

# DIRECT BOND PURCHASE AGREEMENT

July 3, 2015

Trinity River Authority of Texas  
5300 S. Collins  
Arlington, Texas 76018

Re: \$7,285,000 TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK  
REGIONAL WASTEWATER TREATMENT SYSTEM REVENUE REFUNDING  
BOND, SERIES 2016

Ladies and Gentlemen:

DNT Asset Trust, Fort Worth, Texas and its successors or assigns as restricted herein (the "Purchaser") hereby offers to purchase from the Trinity River Authority (the "Authority") the captioned Bond (the "Bond"), and, upon acceptance of this offer by the Authority, such offer will become a binding agreement between the Purchaser and the Authority. This offer must be accepted by 10:00 am, Dallas Texas time, July 3, 2015, and if not so accepted will be subject to withdrawal. Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Resolution (defined below).

1. Purchase Price: \$7,285,000 (par "all or none")

2. Terms of Bond:

(a) The Bond shall consist of one term bond in the principal amount of \$7,285,000 maturing on February 1, 2026, bearing interest from the date of initial delivery of the Bond to the Purchaser at an interest rate of 2.52% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, with interest, subject to adjustment as set forth in Sections 10 and 11 below, being payable on August 1, 2016, and semiannually on each February 1 and August 1 thereafter, and with mandatory sinking fund redemption payments as set forth on Schedule I hereto. The Bond is not subject to optional redemption prior to their scheduled maturity. The Bond shall have such other terms and conditions as are set forth in Resolution No. R-1425 authorizing the issuance of the Bond adopted by the Board of Directors of the Authority on June 24, 2015 (the "Resolution"). The Purchaser acknowledges receipt prior to the date hereof of a draft of the Resolution. The Bond shall be secured by and payable from a first lien on and pledge of the Pledged Revenues as defined in the Resolution. The Bond will not be designated as "qualified tax exempt obligations" as provided in Section 265(b)(3) of the Internal Revenue Code.

(b) (i) In order to lock the interest rate for the Bond, the Authority agrees that if for any reason within the Authority's control, the Authority or its professionals or advisors

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*Trinity River Authority of Texas*

*Denton Creek Regional Wastewater Treatment System Revenue Refunding Bond, Series 2016*

fail to deliver any documents or payments described in clauses (a), (b), (c), (d) or (f) of Section 4 hereof that are required for the final closing and funding of the Bond that are the responsibility of either the Authority or its professionals or advisors by the Closing Date (as defined below), then the Authority shall pay as liquidated damages a Reinvestment Premium (as defined below) to the Purchaser, to the extent such Reinvestment Premium is payable pursuant to subpart (ii) below, within five (5) business days of the Purchaser's written request, as further described below.

(ii) A Reinvestment Premium shall be due and payable by the Authority if “(A)” exceeds “(B)” where “(A)” equals total scheduled interest payments due on the Bonds calculated at the 10-year Interest Rate Swap rate as reported on the Federal Reserve H.15 report effective on July 3, 2015 (the "Rate Lock Date") and “(B)” equals total scheduled interest payments due on the Bond calculated at the 10-year Interest Rate Swap rate as reported on the Federal Reserve H.15 report effective on the date on which the rate lock provided by the Purchaser is broken (the "Rate Lock Breakage Date"). If (B) above is equal to or greater than (A) above, then no Reinvestment Premium is due.

(ii) "Reinvestment Premium" means an amount equal to the net present value of the difference in scheduled interest payments of (ii)(A) above less (ii)(B) above for each scheduled interest period, discounted at the 10 -year Interest Rate Swap rate as reported on the Federal Reserve H.15 report as effective on the Rate Lock Breakage Date.

(c) Subject to the terms hereof, in the event of a breach by the Purchaser of any obligation of the Purchaser hereunder, the District may exercise any right or remedy that it has under law or in equity to enforce its privileges hereunder.

3. Closing: At the Closing (defined below) the Authority shall deliver and the Purchaser shall purchase the Bond. Upon payment of the purchase price therefor, the Authority shall deliver the Bond to the Purchaser. Payment of the purchase price and delivery of the Bond shall occur at 10:00 a.m. Dallas Texas time on February 1, 2016 (the "Closing" and the "Closing Date," as applicable). The Closing shall take place at the offices of McCall, Parkhurst & Horton L.L.P., or such other location as may be mutually agreed upon.
4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Bond unless the following requirements have been satisfied prior to Closing:
  - (a) The Authority shall have adopted the Resolution authorizing the issuance of the Bond.
  - (b) The Purchaser shall have received a certified copy of the Resolution.
  - (c) The Purchaser shall have received a certificate executed by the General Manager that no litigation of any nature has been filed or, to the best of his knowledge, threatened, pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the Bond; (b) the ability of the Authority or the

authority of the officers of the Authority to issue, execute and deliver the Bond; or  
(c) the validity of the corporate existence of the Authority.

