

**Addendum 1 to
Interlocal Agreement between Collin County and
MUD 1 and MUD 2 (Trinity Falls) for Law-Enforcement Services**

1. In June 2021, Collin County and McKinney Municipal Utility District No. 1 of Collin County (MUD 1) and McKinney Municipal Utility District No. 2 of Collin County (MUD 2) entered into an interlocal agreement in which the County agreed to provide MUD 1 and MUD 2 with dedicated patrol services. The parties contracted under the Interlocal Cooperation Act, Texas Gov't Code, Chapter 791.

2. MUD 1 and MUD 2 prefer that the County dedicate two deputy sheriffs to patrol in their districts under the interlocal agreement. Thus, the County will make a substantial investment by hiring and training two new deputy sheriffs or by reassigning two current deputy sheriffs to provide the dedicated patrol services to MUD 1 and MUD 2 (and hiring two new deputy sheriffs to backfill). The compensation for these deputy sheriffs may fall within the scope of SB 23, 87th Legislature, 2021 (Local Gov't Code, Chapter 120). Therefore, if MUD 1 and MUD 2:

- request the County to reduce the number of deputy sheriffs dedicated to patrol in MUD 1 and MUD 2, then MUD 1 and MUD 2 will pay the County \$350,000 for each deputy sheriff removed from dedicated patrol services at MUD 1 and MUD 2; or
- terminate the interlocal agreement or allow the interlocal agreement to terminate and the County is dedicating two deputy sheriffs to provide dedicated patrol services in MUD 1 and MUD 2 at the time of the termination, then MUD 1 and MUD 2 will pay the County \$700,000.

Further, if during the term of this interlocal agreement, the County terminates the agreement because of MUD 1 and MUD 2's failure to comply with the terms and conditions of the agreement, including but not limited to timely payment, then MUD 1 and MUD 2 will pay the County \$700,000 as liquidated damages, in addition to any other damages it sustains, including attorney's fees and costs. Conversely, if during the term of this interlocal agreement, MUD 1 and MUD 2 terminate the agreement because of the County's failure to comply with the terms and conditions of the agreement, then MUD 1 and MUD 2 will not be required to pay any liquidated damages.

The parties expect the population and number of homes in MUD 1 and MUD 2 to continue to grow and that the parties will renew their interlocal agreement each year for the foreseeable future consistent with their authority in Section 791.011, Gov't Code. Liquidated damages of \$350,000 represents approximately the full compensation (\$83,148 salary + \$29,334 = \$112,482) for one deputy sheriff (556 pay grade) for three years, and \$700,000 represents full compensation for two deputy sheriffs for three years. This calculation is a reasonable forecast of just compensation in light of the County's investment—that is, in creating two new deputy-sheriff positions—and its lessened authority to adjust its budget under SB 23 (2021).

Agreed to:

Collin County

DocuSigned by:

Michelle Charnoski

11/18/2021

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Judge Chris Hill
Michelle Charnoski, NIGP-CPP, CPPB
Purchasing Agent
2300 Bloomdale Road
McKinney, TX 75071

MUD 1

McKinney Municipal Utility
District No. 1 of Collin County

[Signature] PRESIDENT 1 SEPTEMBER 2021

Name Title Date
1980 Post Oak Blvd., Suite 1380
Houston, Texas 77056

MUD 2

McKinney Municipal Utility
District No. 2 of Collin County

[Signature]

Name Title Date
1980 Post Oak Blvd., Suite 1380
Houston, Texas 77056