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Date: February 6, 2012

To: Chisholm Trail SUD Customer
From: Board of Directors

Most of Chisholm Trail Special Utility District customers have read in local newspapers about the City of Georgetown and Chisholm Trail Special Utility District (CTSUD). The Board of Directors has been in discussions with the city to “partner” or “consolidate” our water services with those of the city. CTSUD serves a vast area covering approximately 377 square miles, which in the past were mostly rural customers. However, much of our recent growth has been in the urban areas with a high demand for treated water. Today approximately two-thirds of our customers are living in an urban setting/subdivision or in Georgetown’s ETJ.

The motivation behind discussions with the City has centered on the necessity to assure CTSUD customers a dependable and long term supply of water. CTSUD presently has ample raw water in Lake Georgetown and Lake Stillhouse Hollow, but the district’s water demands within the next 3-5 years will exceed our ability to deliver adequate “treated” water to our growing population. The competition for raw water and securing additional treated water has become more expensive and partnering with other entities may be a more cost effective approach to serving the district.

 **How we got here:** Last year’s drought exacerbated the problem and during the summer the district called Stage 4 water restriction to relieve the demand on the wells and tanks. The board experienced an unprecedented backlash of complaints from home owners who lost most of their landscape. There were nine subdivisions that petitioned the city of Georgetown to have their water service transferred to the city. This public outcry has lead CTSUD to explore ways to work with the City of Georgetown in a collaborative effort to increase ‘treatment capacity’.

A study reviewed four options of which the board chose option 4 to evaluate the feasibility of consolidating the district system with the City of Georgetown Utilities with the goal of ensuring a long term reliable water supply for the District’s customers. There are several phases of this review/study.

PHASE I

Enter into an Interlocal Agreement to conduct a feasibility study and due diligence by both entities to see if a merger is economically feasible. At the conclusion of the study, public hearings will be held to discuss the findings and receive public feedback. Before any official action is taken both the District's Board of Directors and the City of Georgetown Council will consider all citizen comments, the findings of the feasibility study, and have a vote prior to rejecting or proceeding with the project.

PHASE II (if both entities vote to proceed)

Implementation phase of merging the two utilities. The blending of activities and management of the District's operations and Georgetown's to achieve costs savings. A key element is establishing the District's representation on the Georgetown Utility System Board (GUS).

We want our customers to know this is a "process." **This process is in its infancy and NO decisions or conclusions have been reached by the Chisholm Trail Special Utility District Board of Directors.** The final outcome may be a combination of alternatives including evaluating a regional water authority or other options yet to be explored by both entities.

The Board of Directors is fully cognizant that its fiduciary responsibility is to serve both its rural and urban customers. This is and will be at the fore front of all decision-making regarding CTSUD. The district exists to best serve the customers based on their needs. **As elected officials our sole purpose is to serve all the customers and not one special group of customers.** It is our goal that by July 2012 the feasibility study will be completed.

The District's Board of Directors encourages all customers to check the District website at **www.ctsud.org** for updates as the process continues over the next few months.

Sincerely,
Chisholm Trail Special Utility District Board of Directors