY 16, we will do a rate analysis in May 15 and we do expect a rate increase of some amount to be determined.
- 8) Any policies or targets regarding debt service coverage or system liquidity (fund balances)?-
No policies on debt service coverage. GASB 54 policy on fund balances states goal is to achieve and maintain General Fund Unassigned Fund Balance equal to 35% of expenditures and not to go below 25% barring unusual or deliberate circumstances.

INSTRUCTION SHEET

To move through this Electronic Transcript click on the Bookmark tab on the left side of the screen.

1. Click on the Bookmark entitled Index of Documents.
2. Click on the document number to move to the document.
3. The document is searchable.

TRANSCRIPT OF PROCEEDINGS

RELATING TO

**\$9,230,000
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2015**

ISSUED BY

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

COUNTIES OF DENTON AND TARRANT

STATE OF TEXAS

Delivery: February 17, 2015

 **NORTON ROSE FULBRIGHT**

**TRANSCRIPT OF PROCEEDINGS
RELATING TO

\$9,230,000
TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2015**

Dated February 1, 2015

Index of Documents

| <u>Tab No.</u> | <u>Description of Document</u> |
|----------------|---|
| 1 | Order by the Texas Commission on Environment Quality approving an Engineering Project and the Issuance of Bonds |
| 2 | Certified Resolution approving and authorizing publication of Notice of Sale and authorizing personnel and consultants to proceed with the arrangements for the Bond Sale |
| 3 | Affidavit of Publication – Texas Bond Reporter |
| 4 | Affidavit of Publication – Star-Telegram, Inc. |
| 5 | Affidavit of Publication – Denton Record-Chronicle |
| 6 | Certified Bond Order |
| 7 | Paying Agent/Registrar Agreement |
| 8 | Official Bid Form |
| 9 | Notice of Sale and Preliminary Official Statement |
| 10 | Final Official Statement |
| 11 | Certificate of Certified Public Accountant |
| 12 | General Certificate |
| 13 | Signature and No-Litigation Certificate |
| 14 | Certificate as to Official Statement |
| 15 | Certificate as to Tax Exemption |
| 16 | Certificate of Managing Underwriter |
| 17 | Filed 8038-G Information Return |

| | |
|----|---|
| 18 | Attorney General's Opinion and Comptroller's Registration Certificate |
| 19 | Opinion of Bond Counsel |
| 20 | Closing Instruction Letter |
| 21 | Receipt and Disbursement of Funds |
| 22 | Rating Letters |
| 23 | DTC Blanket Issuer Letter of Representations |
| 24 | Original Petition |
| 25 | Final Judgment |

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER APPROVING (1) AN ENGINEERING PROJECT, (2) THE ISSUANCE OF \$5,765,000 IN UNLIMITED TAX BONDS, AND (3) THE ISSUANCE OF \$9,230,000 IN REVENUE BONDS FOR TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1 OF DENTON AND TARRANT COUNTIES

An application by Trophy Club County Municipal Utility District No. 1 of Denton and Tarrant Counties (hereafter "District") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project, the issuance of up to \$15,000,000 in bonds to finance improvements to the District's existing wastewater treatment plant. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on September 24, 2013, for approval of a proposed engineering project and the issuance of the issuance of up to \$15,000,000 in bonds. By Resolution No. 2013-0827A dated August 27, 2013, the District requested to issue up to \$5,769,217 in unlimited tax and/or unlimited tax and revenue bonds and up to \$9,230,783 in revenue bonds, for a total request of \$15,000,000. Application material supports the issuance of \$5,765,000 in unlimited tax bonds and \$9,230,000 in revenue bonds.
2. The Executive Director has investigated the District.
3. The application and accompanying documents have been examined, and a memorandum was prepared on the project dated January 31, 2014, a copy of which is attached and made a part hereof.
4. The District's project and issuance of \$14,995,000 (\$5,765,000 in unlimited tax bonds and \$9,230,000 in revenue bonds) in bonds at a maximum net effective interest rate of 6.23% to finance the project should be approved.
5. The District's board should be directed to ensure that system revenue is adequate to meet operating expenses and debt service requirements on revenue debt.
6. The District should be directed not to expend a total of \$12,991,567 (\$11,297,015 for construction plus \$1,694,552 in contingencies) for the wastewater treatment plant improvements pending District board's receipt of plans and specifications approved by all entities with jurisdiction, as necessary.

7. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

8. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE § 49.181.

2. The Executive Director has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The TCEQ's memorandum dated January 31, 2014, on this engineering project and bond issue should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the TCEQ's memorandum dated January 31, 2014, on this engineering project and bond issue is adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Trophy Club Municipal Utility District No. 1 of Denton and Tarrant Counties is hereby approved together with the issuance of \$14,995,000 (\$5,765,000 in unlimited tax bonds and \$9,230,000 in revenue bonds) in bonds at a maximum net effective interest rate of 6.23%. The District's board is directed to ensure that system revenue is adequate to meet operating expenses and debt service requirements on revenue debt. The District is directed not to expend a total of \$12,991,567 (\$11,297,015 for construction plus \$1,694,552 in contingencies) of the bond issue proceeds approved herein for the wastewater treatment plant improvements pending District board's receipt of plans and specifications approved by all entities with jurisdiction, as necessary. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ staff.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the Commission 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the Utilities and District's Section copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the Utilities and District's Section and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: **February 6, 2014**


For the Commission

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: *1/31/14*
Tammy Benter, Manager
Utilities and Districts Section

Date: January 31, 2014

Thru: *1/31/14*
Justin P. Taack, Water Supply Division

Subject: Trophy Club Municipal Utility District No. 1 of Denton and Tarrant Counties;
Application for Approval of \$15,000,000 in Unlimited Tax Bonds and Revenue
Bonds, Sixth Issue, 6.23% Net Effective Interest Rate, Series 2014; Pursuant to
Texas Water Code Section 49.181.
TCEQ Internal Control No. D-09242013-030 (TC)
CN: 600678536 RN: 101241248

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from Trophy Club Municipal Utility District No. 1 of Denton and Tarrant Counties (the "District") requesting approval for the issuance of \$15,000,000 in bonds to finance improvements to the District's existing wastewater treatment plant. By Resolution No. 2013-0827A dated August 27, 2013, the District requested to issue up to \$5,769,217 in unlimited tax and/or unlimited tax and revenue bonds and up to \$9,230,783 in revenue bonds, for a total request of \$15,000,000. Application material supports the issuance of \$5,765,000 in unlimited tax bonds and \$9,230,000 in revenue bonds.

According to documentation provided, the District currently serves 4,180 equivalent single-family connections (ESFCs) on approximately 2,688 acres.

B. ECONOMIC ANALYSIS

Tax Rate Analysis – Tax/Revenue Supported Debt

The feasibility of this bond issue is based on no-growth to the 4,180 connections as of December 31, 2013. The feasibility of the tax supported debt is based on no-growth to the District's January 1, 2013 certified taxable assessed valuation of \$1,047,277,474 (\$756,915,943 for the portion of the District within Denton County and \$290,361,531 for the portion of the District within Tarrant County). The feasibility of the revenue supported debt is based on revenues earned by the District through services provided to the District's customers. A market study has not been provided, and is not required since the feasibility is based on no-growth.

According to the Denton Central Appraisal District and a Tarrant Appraisal District certificate, the District's January 1, 2013 certified taxable assessed valuation for each respective county is \$756,915,943 and \$290,361,531, or a total of \$1,047,277,474. The annual debt service requirements for the requested bond (tax supported) amount of \$5,765,000 and existing debt averages \$838,789 for the 21-year life of the District's bond debt. According to the engineering report, the District levied a maintenance tax of \$0.01 in 2012 and according to information provided, is projecting to levy the same maintenance tax in the future.

