

CHISHOLM TRAIL SPECIAL UTILITY DISTRICT

**P.O. Box 249
FLORENCE, TEXAS 76527
(254) 793-3103
FAX: (254) 793-3100**

January 15, 2008

Via Regular Mail

County Judge Dan A. Gattis
Williamson County, Texas
710 Main Street, Suite 101
Georgetown, Texas 78626

Re: Williams Drive Phase I Utilities Relocation Project

Dear Judge Gattis:

On behalf of Chisholm Trail Special Utility District (the "District"), I am hereby providing written notice to Williamson County (the "County") in accordance with the terms of the Interlocal Agreement Regarding Relocation of Utility System Improvements dated July 23, 2008, between the District and the County (the "Utility Relocation Agreement") of the District's option pertaining to the "Betterment Line". In accordance with Section 6.03(c) of the Utility Relocation Agreement, the District desires the County to include the Betterment Line in the County's contract for construction of the Williams Drive Phase I Project Improvements. The District will provide payment in the amount of \$1,140,717.50, which we understand to be the incremental costs associated with the Betterment Line based on alternate bids received by the County.

As you know, Section 6.04(b) provides for the District to provide payment for the Betterment Line costs to the County within five days of furnishing this notice. However, the District has had preliminary discussions with representatives of the County pursuant to which the District's payment obligation would be offset by the reimbursable costs owed by the County to the District. Assuming the County remains interested in pursuing such an offset, we suggest that representatives of the District and County meet to finalize the terms of such an arrangement. If the County is no longer interested in offsetting costs, then please notify the District accordingly.

Please note that the District is currently in discussions with the City of Georgetown regarding water supply alternatives that may result in either of the following: (i) a change order requiring the Betterment Line and other transmission line improvements under the contract to be sized 24 inches in diameter; or (ii) a water supply alternative in which the Betterment Line and other line improvements will not be constructed. In the event the Betterment Line and other water improvements will not be necessary, the District will inform you in writing prior to your meeting on January 20, 2009. In summary, the District hereby retains the right to withdraw this approval by providing written notice of withdrawal to the County prior to January 20, 2009.

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We appreciate your assistance, and look forward to successful completion of this project.
Please do not hesitate to call me if you have any questions.

Sincerely,

Don Rauscher,
General Manager

cc: Charlie Crossfield (by email: ccrossfield@sheets-crossfield.com)