

**City of McKinney / McKinney MUD #1 / MUD #2**  
**Proposed Interlocal Agreement**  
**Non-Binding Term Sheet**  
**August 30, 2021**


This Term Sheet is executed by and between McKinney Municipal Utility District No. 1 of Collin County and McKinney Municipal Utility District No. 2 of Collin County, (the "MUDs") and the City of McKinney, Texas ("City"). The terms below are conceptual and final terms would be the subject of a written agreement under the **Texas Interlocal Cooperation Act ("ILA")**, Chapter 791, Texas Government Code, including any required exhibits and graphics. City Council approval of this Term Sheet is also required. This Term Sheet is **non-binding**.

1. By January 1 of each year, the MUDs would submit an annual request for funding of park property maintenance and capital expenditures for City-owned neighborhood parks and BB Owen Park. In conjunction with the referenced annual request submittal, the MUDs shall include a copy of its approved, annual budget. The request shall identify, by line-item, the specific uses and estimated amount of the funds to allocated to each park expenditure. In addition, the MUDs would provide an accounting of the prior year's expenditure of City funds for park expenditures. All City funds granted to the MUDs shall emanate only from the Park Fees received under the Trinity Falls Amended and Restated Development Agreement ("ARDA"). After review of the annual request and at its sole discretion, the City shall designate an annual allocation of Park Fees to this ILA, if any.
2. The City shall prescribe the standard of maintenance for each parcel, which standard, at a minimum, shall satisfy those standards contained in the ARDA. The means and methods of the MUDs' maintenance will be mutually agreed prior to any annual funding by the City.
3. No funding shall be made during any delinquency in City's receipt of Park Fees under the ARDA. The MUDs shall submit payment requests on a quarterly basis, beginning April 1 of each year, for work completed, including sufficient verifications and certifications of work performed and funds expended. The City shall review and fund any qualified, verified expenditures requests within 30 days of receipt. Large capital expenditures may be reimbursed in installments over multiple years, but in no case shall large capital expenditures be advanced by the City.
4. The MUDs shall provide adequate liability and casualty insurance in favor of the City, in those amounts and coverages determined by the City.

5. Unless approved in advance, in writing, the MUDs shall not subcontract for any maintenance provided under this ILA. The City reserves the right to approve/disapprove of any third-party contractor or subcontractor.
6. The MUDs shall indemnify and hold harmless the City from all claims related to its work and obligations under this ILA.
7. Either party may terminate this ILA upon 90 days written notice to the other party. Any amounts owing to either party at the time of notice of termination shall be tendered on or before the date of termination.
8. Any other terms necessary to effectuate the primary terms hereof shall be contained in the ILA.

ACCEPTED:


**McKinney MUD # 1**

By:   
 Date: STEVE WILSON, PRESIDENT  
1 SEPTEMBER 2021

**City of McKinney, Texas**

By: \_\_\_\_\_  
 Date: \_\_\_\_\_

**McKinney MUD # 2**

By:   
 Date: RUSSELL THOMPSON, PRES.  
SEPT. 1, 2021