The District's financial advisor submitted a cash flow schedule considering the requested \$5,765,000 bond issue (tax supported), no-growth to the District's January 1, 2013 certified taxable assessed valuation of \$1,047,277,474, a bond interest rate of 6%, 95% collection rate, and a projected tax rate of \$0.11 (maximum) per \$100 assessed value. A Water Supply Division financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rate would be sufficient.

| | Projected Tax Rate |
|---------------------------------|-------------------------------|
| District | |
| Debt Service | \$ 0.11 ⁽¹⁾⁽²⁾ |
| Maintenance | \$ 0.01 ⁽³⁾ |
| Sub-Total District Taxes | \$ 0.12 |
| Town of Trophy Club | \$ 0.50 ⁽⁴⁾ |
| Town of Westlake | \$ 0.16 ⁽⁴⁾ |
| Total District Taxes | \$ 0.62 ⁽⁵⁾ |

Notes:

- (1) Based on a net effective interest rate of 6.23%, a 95% collection rate, no-growth to the District's January 1, 2013 certified taxable assessed valuation of \$1,047,277,474, and at least a 25% ending debt service fund balance.
- (2) The term "commission-approved tax rate" in 30 Texas Administrative Code (TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.11 per \$100 assessed valuation.
- (3) Based on the operating budget provided, the District anticipates an operation and maintenance (General Fund) tax rate of \$0.01.
- (4) Represents 2013 total tax rates based on information obtained from the Denton Central Appraisal District. Information provided does not specify how much, if any, of each total tax rate is attributable to water, wastewater, drainage, recreational, or road facilities as required by 30 TAC Section 293.59(f). As a result, staff has included the total tax in order to determine compliance with 30 TAC Sections 293.59(l) and (k)(3).
- (5) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f). The highest combined projected tax rate is the portion of the District that overlaps with the Town of Trophy Club (\$0.62), which is less than the \$1.20 limit allowed under 30 TAC Sections 293.59(l) and (k)(3).

The District's financial advisor submitted a cash flow schedule considering the requested \$9,230,000 bond issue (revenue supported) and a bond interest rate of 6%. The cash flow schedule provided indicates \$1,990,339 (\$7,461,907 in revenue less \$5,471,568 in expenses) being available for the District's current and proposed debt service requirements. According to the application material, the \$1,990,339 is based on: the District's 2012 fiscal year end audit; no additional growth projected for revenue based calculations (e.g. service revenue, etc.); and assumes no capital expenses that were accounted for in said fiscal year end. A Water Supply Division financial analyst has reviewed the financial information submitted and concluded that operating revenues appear to be sufficient for operating expenses and the District's current and proposed revenue debt. This determination is based on the following: the District's current operating budget provided (2013); no additional growth projected for revenue based calculations (e.g. service revenue, etc.); excluding capital expenses and debt service requirements that were/are accounted for in the current operating budget provided; and the District's general fund balance of approximately \$3,913,446 as of May 31, 2013 (as presented in the engineering report).

Additional Financial Comments

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.62, being less than \$1.20 pursuant to Sections 293.59(l) and 293.59(k)(11)(C).

C. ENGINEERING ANALYSIS

Water Supply

The District's source of water is treated surface water from the City of Fort Worth pursuant to a "Contract For Water Service Between The City Of Fort Worth, Texas, And Trophy Club Municipal Utility District No. 1" dated September 16, 2010 (revised from previous bond issue). The following table summarizes the water supply facilities serving the District along with the ESFC capacity of each component based on criteria stated in 30 TAC Section 290.45:

| <u>Facility</u> | <u>Minimum Requirements</u> | <u>Total Capacity (ESFCs)</u> |
|------------------|---------------------------------|---|
| Ground Storage | 200 gal/ESFC | 6,000,000 gal. (34,500 ESFCs) ⁽¹⁾ |
| Elevated Storage | 100 gal/ESFC | 900,000 gal. (9,000 ESFCs) |
| Booster Pump | 2 gpm/ESFC or 1,000 gpm max. | 13,500 gpm (6,750 ESFCs) |

Note: (1) Total storage of 6,900,000 gallons provides for 34,500 equivalent single-family connections (ESFC) at 200 gpd per ESFC.

The District's water supply facilities appear adequate to serve the existing 4,180 connections upon which the feasibility of this bond issue is based.

Wastewater Treatment

Wastewater treatment for the District is provided by the District's 1.75 million gallons per day wastewater treatment plant. Under TPDES Permit No. WQ0011593001, the plant is authorized to discharge 1.75 million gallons per day. Based on the indicated flow factor of 300 gallons per day per ESFC, the District's 1.75 million gallons per day plant can serve 5,833 ESFCs. The District's wastewater treatment plant capacity appears adequate to serve the existing 4,180 connections upon which the feasibility of this bond issue is based.

