

COLLIN COUNTY MUD No. 1 (LIGHT FARMS)

WATER RATE LITIGATION (SETTLEMENT AGREEMENT) AND STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF CELINA

SUMMARY OF PRINCIPAL TERMS OF SETTLEMENT AGREEMENT

Article II – The District and the City will enter into a Strategic Partnership Agreement discussed below.

Article III

- Ends all litigation between the District, petitioning customers, and the City.
- The City shall charge in-city water and wastewater rates to all residential, irrigation and homeowner association customers within the District.
- The Developer agrees to reimburse the District for \$200,000 of legal fees.
- Petitioners not prevented from filing future challenges to the City's rates.
- Provided City charges in-city rates, District will not fund future rate challenges.

Article V

- The Developer agrees to pay the City a total of \$5,200,000 between 2020 and 2027.
- Developer payments are not to be reimbursed by District.

SUMMARY OF PRINCIPAL TERMS OF STRATEGIC PARTNERSHIP AGREEMENT

Article III

- The City may not annex all land within the District until January 1, 2028.
- Annexation will not be subject to a vote of the District residents.
- Annexation requires full city services, and all property will be subject to the City's ad valorem tax rate **(City 2019 = 0.645 / \$100 vs District 2019 = 1.050 / \$100)**.
- The City would assume all District debt upon annexation.
- The District would convert to a limited district after annexation:
 - Would have the same boundaries of the District.
 - Would require approval of the District's board and voters to continue in existence.
 - The limited district would own the green space, trails, and walls currently owned by the District and ROW landscape, but not HOA property.
 - The limited district would be responsible for enhanced maintenance of green space, trails, and ROW walls and landscape.
 - Subject to District voter approval, could have a maximum ad valorem tax rate of **0.25 / \$100 (Combined City and Limited District Maximum = 0.895 / \$100)**.
- If the limited district is not ratified, all District property would be transferred to the City.

Article IV

- The City shall charge in-city water and wastewater rates to all residential, irrigation and homeowner association customers within the District.
- Full city services would include road maintenance, law enforcement and fire protection (including EMS).