- (d) McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Authority, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Bond and as to the exemption of the interest thereon from federal income taxation.
- (e) Nothing shall have occurred prior to the Closing which in the reasonable opinion of the Purchaser has had or could reasonably be expected to have a materially adverse effect on the Authority's business, property or financial condition.
- (f) The Authority shall pay all fees, costs and expenses incurred in connection with the issuance, sale and delivery of the Bond, including without limitation the fees and expenses of Purchaser's Counsel not to exceed \$10,000.00.

5. Nature of Purchase:

- (a) The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Bond. The Purchaser is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended), accustomed to purchasing tax-exempt obligations such as the Bond. McCall, Parkhurst & Horton L.L.P., Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the Authority or the Bond, and the Purchaser has not looked to Bond Counsel for, nor has Bond Counsel made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Bond. The Bond (i) is not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; (iii) will not carry any rating from any rating service and (iv) will be assigned a number by the Committee on Uniform Security Identification Procedures. The Purchaser is familiar with the financial condition and affairs of the Authority, particularly with respect to its ability to pay its obligations secured in like manner as the Bond. The Purchaser has had the opportunity to obtain information from the Authority regarding the financial condition of the Authority, and has received from the Authority all information that it has requested in order for it to assess and evaluate the security and source of payment for the Bond. The Purchaser is purchasing the Bond for its own account or for that of an affiliate as evidence of a loan to the Authority, and has no intention to make a public distribution or sale of the Bond. Except for a transfer to an affiliate of the Purchaser, in no event will the Purchaser (or such affiliate) sell the Bond, other than through loan participations to a purchaser which is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended).

- (b) The Authority acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Authority and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Authority, (iii) the Purchaser and its affiliates are relying on one or more exemptions in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the Authority on other matters), (v) the Purchaser and its affiliates have financial and other interests that differ from those of the Authority, and (vi) the Authority has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.
6. Financial Information: In consideration of the purchase of the Bond by the Purchaser, within six months of the end of each such fiscal year, commencing with the fiscal year ending November 30, 2015, the Authority shall deliver its comprehensive annual financial report ("CAFR") for such fiscal year by email to [mike.m.wilson@jpmorgan.com](mailto:mike.m.wilson@jpmorgan.com); provided, however, if the CAFR is not available within the time period specified above, the Authority shall provide unaudited financial information pending the delivery of the CAFR of the nature described in the Resolution. The Authority further agrees to provide Purchaser, upon request, additional information as reasonably requested by the Purchaser. The Purchaser agrees to provide the Authority with notice promptly upon determining a new or additional email address for distribution of the financial information specified above.
7. Representative. JPMorgan Chase Bank, N.A., its successors or assigns, or any other entity subsequently appointed by the majority of the registered owners of the Bond, shall act as the representative on behalf of the registered owners of the Bond and shall be the party which provides consent, direct remedies and takes all actions on behalf of the registered owners of the Bond under this Purchase Agreement, the Resolution, the Bond or any combination of the foregoing.
8. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE RESOLUTION, THE OPINION OF BOND COUNSEL AND THE BOND TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE

PARTIES RELATING TO THIS TRANSACTION.

9. Waiver of Jury Trial. TO THE EXTENT ALLOWED BY LAW, EACH PARTY HERETO HEREBY WAIVES, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS PURCHASE AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.
  
10. Events of Default. If the Authority defaults in the payment of the principal of or interest on the Bond when due (“Event of Default”), any principal of and interest on the Bond shall bear interest at the Default Interest Rate per annum. "Default Interest Rate" means the Base Rate plus 4.000%. “Base Rate” means the higher of (i) the Prime Rate of JPMorgan Chase Bank, N.A. and (ii) 2.5% plus the One Month Adjusted LIBOR Rate. “One Month Adjusted Libor Rate” means such rate established by the London Interbank Offered Rate as published by Reuters (or other commercially available source providing quotations of such rate) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question. In any case, the Default Interest Rate may not exceed the maximum interest rate allowed by Texas law. Upon an Event of Default, the outstanding principal amount of the Bond would be accelerated and due and payable within 30 days of such Event of Default.
  
11. Determination of Taxability. Upon the issuance by the Internal Revenue Service of final determination of taxability, the Bond shall bear interest at the rate of 3.992% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and shall bear interest from such date of final determination of taxability or the retroactive date of taxability, including the issue date, as may be specified in such final determination of taxability.

*{Signatures page follows}*

If this Purchase Agreement meets with the Authority's approval, please execute it in the place provided below. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

DNT ASSET TRUST

By: Mallory Ashbaugh

Name: Mallory Ashbaugh

Title: Authorized Officer

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

\_\_\_\_\_  
J. Kevin Ward

General Manager

If this Purchase Agreement meets with the Authority's approval, please execute it in the place provided below. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

DNT ASSET TRUST

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

  
\_\_\_\_\_

J. Kevin Ward

General Manager

## SCHEDULE I

### Mandatory Sinking Fund Redemptions

The Bond is subject to mandatory sinking fund redemption pursuant to the terms of the Resolution, on February 1 in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount</u>
2017	\$275,000
2018	\$290,000
2019	\$300,000
2020	\$305,000
2021	\$310,000
2022	\$1,105,000
2023	\$1,135,000
2024	\$1,155,000
2025	\$1,190,000
2026*	\$1,220,000

\* Final Maturity