According to the engineering report, the effective treatment capacity of the plant's processes and infrastructure has been reduced as a result of lowering of permit requirements. The proposed bond issue (tax and revenue supported) includes funds to finance improvements to the District's plant. According to the engineering report, the project (plant improvements) will be divided into two phases to allow continuation of plant operations during construction.

Storm Water Drainage

Storm water from the Drainage generally drains through underground lines and swales, which eventually outfall into Lake Grapevine.

Purchase of Existing Facilities and/or Assumption of Existing Contracts – None.

Facilities to be Constructed

| <u>Project</u> | <u>Estimated Costs⁽¹⁾</u> |
|---|--------------------------------------|
| Wastewater Treatment Plant Improvements | \$11,297,015 |

Note: (1) Estimated costs as presented in the engineering report. The \$11,297,015 includes funds for both phases; \$5,777,199 for Phase 1A and \$5,519,816 for Phase 1B.

Approved plans and specifications, and various construction contract documents have not been provided.

D. SUMMARY OF COSTS

| <u>Construction Costs</u> | <u>District's Share ⁽¹⁾</u> |
|--|--|
| A. Developer Contribution Items – None. | |
| B. District Items | |
| 1. Wastewater Treatment Plant Improvements | \$ 11,297,015 |
| 2. Contingencies (15% of Item No. 1) | 1,694,552 |
| 3. Engineering (12% of Item Nos. 1 and 2) | 1,561,000 |
| Total District Items | <u>\$ 14,552,567</u> |
| Total Construction Costs | \$ 14,552,567 |
| <u>Non-Construction Costs</u> | |
| A. Legal Fees (0.5%) | \$ 154,975 ⁽²⁾ |
| B. Fiscal Agent Fees | 154,975 ⁽³⁾ |
| C. Bond Issuance Expense | 60,000 |

Tammy Benter, Manager

Page 5

January 31, 2014

| | |
|-------------------------------------|-----------------------|
| D. Bond Application Report Costs | 20,000 |
| E. Attorney General Fee (0.10%) | 14,995 ⁽⁴⁾ |
| F. TCEQ Bond Issuance Fee (0.25%) | 37,488 ⁽⁴⁾ |
| Total Non-Construction Costs | <u>\$ 442,433</u> |
| Total Bond Issue Requirement | \$ 14,995,000 |

Notes:

- (1) The facilities requested for funding are considered exempt from the 30% developer contribution requirement of 30 TAC Section 293.47.
- (2) Represents the respective fees for the tax supported (\$5,765,000) and revenue supported (\$9,230,000) bond issuances. Pursuant to the contract, fees are 1.5% of the first \$3,000,000 of bonds issued, plus 1.0% of the bonds issued from \$3,000,000 to \$5,000,000, plus 0.5% the bonds issued above \$5,000,000.
- (3) Represents the respective fees for the tax supported (\$5,765,000) and revenue supported (\$9,230,000) bond issuances. Pursuant to the contract, fees are 1.5% of the first \$3,000,000 of bonds issued, plus 1.0% of the bonds issued from \$3,000,000 to \$5,000,000, plus 0.5% the bonds issued above \$5,000,000.
- (4) Represents the respective fees for the tax supported (\$5,765,000) and revenue supported (\$9,230,000) bond issuances.

E. SPECIAL CONSIDERATIONS – None.

F. CONCLUSIONS

1. Based on the indicated \$27,094,217 in bonds approved by voters, and \$21,325,000 previously approved by the TCEQ and/or issued by the District, the District appears to have sufficient voter-authorized bonds (\$5,769,217) for the proposed tax supported portion (\$5,765,000) of the bond issuance.
2. Voter authorization is not required for the proposed revenue portion (\$9,230,000) of the bond issuance. Based on the review of the financial information submitted, operating revenues appear to be sufficient for operating expenses and the District's current and proposed revenue debt.
3. Based on the review of the engineering report and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.
4. The recommendations are made under authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

G. RECOMMENDATIONS

1. Approve the bond issue in the total amount of \$14,995,000 (\$5,765,000 in unlimited tax bonds and \$9,230,000 in revenue bonds) in accordance with the recommended summary of costs, at a maximum net effective interest rate of 6.23%.
2. Direct the District's board to ensure that system revenue is adequate to meet operating expenses and debt service requirements on revenue debt.
3. Direct the District not to expend a total of \$12,991,567 (\$11,297,015 for construction plus \$1,694,552 in contingencies) for the wastewater treatment plant improvements pending District board's receipt of plans and specifications approved by all entities with jurisdiction, as necessary.
4. Standard recommendations regarding consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.

CERTIFICATE OF SECRETARY

| | | |
|--------------------------------|---|-------------------------------|
| THE STATE OF TEXAS | § | |
| | § | TROPHY CLUB MUNICIPAL UTILITY |
| COUNTIES OF DENTON AND TARRANT | § | DISTRICT NO. 1 |

I, the undersigned, Secretary of the Board of Directors of the Trophy Club Municipal Utility District No. 1, DO HEREBY CERTIFY as follows:

1. On the 4th day of December, 2014, a special meeting of the Board of Directors (the "Board") of the Trophy Club Municipal Utility District No. 1 (the "District") was held at a meeting place within the District; the duly constituted members of the Board being as follows:

| | |
|------------------|---------------------|
| JAMES (JIM) MOSS | PRESIDENT |
| JIM HASE | VICE PRESIDENT |
| KEVIN R. CARR | SECRETARY/TREASURER |
| JAMES C. THOMAS | DIRECTOR |
| NEIL TWOMEY | DIRECTOR |

and all of said persons were present at said meeting, except the following: None. Among other business considered at said meeting, the attached resolution entitled:

RESOLUTION NO. 2014-1204A

"A RESOLUTION authorizing appropriate personnel and consultants to proceed with arrangements and the preparation of documents for the issuance and sale of revenue bonds; approving and authorizing publication of a notice of sale with respect to issuance and sale of such bonds; and resolving other matters incident and related thereto"

was introduced and submitted to the Board for passage and adoption. After presentation and due consideration of the resolution, and upon a motion being made and seconded, the resolution was finally passed and adopted by the Board to be effective immediately by the following vote:

5 voted "For" 0 voted "Against" 0 abstained

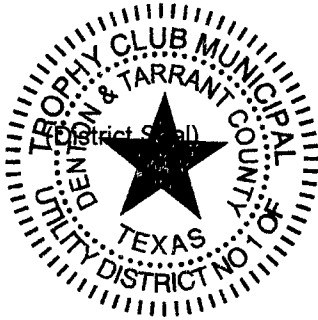
all as shown in the official minutes of the Board for the meeting held on the aforesaid date.

2. The attached resolution is a true and correct copy of the original on file in the official records of the District; the duly qualified and acting members of the Board on the date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meeting was given to each member of the Board; and that said meeting, and the deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the above entitled resolution, was posted and given in advance thereof in compliance with the provisions of Texas Government Code, Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said District, this the 4th day of December, 2014.



Secretary, Board of Directors
Trophy Club Municipal Utility District No. 1



RESOLUTION NO. 2014-1204A

A RESOLUTION authorizing appropriate personnel and consultants to proceed with arrangements and the preparation of documents for the issuance and sale of revenue bonds; approving and authorizing publication of a notice of sale with respect to issuance and sale of such bonds; and resolving other matters incident and related thereto

WHEREAS, the Board of Directors (the "Board") of the Trophy Club Municipal Utility District No. 1 (the "District") has determined that revenue bonds should be issued and sold in a principal amount not to exceed \$9,230,000; and

WHEREAS, the Board hereby finds and determines that it is now proper to (1) authorize appropriate personnel and consultants to proceed with arrangements and the preparation of documents for the issuance and sale of revenue bonds and (2) authorize the publication of a notice of sale with respect to such bonds with a tentative sale date of January 20, 2015, pursuant to the provisions of Texas Water Code, Section 49.183;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1:

SECTION 1: The General Manager for the District, together with the District's financial advisor, Southwest Securities, Inc. and bond counsel, Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, are hereby authorized and directed to proceed on behalf of the District with the preparation of the documents and to make the appropriate arrangements for the offering and sale of revenue bonds in a principal amount not to exceed \$9,230,000. The General Manager and other appropriate officials of the District are hereby authorized and directed to assist and furnish said consultants with information and data necessary for the preparation of an official statement and other documents for a sale of such bonds to occur and be approved by the Board of Directors at a meeting to be held on or about January 20, 2015.

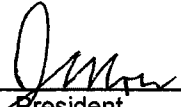
SECTION 2: The Secretary of the Board of Directors is hereby authorized and directed to cause a notice of sale relating to the sale of revenue bonds to be published (1) at least one time not less than 10 days before the date of sale in a newspaper of general circulation in the county or counties in which the District is located and (2) at least one time in one or more recognized financial publications of general circulation in the State of Texas as approved by the State Attorney General; such notice of sale to read substantially in the form and content of Exhibit A hereto attached and incorporated herein by reference as a part of this Resolution for all purposes.

SECTION 3: It is officially found, determined and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by all as required by Texas Government Code, Chapter 551, as amended.

SECTION 4: This Resolution shall be in force and effect from and after its passage on the date shown below.

PASSED AND ADOPTED, this December 4, 2014.

TROPHY CLUB MUNICIPAL UTILITY
DISTRICT NO. 1



Jim Moss, President
Board of Directors

ATTEST:



Kevin R. Carr, Secretary/Treasurer
Board of Directors

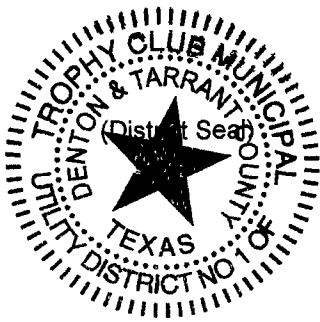


Exhibit A

\$9,230,000

TROPHY CLUB MUNICIPAL UTILITY DISTRICT NO. 1

(A political subdivision of the State of Texas located in Denton and Tarrant Counties, Texas)

WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2015

Selling: January 20, 2015

Bids due 11:00 a.m. Central Standard Time ("CST")

Place and Time of Award: The District will consider the award of the sale of the Bonds on January 20, 2015 at 6:00 P.M., C.S.T., at the District's Office, 100 Municipal Drive, Trophy Club, Texas 76262. Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a bank Cashier's Check in the amount of \$184,600, payable to the order of Trophy Club Municipal Utility District No. 1, as a good faith deposit to the District's Financial Advisor, Dan Almon, Southwest Securities, 1201 Elm St., Suite 3500, Dallas, Texas 75270, by 11:00 A.M., C.S.T. on the date of the sale.

Address of the Bids Delivered in Person: Sealed written bids, plainly marked "Bid for Bonds" should be addressed to the Board of Directors of Trophy Club Municipal Utility District No. 1, and delivered to Dan Almon, Southwest Securities, 1201 Elm St., Suite 3500, Dallas, Texas 75270, by 11:00 A.M., C.S.T. on January 20, 2015. All bids must be signed and submitted on the "Official Bid Form".

Electronic Bidding Procedures: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of the Ipreo Holdings LLC, PARITY System by 11:00 A.M., C.S.T., on January 20, 2015 as described in the "Official Notice of Sale" described below.

Information: The Bonds are more completely described in the "Official Notice of Sale", "Official Bid Form" and the "Preliminary Official Statement" for the Bonds which may be obtained from Dan Almon, Southwest Securities, 1201 Elm St., Suite 3500, Dallas, Texas 75270, Financial Advisor to the District.

All bidders must submit a SIGNED OFFICIAL BID FORM prior to the time of sale, which is 11:00 A.M., C.S.T. on January 20, 2015, to Dan Almon, Southwest Securities, 1201 Elm St., Suite 3500, Dallas, Texas 75270 in accordance with the Official Notice of Sale. The bidder whose bid is the winning bid in accordance with the Official Notice of Sale will be notified immediately.

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale", the "Preliminary Official Statement" and the "Official Bid Form" for the Bonds.

This Notice of Sale supersedes and replaces any previously published Notice of Sale for the Bonds.

Board of Directors
Trophy Club Municipal Utility District No. 1